Cryo-Save
Save for Life

In Touch with tomorrow

Cryo-Save Group N.V. Annual report 2013

Contents

Introduction

Cryo-Save, the leading international stem cell storage company and the largest family stem cell bank in Europe, is accredited as a Licensed Organ & Tissue Establishment for the collection, analysis, processing and cryopreservation of human adult stem cells from umbilical cord blood and cord tissue.

For Cryo-Save, the long-term storage of stem cells from umbilical cord blood and umbilical cord tissue is integral to our vision that these cells will be successfully used to treat illnesses that may arise in later years. With this vision in mind, Cryo-Save has established itself as the leading stem cell bank in Europe today.

As of October 2013, Cryo-Save had over 250,000 stem cell preparations in storage. This demonstrates the level of trust that clients place in Cryo-Save with over 13 years of experience and the highest possible standards.

Cryo-Save is listed on NYSE Euronext Amsterdam (ticker: CRYO) and is included in the AScX® index, also known as Small Cap index or simply Small Cap, a stock market index composed of companies that trade on NYSE Euronext Amsterdam.

Cryo-Save has **cryopreserved samples from over 70 countries on six continents**, with ultra-modern processing and storage facilities in Belgium, Germany, Dubai, and South Africa.

Financial and operational highlights

Financial highlights

- Revenue €30.6 million (2012: €36.8 million)
- Gross profit as percentage of revenue 64.4% (2012: 64.7%)
- Underlying* operating expenses before depreciation, amortisation and impairments: €19.2 million (2012: €21.9 million)
- Underlying EBITDA**: €0.5 million (2012: €1.9 million)
- Underlying EBITA***: -€1.0 million (2012: €0.2 million)
- Underlying operating result: -€2.3 million (2012: -€1.3 million)
- Underlying net result: -€2.4 million (2012: -€0.9 million)
- Rock-solid cash position of €8.6 million as at 31 December 2013 (2012: €7.1 million)

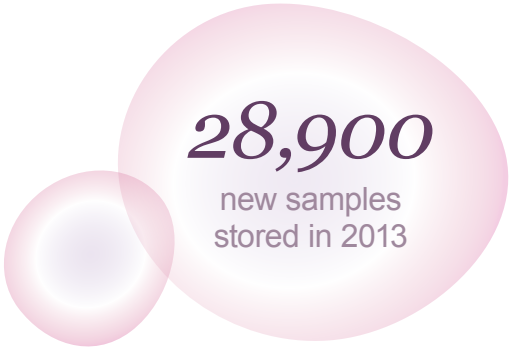
* Underlying results exclude non-recurring restructuring expenses and impairment losses.
** EBITDA is defined as Earnings Before Interest, Taxation, Depreciation and Amortisation.
*** EBITA is defined as Earnings Before Interest, Taxation and Amortisation of identified intangible assets.

Non-recurring costs

- Severance costs: €0.6 million (2012: €0.3 million)
- Non-cash impairment of goodwill and other assets: €0.7 million (2012: €15.1 million)
- Termination of contracts with service providers and distributors: nil (2012: €0.7 million)
- Other: -€0.2 million (2012: €0.1 million)

Reported figures under IFRS

- Operating result: -€3.5 million (2012: -€17.5 million)
- Result before taxation: -€3.5 million (2012: -€17.3 million)
- Net result: -€3.5 million (2012: -€17.1 million)
- Basic earnings per share -37.9 euro cents (2012: -183.1 euro cents)

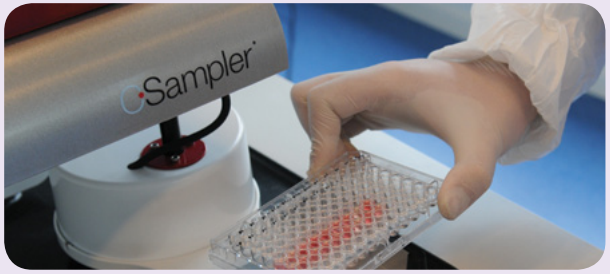


Operational highlights

- 28,900 new samples stored in 2013 (2012: 35,100). Of these, 16,800 were new cord blood samples and 12,100 new cord tissue samples
- Over 250,000 samples stored in total; reached milestone of 250,000 samples stored in October 2013
- 81% of new customers opted for combined service of cord blood and cord tissue storage
- Sample released to treat Blackfan-Diamond Anaemia
- Sample released for the treatment of Cerebral Palsy
- Divestment of Cryo-Save (India) Private Limited via a management buy-out
- Recomposition of the Board of Directors at the EGM in November 2013
- Acquisition of all assets that are exclusively related to the distribution and commercial activities of the umbilical cord blood and umbilical cord tissue cryopreservation business of Salveo Biotechnology S.A.
- Completion sale of the Group's property in Lyon, France

Find out more on www.cryo-save.com/group

Company at a glance



Mission

Cryo-Save wants to become recognised as a global centre of excellence in the storage of adult stem cells and tissues for thereapeutic applications.

Vision

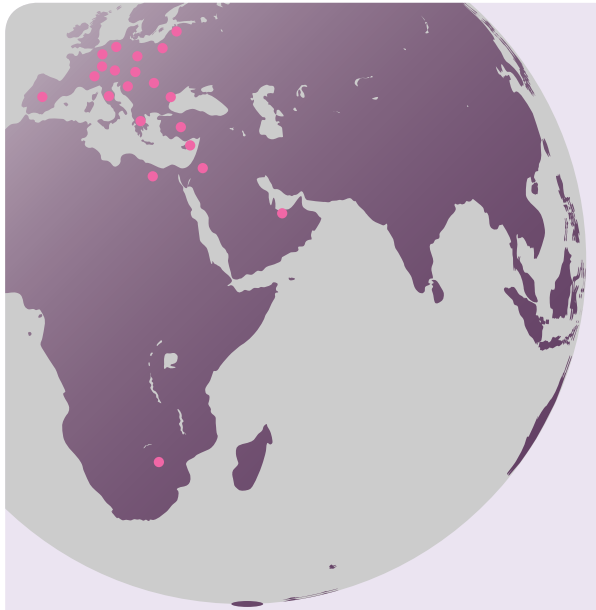
Cryo-Save believes that adult stem cells will contribute substantially, in the near future, to the treatment of a growing number of diseases and, in the long term, will improve general health expectations for all.

Our business

"If you are expecting a baby, you may be wondering how to ensure its health for the years ahead. At Cryo-Save, we offer you the opportunity to store your baby's stem cells from umbilical cord blood and cord tissue."

Cryo-Save has developed cord blood banking technology which preserves the cord blood and cord tissue enabling this rich source of stem cells to be used in medical therapy. Exceeding customer expectations is a key objective for Cryo-Save. Personal support teams assist all Cryo-Save customers and our international and multi-cultural presence gives us a strong understanding of local needs. Because storing babies' stem cells is such a valuable opportunity, Cryo-Save provides both a professional and a personal approach throughout the service.

To ensure that a child's stem cells can be used at full vitality, even after a number of years, Cryo-Save uses the most advanced processes. This ensures that after thawing, a child's stem cells can be used for medical treatment in optimal quality and number. When choosing a stem cell bank, compromises shouldn't be made. The bank of choice should have consistently validated processes, obtained CE-certification for those materials that come into direct contact with the stem cells, experienced and qualified personnel, and scientific know-how. This will ensure that a child's stem cells are not only stored professionally, but also that they are suitable for use when they are needed.



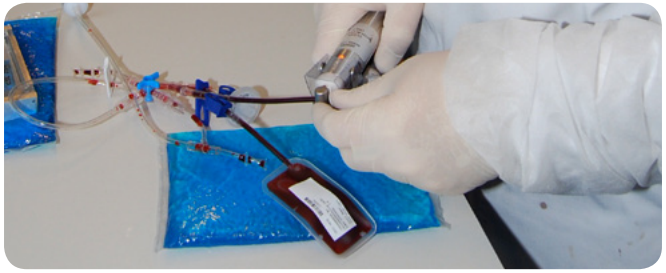
Cryo-Save *is the leading international stem cell storage brand and the largest family stem cell bank in Europe.*

Our customers

Customers select 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 cares about families and children. Cryo-Save is constantly striving to improve its services and to offer the best possible guidance to its customers, the medical community and the public in general.

250,000+

cells stored. Cryo-Save has banked samples from over 70 countries.



Our products

Stem cells can be categorised according to their origin and type of functional cells produced.

We differentiate between haematopoietic stem cells (HSCs) and mesenchymal stem cells (MSCs), the two most commonly researched adult stem cells. HSCs produce all the blood and immune system cells and were first identified in bone marrow. MSCs are found in many parts of the body, including bone marrow, muscle, bone, fat and other organs.

These important adult stem cells are found in their best shape in umbilical cord blood and cord tissue. They have the greatest and most effective ability to produce different human tissues. When banking cord blood, the cord blood and cord tissue collection is carried out with ease and with no risk to mother or child. Both umbilical cord blood and umbilical cord tissue are cryopreserved to maintain maximum viability and functionality. Scientific studies have shown that the tissue surrounding the three blood vessels in the umbilical cord (connecting the foetus to the mother) contain important, excellent quality stem cells ideal for cord blood banking. The substance, called Wharton's Jelly, is a rich source of mesenchymal stem cells which are responsible for the formation of bone, cartilage and other types of connective tissue cells in our bodies.

Cryo-Save has developed cord blood banking technology to preserve the cord blood and cord tissue enabling this rich source of stem cells to be used in medical therapy.

Our process

Providing safe and simple preventive care

Umbilical cord blood is collected immediately after birth with no risk or discomfort to mother or child. After it is collected, the cord blood is transported to the Cryo-Save laboratory. There, the vital stem cells are immediately separated from the rest of the umbilical cord blood using the most advanced medical technology procedures.

The stem cells are then examined, processed and frozen. The child's stem cells will be securely stored below -170° Celsius for up to 25 years (this process is also known as 'cryopreservation', from the Greek kryos = cold and the Latin praeservare = to keep safe).

This means that the child will have ready access to young, developmentally active stem cells at any time from infancy up to young adulthood.

Our quality

Cryo-Save stands for supreme quality

- The physicians who collect the cord blood undergo regular training from local Cryo-Save personnel to ensure that the sample taken will be sufficient for future needs
- Specially developed and CE-certified transport units reduce the risk of sample contamination
- Co-operation agreements with leading international logistic providers guarantee prompt and safe transport
- Volume reduction through fully automated separation of the stem cells from the rest of the umbilical cord blood:
  – Protects the stem cells from any toxic effects that may result from haemolysis of the blood cells during thawing
  – Reduces the risk of contamination of the samples
  – Reduces the need for anti-freeze agents
- In-house research and development ensures the maximum number of usable stem cells are extracted from the sample.

Our safety

Added safety with Cryo-Save:

- Sustainable business practices are the basis of the Group's long-term future. This guarantees:
  – That the child's stem cells will be available for future use when needed
  – The highest quality of storage to facilitate successful therapy
- Responsible contractual terms ensure long-term financial stability, promoting:
  – Use of the best and safest products while processing and storing stem cells
  – Investment in qualified personnel, continual process optimization and own research activities
- As an international company with operations in more than 20 countries, Cryo-Save has extensive knowledge of all issues associated with the collection and storage of stem cells from umbilical cord blood.
- Cryo-Save is a stock exchange listed company and therefore has extensive disclosure obligations; hence all business activity and financial reporting is highly transparent.

Our strategy

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 sustainable growth; increasing both market size and market share in existing markets.

In 2012 Cryo-Save started a turnaround to regain profitable growth. During the first half of 2013 a renowned strategy consultancy firm was engaged for an identification of further measures to restore profitability as well as an in-depth analysis of the Group's strategic objectives for the mid to longer term. This analysis reconfirmed that Cryo-Save is active in a market that has strong potential as the number of conditions treatable with stem cells as well as clinical trial activities are constantly growing. As per the recommendations, the Group's organisational structure was further adjusted to the appropriate scale and the effectiveness of the Sales & Marketing operations will be further optimised.

Following the comprehensive turnaround program the group swung back to profitability by the end of 2013 due to driving awareness aimed at the consumer, improving the effectiveness of all sales channels in combination with strict cost saving programs, improving working capital management and disposing of loss-making foreign operations. The turnaround program will lead to a sustainable profitable future and a healthy upside from the next wave of growth in stem cell therapy. In the mid-term, management will develop the company towards becoming a multiservice provider in order to maintain its leadership in this industry.

Our employees

Cryo-Save employs more than 150 staff. Our employees are highly educated, trained and experienced in the field in which they operate. To guarantee the highest quality, the company provides all its employees with regular training. The Group has many medical doctors and lab technicians amongst its staff. Cryo-Save storage facilities are equipped with state-of-the-art processing machines, managed by teams of researchers and biologists with specific qualifications. Everything they do is based on the strictest scientific and industry standards surrounding the storage of stem cells. Along with these core competences, they share the passion and enthusiasm of an entrepreneurial spirit in an environment where they can contribute significantly to people's wellbeing. Their commitment to excellence and scientific development is reflected in their dedication and professionalism, with years of experience in cord blood banking. With over 100 samples of different tissue sources released for treatment or research purposes, they must be doing something right!

Industry overview

The many roles of stem cells

The human body consists of more than 200 types of mature cells, each with their designated, specialised function. White blood cells are part of our immune system, red blood cells carry oxygen, neurons process and transmit information via electrical and chemical signaling, and so on.

Stem cells are different from these functional cells. Unspecialised, they are found throughout the body, can multiply numerous times and are able to grow new tissues by dividing and developing. These functional cells develop through a process known as differentiation – whereby a stem cell will provide another stem cell and a specialised cell.

The very first time we are able to observe stem cells is in the embryo within the 'inner cellular mass'. These cells are considered as pluripotent, meaning that they can form all types of cells needed to give rise to a fully functional human organism. However, obtaining these stem cells is incompatible with life itself, since an embryo must be destroyed in order to gain access to the cells, and thus the procedure is considered controversial.

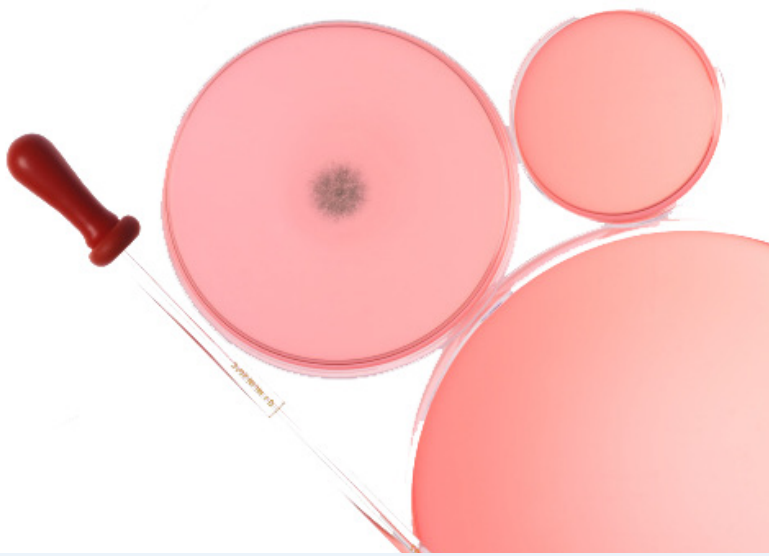
Through intensive research it was discovered that stem cells in another source retain much of the potential, and can be very safely collected – without jeopardising the child or the mother – immediately after the delivery. They are found in the material that would normally be discarded after delivery, umbilical cord blood. For over 25 years these cells have been successfully used in therapies, primarily of haematopietic origin. In the recent years we have seen their differentiation potential utilised in a clinical setting to treat disorders outside the haematological applications.

Today it is clear that stem cells are present in the human body throughout the life, constantly repairing damages that are caused by activities, environment and other extraneous factors.

Aware of this inherent ability of stem cells to treat a disease or injury, medical researchers have believed that stem cell treatments have the potential to change the face of human suffering by providing treatments and cures for many currently incurable diseases. The ability of stem cells to self-renew and produce subsequent generations with variable degrees of differentiation capabilities offers significant potential for the generation of tissues that could potentially replace diseased and damaged areas in the body with minimal risk of rejection and side effects.

Currently there are already various established stem cell therapies while over 4,000 clinical trials are underway at reputable hospitals and research centers around the globe. This high number of trials is proof in itself of the promise and opportunity stem cells hold for the future treatment of unmet clinical needs.

Most experienced as Europe's leading stem cell bank. At Cryo-Save, we have been storing umbilical cord stem cells for families all over the world since the year 2000.



Stem cells from the umbilical cord blood

The umbilical cord connects the baby to the placenta in the mother's womb. The purpose of the umbilical cord is to provide the baby with blood rich in oxygen and nutrients utilising umbilical cord blood circulation. Stem cells originating from umbilical cord blood and umbilical cord tissue are 'newborn' stem cells. They have numerous advantages over other forms of stem cells.

Umbilical cord blood is a rich source of hematopoietic (= blood) stem cells and, compared to other sources of these cells, cord blood has many unique characteristics that make it an attractive source for transplantation. The extensive umbilical cord blood collection and transplantation has demonstrated that:

- Cord blood can be obtained with ease and without risk to mother or child
- Cord blood can be successfully cryopreserved without loss of viability or functionality
- Cord blood, when compared to other sources of stem cells, allows for greater HLA mismatch without a corresponding increase in Graft-versus-Host Disease
- Cord blood is enriched with the most primitive cells that have a higher proliferative and differentiation potential
- Cord blood is effective for the treatment of numerous haematological malignancies, bone marrow failure, hemoglobinopathies and inborn errors of metabolism
- Cord blood stem cells carry a lower risk of transmitting viral infections compared to a bone marrow transplant

Containing the more primitive cells, the cord blood stem cells are capable of producing cells *in vivo* for long-term repopulation. Some characteristics of their DNA, such as an increased telomere length, confirm their high proliferation potential.

For conventional blood or blood-related indications, the average cord blood collection is generally sufficient for treating a child but not an adult, due to the limited amount of blood present in the umbilical cord and, hence, the limited amount of therapeutic stem cells obtained from it. Following on the success of treatments using cord blood in pediatrics, the research to overcome the cell dose limitations has increased enormously. Researchers are now able to multiply isolated stem cells until the needed quantity is obtained. This requires, of course, an optimal freeze-thaw procedure if the multiplied cells are to be transplanted successfully at a later stage. Scientists at Cryo-Save collaborated on a study to determine under what specific conditions multiplied hematopoietic stem cells should be frozen so that they could be successfully recovered after thawing and used in a transplant later on with a guarantee of quality and a high chance of engraftment. The expansion-freeze-thaw procedure they developed results in sufficient umbilical cord blood stem cells being available for a single transplant, thereby increasing cord blood availability for patients, and reducing the cost of treatment when double unit transplantation is considered.

Most stem cells in the umbilical cord blood are hematopoietic stem cells, but it also contains other stem cells, such as mesenchymal (=tissue) stem cells. These stem cells, which play an important role in immune modulation and have an anti-inflammatory role (see umbilical cord), may also contribute to the regeneration of tissues or organs.

Stem cells from the umbilical cord

Initially, it was thought that the umbilical cord contained only blood vessels. Eventually, though, scientists went on to show that the tissue between the outer lining of the umbilical cord and the blood vessels was one of the human body's richest sources of mesenchymal stem cells.

After hematopoietic cord blood stem cells, mesenchymal stem cells from cord are the most widely studied stem cells originating from perinatal tissues. Their advantage over sources such as bone marrow and fat tissue is that they can very easily and safely be collected from cord tissue that is usually discarded following the delivery of the child, thereby avoiding the pain of material collection and the unwelcome risks of sedation. Collection is non-invasive and without risk. It has been scientifically proven that, aging negatively affects the number and potency of mesenchymal stem cell, thus showing that umbilical cord tissue contains the 'youngest', most 'naive' and most potent mesenchymal stem cells.

Many studies have shown that mesenchymal stem cells are promising in the field of cell therapy and tissue regeneration, also called regenerative medicine. Regenerative medicine is considered to be one of the most significant advances in medicine, and a future of therapy for many conditions. In parallel several other fields have emerged, the most significant being: tissue engineering, cell therapy and gene therapy – all utilising the various beneficial characteristics of stem cells to bring about the most advanced therapies to patients. The current research is focused on: neonatal neurological disorders, bone and cartilage production and grafting, tissue engineering entire organs, cardiovascular diseases, immune system disorders, acquired hearing loss, autism, to name a few.

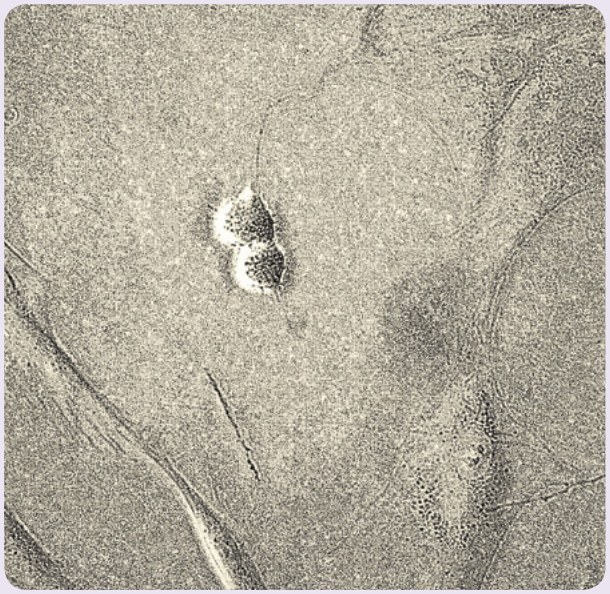
Additionally, recent research has utilised mesenchymal stem cells in already existent stem cell therapy in order to aid the current transplantation protocols and improve overall outcome of therapy. These cells have been co-transplanted with haematopietic stem cells in order to decrease the immune response of the host, through their immunomodulatory capabilities, and thus decreasing the likelihood of developing the Graft-vs-Host Disease. Also, mesenchymal stem cells have been used to aid the haematopoietic stem cell expansion, and subsequent utilisation in therapy.

Mesenchymal stem cells are widely used in numerous clinical trials today due to their unique functional characteristics:

- Ability to home in on the site of the injury and assist in repair when injected intravenously
- Ability to differentiate into numerous cells, including fat, cartilage, muscle, bone, and nerve tissue
- Ability to generate an anti-inflammatory and immune-suppressant environment, an important application for auto-immune disorders and inflammatory stages of numerous diseases

The fields of regenerative medicine and tissue engineering are demonstrating that with these cells, autologous application is providing the best outcomes and that having them available so as to be able to therapeutically apply them as soon as possible increases the chances of patients having a positive outcome.

Numerous sources of stem cells have been researched to identify the most suitable ones. To date this remains an area of intense debate and research. One's own stem cells or autologous cells offer great advantages over unrelated stem cells and they are therefore increasingly the focus of regenerative medicine.



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

Store your stem cells – insurance for life

Increasing number of families throughout the world are choosing to store stem cells from the umbilical cord blood and umbilical cord tissue of their newborn babies. Knowing that the procedure holds no risk to the mother or the newborn, while being able to provide for subsequent use of the material in therapy, demonstrates the importance of storage.

Over 25,000 cord blood transplants have already been performed worldwide to treat malignant and non-malignant blood and blood related diseases and they have the potential for use within regenerative medicine and tissue engineering.

Two cord-blood banking options are available: private (or family) banks and public donation banks. It is up to the parents to decide which option is most suitable for their family.

Parents can decide to donate stem cells from umbilical cord blood to public banks, free of charge. The cord blood units will then belong to the public bank for later use. The inventory is registered and can be searched by the public and healthcare providers to access information about transplant sources. If a matching donor is found, the sample can be purchased and used for a transplant. When donating stem cells to a public bank, parents should be aware that their donated samples might not be available for personal or family use when needed.

Private or family stem cell banks store stem cells for a fee and for individual use by families. Unlike the public banks, family stem cell banks do not sell the stem cells when the need arises, rather entire processing and cryopreservation cost is in the all-inclusive fee. From the moment of collection the stem cells are the property of the child under the guardianship of the parents. The cells will be safely stored until the child or a family member needs them.

These are the advantages of private storage:

- Sample is immediately available
- Privately stored stem cells are genetically unique to a child
- Exact biological match for the child, thus eliminating any risk of rejection of transplant
- A 25-percent probability of being a perfect match and a 40-percent probability of providing a suitable match for transplant use with a sibling
- Minority populations are drastically underrepresented in transplant registries

Cryo-Save is the largest European family stem cell bank, with more than 250,000 samples from umbilical cord blood and cord tissue in its care. It keeps cryopreserved samples from over 70 countries and six continents at ultra-modern processing and storage facilities in Belgium, Germany, Dubai, and South Africa. Cryo-Save holds itself to the highest quality standards when it comes to the transportation, preparation and security of your child's stored stem cells.

CELEBRATING 250 thousand stored samples

Cryo-Save | Europe's largest Stem Cell Bank

Current standard treatments

Stem cell transplants can already treat a wide variety of blood and bone marrow diseases, blood cancers and immune disorders, and through advanced clinical research the number of treatments is increasing, covering an ever-wider range of applications.

In a hematopoietic stem cell transplant, the patient's stem cells are replaced with those from a healthy, matching donor or with autologous stem cells. To do this, all of the patient's existing bone marrow and abnormal leukocytes are first eradicated with a combination of chemotherapy and radiation. A sample of healthy hematopoietic stem cells is then introduced into the patient's bloodstream. If the transplant is successful, the stem cells will migrate into the patient's bone marrow and begin producing new healthy leukocytes to replace the abnormal cells.

Cord blood is rapidly becoming the preferred stem cell source for cord blood transplants between unrelated persons. In 2000, only one percent of stem cell transplants used stem cells from cord blood. By 2005, their use had increased to nine percent and, by 2012, to more than 25 percent of transplants. This strong growth is due to finding a match easier (it's easier to find a 4/6 umbilical cord blood match than a 6/6 bone marrow donor) 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 2012 the use of bone marrow had declined to 20 percent (National Marrow Donor Program 2012).

Today, stem cells from bone marrow, mobilised peripheral blood and umbilical cord blood can and have been used to treat several diseases. The list below includes those for which transplants are a standard treatment as well as those for which transplants are an alternative therapy:

- Leukemias and lymphomas
- Multiple myelomas and other plasma cell disorders
- Aplastic anemia and other marrow failure states
- SCID and other inherited immune system disorders
- Hemoglobinopathies
- Hurler's syndrome and other inherited metabolic disorders
- Myelodysplastic and myeloproliferative disorders
- Familial eythrophagocytic lymphohistiocytosis

Children were treated with cord blood stem cells for acute leukemia (47%), bone marrow failure (11%), blood-related disorders (10%), immune deficiency (11%) and metabolic disorders (9%).

Adults, according to Eurocord, were treated with blood cord stem cells mainly for acute leukemia, followed by non-malignant disorders, myelodysplastic disorders, lymphoproliferative disorders and metabolic disorders. The trend seen in previous years continues to be present, whereby out of the 35,660 hematopoietic stem cell transplants performed in the centres reporting, 58% were autologous transplants and 42% were allogeneic transplants.

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

By the end of 2013, Cryo-Save was storing over 250,000 samples of stem cells from umbilical cord blood and cord tissue and had released 14 samples of cryopreserved cord blood stem cells to be used in the treatment of aplastic anemia (2004), cerebral hemorrhage (2007), congenital immunodeficiency (2007), genetic testing (2008, 2009), acute lymphoblastic leukemia (2009, 2012), Blackfan-Diamond anemia (2013), medulloblastoma (2009), cerebral palsy (2009, 2010, 2011,2013).

Current standard treatments continued

Below are a few examples of successful transplants using stem cells from umbilical cord blood that grabbed the attention of international media:

- *Spain* – Two genetically selected babies saved their brothers' lives. Recent cases in Seville and Barcelona showed the unique potential of umbilical cord blood transplants to cure serious illnesses such as aplastic anemia and adrenoleukodystrophy, a rare neurological disorder that damages the nervous system.
- *US* – Cord blood banking saved a Missouri girl's life. The girl was suffering from brain damage caused by a swimming accident that put her in a vegetative state. A year later the girl received a reinfusion of her own cord blood with astonishing results.
- *Italy* – A two-year old boy was diagnosed with a life-threatening immune disorder. Thanks to a treatment he received from his sister's umbilical cord, he is now thriving and healthier than ever.
- *US* – Stem cells helped a boy with cerebral palsy to walk. His parents had decided to store his cord blood stem cells at birth and when, by age two, he still couldn't walk or even crawl, he was given a cord blood stem cell transfusion and is now walking.
- *Spain* – A four-year-old boy was treated for Blackfan-Diamond anaemia (BDA) with a stem cell transplant from his sister's umbilical cord blood, stored with Cryo-Save. The transplantation was successful, and the child is expected to make a normal recovery.
- *Spain* – a four-year-old girl in Spain received an infusion of stem cells derived from her own umbilical cord blood for the treatment of her cerebral palsy. The umbilical cord blood stem cells were stored with Cryo-Save.
- Succesful use of umbilical cord blood derived stem cells for treating adults with acute laeukmia
- Successful autologous umbilical cord blood transplantation in a child with acquired severe aplastic anemia
- A successful and improved engraftment of umbilical cord blood demonstrated, when co-transplanted with umbilical cord tissue derived mesenchymal stem cells
- Umbilical cord derived mesenchymal stem cells demonstrate positive long-term results in a pre-clinical neonatal model of hyperoxic lung injury
- Umbilical cord blood stem cells help angiogenesis in spinal cord injury, enhancing recovery
- Umbilical cord blood derived stem cells demonstrated as a viable option for genetic therapy of Diabetes Mellitus Type 1
- Nanotechnology proves to be a valuable asset in umbilical cord blood derived stem cell expansion

Clinical trials and promising research projetcs

Beyond the current approved applications of cord blood transplants, clinical trials are under way to improve outcomes for these transplants and to develop new applications.

The ClinicalTrials.gov site is a registry of all clinical trials, conducted publicly or privately, in the US and the rest of the world. It lists more than 4,330 trials involving stem cells, with 292 of these involving umbilical cord blood stem cells (search 'cord blood stem cells' at Clinicaltrials.gov; February 2014).

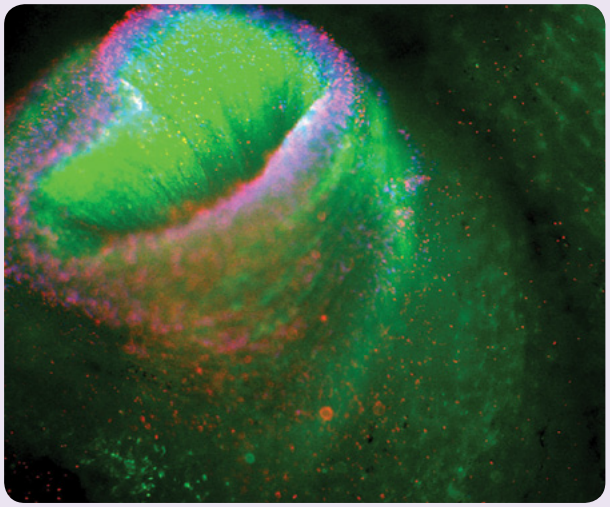
Over 153 studies are currently recruiting patients. The majority of the trials are in phase II. Most of them deal with life threatening diseases for which cord blood stem cells are believed to make a difference. Several deal with diseases of the central nervous system, such as cerebral palsy, and brain and spinal cord injuries. Other conditions being studied include hearing loss, hypoxic-ischemic encephalopathy, ALS, auto-immune diseases (such as juvenile arthritis, rheumatoid arthritis, scleroderma and lupus), Crohn's disease, diabetes 1 and autism.

Most of the current research involves autologous hematopoietic stem cell transplants but several clinical trials are also underway with mesenchymal stem cells from cord blood.

Other diseases have the potential to be cured with stem cell transplants. There are some trials now in the experimental phase for HIV, Parkinson's, Alzheimer's and Duchenne muscular dystrophy.

Additional trials are focused on overcoming the problems associated with the limited amount of therapeutic stem cells recovered from cord blood. They include double cord-blood transplants, grafts using amplified cord blood samples, intra-bone grafts and direct-transfusions with mesenchymal stem cells.

Cryo-Save guarantees the **highest quality standards** for all aspects of the process. The transportation, preparation and security of a child's cord blood stem cells is undertaken by dedicated, qualified professionals.



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

Organ and tissue repair

Beyond the current and accepted applications of cord blood stem cells, among hematopoietic stem cell grafts, cord blood has emerged as holding great potential in cell therapy and 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, good results have been reported for bone engineering in a number of clinical studies, most of them investigator-initiated trials with limited scope in terms of controls and outcome. With the implementation of a new regulatory framework for advanced therapeutic medicinal products, the stage is now set to improve both the characterization of the cells and combination products, and pave the way for improved, controlled and well-designed clinical trials. The incorporation of more personalised medicine approaches, including the use of biomarkers to identify the patients who will/will not respond to treatment, is also likely to contribute to progress in the field. Both translational and clinical research are moving the boundaries in the field of regenerative medicine, and coordinated efforts should provide the clinical breakthroughs, particularly in the many applications of bone engineering.

The role of mesenchymal stem cells in fracture healing has now been well established. Bone has the ability to heal itself when fractured. 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. Stem cells from various origins have been demonstrated to play a role in this.

Several studies have shown that mesenchymal stem cells are attracted to fracture sites and that there may be a place for the 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 cells have been shown to be the primary source for endochondral (from cartilage) bone formation, and as such are ideal for bone repair. Recent studies have shown that a combination of angiogenic and osteogenic factors can stimulate bone healing and regeneration. Therefore the ability to deliver both growth factors locally from biodegradable scaffolds could enhance bone repair conditions.

Despite recent studies suggesting that the heart has intrinsic mechanisms of self-regeneration following a myocardial infarction, it cannot regenerate itself to an optimal level. Mesenchymal stem cells are currently being investigated for the 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 cardiac muscle and vasculature, and/or persist within the myocardium in a differentiated state, but it has not been demonstrated that they can actually become heart muscle cells and function as such.

Other clinical studies evaluate the potential of mesenchymal stem cells from the umbilical cord for the treatment of renal disorders, pulmonary diseases in premature babies, liver diseases, heart valves, trachea engineering, and more.

It is expected that the number of trials with stem cells in general and autologous cord blood stem cells in particular will continue to increase. Autologous stem cells are not the answer for adults coping with one of the diseases mentioned above today – the first cord blood bank was only created in 1995 – but more and more parents are having cord blood stored for their children, which should eventually lead to an increase in clinical trials and the establishment of standard treatments.

Chairman's statement

Walter van Pottelberge
Chairman

"New board composition paves the way to a profitable future."

A turbulent year was resolved by the appointment of Mr Frédéric Amar and Mr Gert-Jan van der Marel as new non-executive directors of Cryo-Save at the Extraordinary General Meeting of 21 November.

I was appointed chairman of the Board in May 2013. Marc Waeterschoot had stepped down in 2012 and Johan Goossens decided to retire as a Non-Executive Board Member in June 2013. Mr Arnoud van Tulder also resigned as Chief Executive Officer, from June 1, 2013. These people and friends were instrumental in the growth of the Company in the past years. I am grateful for their important contributions to the Group and wish them every success in their future endeavours.

Ms Evi Mattil, who was appointed Chief Commercial Officer (CCO) in February 2013, took over the functions of CEO on an interim basis. Evi Mattil brings over 20 years of experience to Cryo-Save, having held a variety of international senior sales & marketing positions in the pharmaceutical and women's health care sector. With the support of renowned strategy consultants she identified further measures to restore profitability and conducted an in-depth analysis of the Group's strategic objectives for the mid to longer term. This resulted in the 'Fit-for-Future' turnaround plan.

In May 2013 co-founders and former Board Members Mr. Marc Waeterschoot and Mr. Johan Goossens sold 1,460,000 shares, 900,000 shares respectively via a block-trade to Salveo Holding SA (Salveo). Mr. Frédéric Amar, owner and CEO of Salveo, became then a 27% shareholder in Cryo-Save.

In May 2013 Salveo sent a request to Cryo-Save to convene an extraordinary general meeting of shareholders (EGM). Given Salveo proposed to change Group policy, the Group exercised its right under the Dutch Corporate Governance Code to invoke the 180-day response time as the proposals by Salveo would entail a strategic shift for the company. The response time was used for further deliberation and constructive consultation with Mr. Frédéric Amar and to search for alternatives. This finally resulted in an agreement with Salveo on the recomposition of the Company's Board of Directors.

In the EGM in November 2013, the Board of Directors was strengthened by the appointment of Mr Frédéric Amar and Mr Gert-Jan van der Marel as new non-executive directors. Mr. Ronald Lorijn and I remain non-executive directors of the Board and I was reconfirmed as the Chairman of the Board. Ms Karin Dorrepaal's resignation was accepted and the Group is grateful for her contribution during her tenure.

Cryo-Save's new Board supported the management to continue the implementation of the turnaround strategy, which is well on track and ensured that the Group swung back to profitability by year-end, leading to a sustainable, profitable future and a healthy upside from the next wave of growth in stem cell therapy.

In October 2013, the Group announced that it reached agreement on the crucial terms and conditions regarding the sale and purchase of 100% of the total issued and paid share capital of its Indian subsidiary Cryo-Save (India) Private Limited with a consortium including representatives of the current local management. The management buyout, which was fully supported and agreed by the Board of Cryo-Save, was completed as per 30 October 2013.

Chairman's statement continued

In December 2013, Cryo-Save acquired the commercial activities of Salveo Biotechnology in Switzerland, Spain, Italy, Portugal and Ukraine. The acquisition of the Salveo business will bring substantial additional value to Cryo-Save and its shareholders. We will benefit from increased revenues and profitability, expand our market share through a dual brand strategy and further strengthen our market leading position in the European stem cell market.

The Group reached an agreement to sell its property in Lyon in August 2013 and the transaction was completed in December 2013. The proceeds of the sale (€2.3m) were added to the cash reserves, since the property was debt free. The Group had a record cash position of almost €9 million as of 31 December 2013. This will enable us to fuel profitable growth by investing in the business.

Although 2013 was a turbulent year, our employees remained committed to informing customers and medical professionals about the benefits of storing stem cells for family use, and contributed to our high quality service. I wish to thank them for their dedicated efforts.

We are confident that the full implementation of the turnaround plan, the recomposition of the Board of Directors and the acquisition of the Salveo business in combination with a further strategic review will position Cryo-Save to a sustainable, profitable future in a market that has strong potential as the number of conditions treatable with stem cells as well as clinical trial activities are constantly growing.

Walter van Pottelberge
Chairman

17 March 2014

Chief Executive's review

Evi Mattil
Chief Executive Officer

"2013 was a year full of changes for Cryo-Save and the opportunities that come with change are immense."

Following the comprehensive turnaround program the Group swung back to profitability by the end of 2013, thanks to driving consumer awareness, improving the effectiveness of all sales channels in combination with strict cost saving programs, improved working capital management and the disposal of loss-making foreign operations.

The economy in Cryo-Save's main markets remained depressed during 2013. It was a challenging period with no clear signs of economic recovery in our key markets and new client acquisitions slowed down considerably.

However, there is still a lot of potential in our markets as current penetration rates on average across Europe are not higher than 2%.

We have started to target this potential through new marketing approaches aimed at increasing awareness as well as addressing end clients directly and by further professionalisation of our sales operations across all countries. These initiatives will be further enhanced during 2014.

The acquisition of the Salveo business at the end of 2013 allows us to operate with two brands in the market. This will give us the opportunity to target new customer groups and consequently to further expand our market shares as well as strengthen our market leadership position in Europe.

As a part of our turnaround program, we completed a major restructuring in order to scale down the cost base of the operations to the right level. The total number of employees, denominated in full time equivalents, decreased from 259 at the end of December 2012 to 149 at 31 December 2013. The focus of the organisational redesign has been on the reduction of overhead expenditure as well as on strengthening and further professionalizing the commercial operations. This decrease also includes the impact of the management buy-out of Cryo-Save (India) Private Limited in October 2013.

A major milestone was reached in October 2013 with the announcement of storing more than 250,000 stem cell samples since our foundation in 2000. At the same time, October 2013 marked the 25th anniversary of the first umbilical cord blood transplant performed by Dr. Eliane Gluckman in October 1988. Parents have placed their trust in us and in our ability to safely and competently take care of their children's stem cells from umbilical cord blood and in many cases also cord tissue, adding up to a more than 250,000 completely unique and very special samples. We take great pride in our work and ensure that we do everything in our power to exceed our clients' expectations in order to maximise the probability of clinical success whenever needed in future.

This was proven by a four-year-old girl in Spain who received an infusion of stem cells derived from her own umbilical cord blood for the treatment of cerebral palsy in December 2013. Cerebral palsy is one of the main areas of research into umbilical cord blood stem cell therapies. This treatment was made possible because the child's umbilical cord blood was cryopreserved at the time of her birth with Cryo-Save.

Another example was a stem cell transplantation in Spain to treat Blackfan-Diamond Anaemia (BDA). A four-year-old boy was treated for BDA with a stem cell transplant from his sister's umbilical cord blood. The transplant was performed on April 25 at the Hospital del Niño Jesús in Madrid, one of the leading paediatric hospitals in Spain. It was the first transplant performed in this country to treat BDA with a cryopreserved sample from a family bank, in this case, the leading Family Stem Cell Bank in Spain, Crio-Cord, a subsidiary of Cryo-Save. This treatment was provided thanks to the Cryo-Save Cost Free Donation Program, which provides free storage of the umbilical cord blood and cord tissue stem cells for families who have a family member diagnosed with a disease treatable with stem cells. The transplantation was successful, and the child is expected to make a normal recovery. This pioneering treatment in Spain may herald a radical improvement in the child's quality of life, as since birth he has required regular red blood cell transfusions.

Despite the challenging economic conditions within which the Group is operating, we remain committed to research. We have developed new freezing procedures to increase availability of cord blood stem cell transplants for patients. A large enough number of stem cells is needed to ensure the success of a cord blood transplant. However, the quantity of stem cells isolated from umbilical cord blood is not always sufficient to meet that requirement. Researchers from the Etablissement Français du Sang, Aquitaine-Limousin (France) have established a method of multiplying cord blood stem cells to the required quantity levels. In the study Dr. Ivanovic and co-workers, and a team of Cryo-Save researchers, have demonstrated that these cultured stem cells can be frozen and thawed without negatively affecting the quality of the stem cells. This is an important step towards successful stem cell transplants in patients for whom too few stem cells are available.

Cryo-Save's current markets are geared up to outperform the 2014 targets in accordance with the Group's turnaround plan. Business development activities will be focused on realising growth in new and emerging markets.

All the operational basics must be in place in order to accomplish a full turnaround by the end of 2014. A centralised marketing team and a professional sales organisation targeting the medical community as well as end clients, together with an experienced and dedicated scientific team will be the key pillars for our success in 2014.

The winds of change will continue for 2014 as we will have a new CEO. The strong experience and deep market knowledge that Mr. Frédéric Amar is bringing to our company will drive Cryo-Save to the next level of profitable growth.

Evi Mattil
Chief Executive Officer a/i

17 March 2014

Business review

Business model

Cryo-Save is the the largest family stem cell bank in Europe and the leading international stem cell storage company offering human adult stem cell cryopreservation.

Stem cell storage means, in practice, the collection, isolation, testing, preparation, cryopreservation and storage of umbilical cord tissue and umbilical cord blood stem cells of new-borns. This service is made up of discrete steps from pregnancy, through birth to post natal.

As a first step, upon receiving orders from a customer, Cryo-Save gives the customer a collection kit. The kit is specially developed for collecting, storing and transporting the samples of umbilical cord blood and umbilical cord tissue and cannot be used for any other purpose. The customer takes the kit along to the hospital where it is handed over to the physician responsible for the collection of the umbilical cord blood and umbilical cord tissue. The physicians collect the umbilical cord tissue and umbilical cord blood stem cells immediately after birth with no risk or discomfort to mother or child. The treating physicians place the collected samples in the collection box and prepare them for shipment. The hospital and/or the customer then contacts Cryo-Save or the courier and the sample is collected.

Once collected, the sample is delivered to one of Cryo-Save's accredited laboratories where the examination, processing, cryopreservation and storage of the stem cells is initiated. Both the cord blood and the cord tissue is tested to ensure that they are free of any infection or contamination. The vitality of the stem cells is also checked. Cryo-Save informs the customer of the result of this health-check and notifies them officially of the successful storage of the stem cells. Samples are stored in the gas phase of liquid nitrogen using advanced biological storage techniques. The storage of the sample is monitored under laboratory conditions for 20 to 25 years, after which the customer is offered the opportunity to continue the storage on payment of an additional fee.

Cryo-Cord® is the commercial trading name of the collection, processing and storage service of human adult stem cells obtained from umbilical cord blood and cord tissue. This service 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 by the child or a family member. The collection of adult stem cells from the umbilical cord is painless, noninvasive, simple and safe.

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 to 25 years, including any potential release of the sample for stem cell transplantation. In several countries, Cryo-Save also offers a recurring annual storage fee.

In the event of the stem cells being needed during the period of storage, Cryo-Save officially releases them upon the explicit request of an accredited medical center.

Today, with more than 250,000 cryopreserved samples from over 70 countries and six continents, Cryo-Save continues to be an entrepreneurial, science-driven and innovative enterprise dedicated to improving the quality of health care.

Highlights 2013

Cryo-Save's main markets remained depressed during 2013. This significantly stalled new client acquisitions. As a result, revenue dropped by €6.3 million. The total volume drop for the year could only be marginally offset by an improved country and price mix. However, the Group saw a stabilisation in new client acquisitions during the second half of 2013.

The gross profit as a percentage of revenue remained stable at 64% in comparison to 2012. However, Cryo-Save saw a marked improvement from 61.5% during the first half of 2013 to 67.6% during the second half of the year, mainly due to cost savings materializing in lab consumables and lab examination cost as a result of the implementation of the comprehensive turnaround plan.

Underlying marketing and sales expenses decreased by €3.4 million due to headcount reduction as a result of an organizational redesign and a freeze of certain marketing expenses. Underlying general and administrative expenses, which include €1.3 million unplanned consultancy and legal costs, increased by €0.8 million.

This resulted in underlying earnings before interest, taxation, depreciation and amortization (EBITDA) of €0.5 million (2012: €1.9 million). Underlying operating result was -€2.3 million (2012: -€1.3 million).

In 2012 Cryo-Save started a turnaround to regain profitable growth. During the first half of 2013 a renowned strategy consultancy firm was engaged to support the Group with the identification of further measures to restore profitability and to conduct an in-depth analysis of the Group's strategic objectives for the mid to longer term. This analysis reconfirmed that Cryo-Save is active in a market that has strong potential as the conditions treatable with stem cells as well as clinical trial activities are constantly growing. Cryo-Save's new Board continues to support the implementation of the turnaround strategy, which is well on track, and which ensured that the Group swung back to profitability by year-end. The Group is confident that the full implementation of the turnaround plan, the recomposition of the Board of Directors and the acquisition of the Salveo business in combination with a further strategic review will bring Cryo-Save towards a sustainable, profitable future.

Operational review

Growth in combined storage uptake by new clients

The relative uptake by new customers of the combined service of storing the umbilical cord tissue and stem cells from umbilical cord blood grew to 81% during 2013. The Group stored 28,900 new samples in 2013 (2012: 35,100). Of these, 16,800 were new cord blood samples and 12,100 new cord tissue samples.

Sample releases

In March, a stem cell transplantation in Spain was performed to treat a patient suffering from Blackfan-Diamond Anaemia. It was the first time in Spain that this congenital anaemia, classified as a rare disease, has been treated using cord blood stem cells. These umbilical cord blood stem cells were stored with Cryo-Save. The transplantation was successful, and the four-year-old child is expected to make a normal recovery. This may herald a radical improvement in the child's quality of life, as since his birth he has required regular red blood cell transfusions.

In December, a four-year-old girl in Spain received an infusion of stem cells derived from her own umbilical cord blood for the treatment of her cerebral palsy. Cerebral palsy is one of the main areas of investigation of umbilical cord blood stem cell therapies.

The transplantation was performed by Professor Dr Luis Madero, Head of the Oncohaematology Department of the Hospital Niño Jesús de Madrid, Spain. This is the third infusion of this type performed by Dr Madero to treat infantile cerebral palsy. This treatment was made possible because the child's umbilical cord blood was cryopreserved at the time of her birth with Cryo-Save.

Top-line potential

The strategic review clearly demonstrated that there is enormous top-line potential for the Group. In order to leverage this, the Group is working on a centralised upgrade of its marketing material. Cryo-Save will distinguish marketing material for key accounts, being doctors and/or hospitals, end-consumers, using physicians and public policy makers. This will go hand-in-hand with the design and development of the website and other social media, and in accordance with the dual brand strategy of the Cryo-Save brand and the Salveo brand.

In addition, Cryo-Save will implement pan-European key account management, advanced customer relation management systems and aligned incentive schemes for the senior managers.

Milestone of 250,000 stored samples

In 2013, Cryo-Save reached the major milestone of storing more than 250,000 stem cell samples since its foundation in 2000. At the same time, October 2013 marked the 25th anniversary of the first umbilical cord blood transplant performed by Dr. Eliane Gluckman in October 1988. Milestones were also achieved in many of Cryo-Save's markets, such as the celebration of 4,000 stored samples in Bulgaria, and 25,000 samples stored in Hungary in October. At the same time, a professional outbound call center was launched in Hungary.

Ethnic Marketing

Minority populations are drastically underrepresented in transplant registries and in public cord blood banks. Hence, they form an interesting population to target for private cord blood banking, for which the Group has developed dedicated marketing tools. This is just one example of our innovative marketing campaigns.

Cooperation with midwives

Midwives are an important gatekeeper and trusted advisor to Cryo-Save's target group of potential customers. The Group's sales teams actively engage with midwives at information events and organise classes and free practice sessions in hospitals. The midwives can then explain and suggest Cryo-Save's service to parents-to-be. Cryo-Save registers all contact from interested parents and gains information with the permission of the parents to contact them with the potential to convert the contact into a contract.

Geographical expansion
During 2013, Cryo-Save entered into agreements with selected third party agents to open markets in Turkey and in Lithuania. These exclusive business developments are marketed by independent agents under the Cryo-Save brand name in their territory. The agents act as independent contractors, and none are direct employees. The independent agent will receive a commission for each successfully stored sample from a customer who has paid the full amount for the Cryo-Save service to Cryo-Save. This international business development is one of the main drivers to fuel the growth of the Group.

Cryo-Save (India) Private Limited
The Group reached agreement on the crucial terms and conditions regarding the sale and purchase of 100% of the total issued and paid share capital of its Indian subsidiary Cryo-Save (India) Private Limited.

Since its start in 2008, Cryo-Save India has not delivered the expected returns despite a modest volume growth over the past years. The Group entered into a binding agreement with a consortium including representatives of the current local management to transfer 100% of the shares of Cryo-Save (India) Private Limited. The management buy-out was completed by the end of October and was fully supported and agreed by the Board of Cryo-Save.

Acquisition of the commercial activities of Salveo
Cryo-Save signed an asset sale and purchase agreement to acquire all assets that are exclusively related to the distribution and commercial activities of the umbilical cord blood and umbilical cord tissue cryopreservation business of Salveo Biotechnology S.A., Switzerland and its subsidiaries, effective as of 1 January 2014. The payment for the transaction consists of 485,597 Cryo-Save Group N.V. shares plus an additional amount in cash, payable in June 2014. The Group expects the acquisition to be profitable with immediate effect. Salveo Biotechnology is a Swiss private laboratory, based in Geneva, specialised in stem cells cryopreservation, cell culture and regenerative medicine.

Property in Lyon
Cryo-Save completed the transaction with Bio Elpida and Bactup to sell its property in Lyon for a price of €1,430 per m^2 by the end of 2013.

Appointment of Mr. Frédéric Amar Executive Director and CEO
The Board of Directors nominated Mr. Frédéric Amar as Executive Director and new CEO of the Group at an Extraordinary General Meeting of Shareholders held on Wednesday, March 19 2014.

Applied research
Cryo-Save operates a small, dedicated Research and Development unit. The primary function of this unit is to support Cryo-Save's process development and validation, and to improve product quality and innovation. The unit collaborates with various well-known universities and suppliers who are world-class in their area of expertise.

Moreover, Cryo-Save sponsors various research and development projects which are conducted at prominent universities and hospitals, either in cash or in kind.

Strategy and positioning
Cryo-Save has embarked on the full implementation of the turnaround plan "Fit for Future", which was announced together with the publication of the midyear results in August. This comprehensive turnaround plan has already enabled the Group to swing back to profitability by yearend, based on driving awareness aimed at the consumer, improving the effectiveness of all sales channels in combination with strict cost saving programs, improved working capital management and disposal of loss-making foreign operations. This turnaround plan will lead to a sustainable profitable future and a healthy upside from the next wave of growth of stem cell therapy.

The recomposition of the Board of Directors, the acquisition of the Salveo business in combination with a further strategic review, and the appointment of Mr. Frédéric Amar as Executive Director and CEO will lead Cryo-Save towards a sustainable profitable future.

Financial review

Key financials for 2013

The underlying 2013 numbers are adjusted for non-recurring costs concerning:

- Severance costs: €0.6 million (2012: €0.3 million)
- Non-cash impairment of goodwill and other assets: €0.7 million (2012: €15.1 million)
- Termination of contracts with service providers and distributors: nil (2012: €0.7 million)
- Other: -€0.2 million (2012: €0.1 million)

	2013 €m	2012 €m
Revenue	**30.6**	36.8
Gross profit	**19.7**	23.8
Underlying marketing and sales expenses	**8.2**	11.6
Underlying research and development expenses	**0.3**	0.4
Underlying general and administrative expenses[1]	**10.7**	9.9
Underlying EBITDA	**0.5**	1.9
Underlying depreciation	**1.2**	1.3
Underlying amortization[2]	**0.3**	0.4
Underlying EBITA	**-1.0**	0.2

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 decreased by €6.2 million to €30.6 million, largely due to declining volumes in all major markets. Improved country and price mix could only partly offset the negative effect of the volume decline.

The number of new cord blood samples stored for the year 2013 amounted to 16,800 (2012: 21,200), whilst the number of new cord tissue samples stored was 12,100 (2012: 13,900), resulting in 28,900 new samples stored in 2013 (2012: 35,100.

The Group achieved the milestone of having more than 250,000 samples stored in 2013.

Geographical information

	Revenue		Non-current assets	
€ in millions	2013 €m	2012 €m	2013 €m	2012 €m
Spain	**8.8**	10.9	**0.1**	0.1
Italy	**3.7**	4.7	**0.1**	0.1
Hungary	**3.0**	3.9	**0.5**	0.7
Other countries	**15.1**	17.3	**30.9**	31.4
Total	**30.6**	36.8	**31.6**	32.3

Gross profit and gross profit margin

Gross profit decreased to €19.7 million (2012: €23.8 million). The gross profit margin decreased by 0.3 percentage points to 64.4%. The improved country and price mix enhanced the gross profit margin by 1.7 percentage point to 66.3%. Increased costs related to the transport of the samples to the processing and storage facility eroded the gross profit margin by 2 percentage points. The increase of service fees related to independent sales agents (0.3 percentage points) was more or less offset by a decrease of cost concerning laboratory consumables (0.4 percentage points).

Underlying operating expenses

	2013 €m	2012 €m
Marketing and sales expenses	**8.2**	11.6
Research and development expenses	**0.3**	0.4
General and administrative expenses	**10.7**	9.9
Total	**19.2**	21.9

Underlying operating expenses decreased by €2.7 million. In these underlying expenses, an amount of €1.3 million was included for unplanned consultancy and legal costs. If these costs were excluded, the operating expenses would have decreased by €4.0 million to €17.9 million.

The decrease in underlying marketing and sales expenses by €3.4 million was the result of headcount reductions already started in 2012 (€1.9 million), along with a freeze of expenses related to flyers and brochures, advertising costs, public relation, travel, hotel and airplane expenses. This amounted to a saving of €0.9 million. Envisaged cost savings materialised (€0.4 million) and there was the impact of the divestment and subsequent deconsolidation of Cryo-Save India (€0.2 million).

Underlying general and administrative expenses increased by €0.8 million. The decrease as a result of headcount reduction (€0.9 million) was offset by an increase of other general and administrative expenses (€1.6 million), mainly the result of the unplanned consultancy and legal costs.

Underlying EBITA and operating profit

Underlying EBITA amounted to -€1.0 million (2012: €0.2 million). Volume decline affected the gross profit by €5.0 million, whilst increased cost of sales further affected the gross profit by €0.6 million. The improved country and price mix positively impacted the gross profit by €1.5 million. Underlying operating expenses decreased by €2.7 million, and included €1.3 million for unplanned consultancy and legal costs.

Underlying depreciation was €1.2 million (2012: €1.3 million), and underlying amortisation excluding the amortization of identified intangible assets as a result of acquisitions amounted to €0.3 million (2012: €0.4 million).

Underlying operating profit amounted to -€2.3 million (2012: -€1.3 million).

Net finance cost/income

Net finance cost of €0.0 million decreased compared to 2012 (€0.2 million income), mainly due to currency translation differences related to Cryo-Save (India) Private Limited which were previously recorded in equity and as a result of the divestment recycled through the income statement.

Underlying result before taxation

The underlying result before taxation amounted to -€2.4 million (2012: -€1.1 million).

Underlying result for the period

The underlying result after taxation was -€2.4 million (2012: -€0.9 million).

Cash flow

Net cash from operating activities was €0.2 million (2012: €2.4 million). The decrease was mainly a result of the lower operational results for the year.

Investments in property, plant and equipment of €0.4 million mainly relate to laboratory equipment. The proceeds from the sale of the French building (€2.3 million) were directly added to the freely available cash reserves, since the building was debt free. Investments in intangible assets (€0.3 million) related to software.

As at 31 December 2013, Cryo-Save had a cash position of €8.6 million (31 December 2012: €7.1 million).

Consolidated balance sheet

	2013 €m	2012 €m	Variance €m
Total non-current assets	**32.7**	34.2	(1.5)
Total current assets	**18.7**	21.4	(2.7)
Total equity	**26.8**	29.8	(3.0)
Total non-current liabilities	**15.3**	16.5	(1.2)
Total current liabilities	**9.4**	9.3	0.1

Total non-current assets

The variance in non-current assets of €1.5 million is a result of the acquisition of the commercial activities of Salveo Biotechnology S.A. (€2.2 million), a decrease of the non-current trade receivables (€0.5 million) and the impact of the deconsolidation of Cryo-Save India. The remaining variance consists of the balance of investments in property, plant and equipment and amortisation of identified intangible assets and depreciation.

Total current assets

Inventories decreased by €0.9 million to €0.5 million due to active working capital management and a reduction of the cost price of laboratory consumables. Current trade and other receivables increased as a result of an increase in instalment plans offered to customers. The asset held for sale materialised at the end of 2013. A long outstanding value added tax receivable in Spain was settled.

Cash ended at €8.6 million (2012: €7.1 million).

Total equity

Total equity decreased by €3.0 million to €26.8 million, mainly due to the loss for the period of €3.5 million. The Group repurchased shares amounting to €0.3 million at the beginning of the year and reissued all shares that were kept in treasury at the end of the year as part of the acquisition of the commercial assets of Salveo Biotechnology S.A. for a value of €0.8 million. At 31 December 2013 the Group did not hold any own shares in treasury (2012: 364,000 with a nominal value of €0.10 each, which are recorded at cost, representing the market price on the acquisition date).

Total non-current liabilities

Total non-current liabilities of €15.3 million at 31 December 2013 (31 December 2012: €16.5 million) contained, amongst others, deferred revenue, amounting to €10.6 million (2012: €10.8 million), that matches the fair value of the estimated costs of the remaining storage period including a profit margin. The movement from €10.8 million at 31 December 2012 to €10.6 million at 31 December 2013 is the balance of additions to deferred revenue due to the storage of new samples in 2013 less the release to the income statement for the storage during 2013 and the impact of the deconsolidation of Cryo-Save India.

Non-current deferred considerations refer to earn out liabilities and amounted to nil (2012: €0.5 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 €3.0 million is recognised as a non-current borrowing (2012: €3.2 million).

Total current liabilities

Total current liabilities remained more or less at the same level of €9.4 million at 31 December 2013 (2012: €9.3 million).

Evi Mattil
Chief Executive Officer a/i

17 March 2014

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

Family and children's health is the company's number one priority. The Cryo-Save Cost-Free Family Donation Programme is specifically designed to offer families in need the collection and cryopreservation of their newborn's umbilical cord blood stem cells. Free of charge, it gives the opportunity to treat a family member diagnosed with a life-threatening disease treatable with stem cells. This includes diseases such as Sickle Cell Anaemia and some forms of Leukaemia.

Thanks to Cryo-Save's international reach and the local offices which are in touch with their communities' needs, each country is striving to make a positive difference in their community. The Cost-Free Donation Programme is promoted in each country.

Research collaborations

Cryo-Save supports selected initiatives which have difficulties in obtaining proper funding for their projects, via amongst other contributions in kind. The Group has research collaborations with The Hospital Niño Jesús, Madrid, Spain, Ospedale Pediatrico Bambino Gesù, Rome (Vatican), Italy, Faculty Medicine and Surgery, University of Verona, Verona, Italy, Antwerp University, Belgium, master student internship program with FlandersBio, Belgium, Vrije Universiteit Brussel, Belgium, Ghent Universiteit, Belgium and Vilnius University, Lithuania.

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.

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, and raising money for families that can't afford a specific medical treatment.

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.

Workforce diversity

Cryo-Save is striving for a diverse workforce, made up of men and women of different cultures, generations, talents and backgrounds and an inclusive work environment that values the different competences, experiences and perspectives of every employee.

Waste management

Waste management is the collection, transport, processing, recycling or disposal, and monitoring of non-hazardous waste materials. The Group's 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. Cryo-Save attempts 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.

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.

Board of Directors

Non-Executive Directors

Walter van Pottelberge (Belgium, 70)
Non-Executive Director, Chairman of the Board
Walter van Pottelberge joined the Company's Board as a Non-Executive Director in 2007 and was appointed Chairman of the Board as per 23 May 2013. 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), Argenta Bank and Insurance Group (where he serves as chairman of the remuneration committee and as a member of the audit committee), Inventive Designers, Vanbreda Risk and Benefits, Justitia NV (where he serves as chairman of the audit committee), Nipponkoa Insurance Company Europe (where he serves as member of the audit committee), Xenarjo (where he serves as president of the Board), Capricorn (where he serves as member of the audit committee) and Time 4 Society.

Mr. Van Pottelberge holds a university degree in physics and actuarial science life-non life from Leuven University and graduated in corporate governance at GUBERNA, Ghent.

Ronald Lorijn (Dutch, 63)
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 and nLife. 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/gynaecologist before joining the biotech industry.

Frédéric Amar (French, 49)
Non-Executive Director – nominated as Executive Director and CEO of Cryo-Save
Frédéric Amar joined the Company's Board as Non-Executive Director in November 2013. Mr. Amar has a strong scientific background and a successful track record creating and managing companies. In 1995 Mr. Amar founded ATelecom S.A., a national fully licenced private telecom operator concentrated on business customers and consumers, which after successful growth was sold in March 2000. In addition to other companies, in November 2011 Mr. Amar also founded Salveo Biotechnology S.A., a Genève based private laboratory specialised in stem cells cryopreservation and cell culture and involved in cellular therapeutic applications research, with a presence in Italy, Spain, Switzerland, Portugal and Ukraine.

Mr. Amar holds a degree in Crystallography and a degree in Pharmacy (Pharm.D.) from the Université de Pharmacie of Marseilles.

Because of his share interest in the Company, Mr. Amar is not considered to be independent in the meaning of the Dutch Corporate Governance Code.

Gert Jan van der Marel (Dutch, 65)
Non-Executive Director
Gert-Jan van der Marel joined the Company´s Board as Non-Executive Director in November 2013. Mr. Van der Marel has broad knowledge of and expertise in turnaround management and more than 30 years experience in international management. Major milestones of his professional career include positions as Senior Consultant with Arthur D. Little International, Managing Director of P.T. Friesche Vlag Indonesia/P.T. Foremost Indonesia , Managing Director Vlisco BV, Member of the Executive Board Koninklijke Grolsch NV, Partner and Co-Founder of XperiencePartners B.V.,CEO of Zurel Group B.V. and currently a partner of Bakkenist Management Consultants.

Mr. Van der Marel earned his Master degree in Business Economics from the University of Groningen, The Netherlands and an MBA from INSEAD, Fontainebleau, France.

Remuneration report

Selection, Appointment and Remuneration Committee

The Selection, Appointment and Remuneration Committee consists of R. Lorijn and F. Amar 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 2013 Executive Directors

Fixed and variable compensation and other considerations for the former Executive Director in 2013 are detailed in Note 38 of the Financial Statements.

The former Executive Director was granted a bonus that was based on meeting the Group's non-financial objectives for 2013, financial objectives were not met. No share options were granted. Furthermore, a severance payment was made.

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

As part of cost savings program, the non-executive directors waived parts of the additional fees for the year 2013.

Remuneration 2013 Non-Executive Directors

The remuneration of the Non-Executive Directors is detailed in Note 38 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 2013.

Arnoud van Tulder resigned as Chief Executive Officer, effective 1 June 2013. During his six years with Cryo-Save, first as CFO and since 2010 as CEO, Mr Van Tulder has been instrumental in the growth of the Company.

Johan Goossens, co-founder of Cryo-Save and former Chairman of the Board, resigned as Non-Executive Director on 25 June 2013. Mr. Goossens is a substantial shareholder in the Group.

Karin Dorrepaal resigned as Non-Executive Director on 21 November 2013.

The main terms and conditions are summarised below.

W. van Pottelberge

W. van Pottelberge has been reappointed as a Non-Executive Director until the Annual General Meeting (AGM) of 2015 at the extraordinary general meeting on 21 November 2013. 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 has been reappointed as a Non-Executive Director until the AGM of 2015 at the extraordinary general meeting on 21 November 2013. 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.

F. Amar

F. Amar is appointed as a Non-Executive Director until the AGM of 2015 at the extraordinary general meeting on 21 November 2013. F. Amar's appointment can be terminated by him at any time by giving notice to the Company and be terminated by the Company by giving F. Amar three months' notice. F. Amar is remunerated as per the remuneration determined by the General Meeting on 5 October 2009. Mr. Amar is a substantial shareholder in the Group.

G.J. van der Marel

G.J. van der Marel is appointed as a Non-Executive Director until the AGM of 2015 at the extraordinary general meeting on 21 November 2013. G.J. van der Marel's appointment can be terminated by him at any time by giving notice to the Company and be terminated by the Company by giving G.J. van der Marel three months' notice. G.J. van der Marel 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 financial and nonfinancial objective targets that are linked to creating value for Shareholders. Senior management participates in the same Share Option Scheme as the Executive Directors.

Ronald Lorijn
Frédéric Amar
Selection, Appointment and Remuneration Committee

17 March 2014

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 representatives of the Board of Directors, external audits and internal letters of representation are all part of its risk management and control systems.

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

Risk categories

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

Strategic risks

Acquisition risks

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

Business development into new markets

To reduce its reliance on a relatively small number of markets over time, and to benefit from opportunities in some new markets, the Company will invest in business in new markets. Although these 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 and the umbilical cord 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 or cord 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. Meanwhile, considerable improvements have been made to strengthen the reliability of the IT management processes and the security of the IT infrastructure. Hosting, application development and technical application management of the database application have been outsourced to more professional IT service providers. Mutual expectations regarding the IT services have been defined and agreed upon via contracts and service level agreements between Cryo-Save and the IT service providers. The database application has been redeveloped. The IT management processes such as logical access management, change management and incident management have been further formalised and standardised with Cryo-Save, as well as harmonised between Cryo-Save and the IT service providers. Finally, security of the internet connection of the CryoDB system has been improved.

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 position.

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. Also the interpretation and the enforcement of the regulatory laws by relevant competent authorities might change and become stricter. 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 favour 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.

Financial risks

Product liability and other operating risks insurance

The Company's activities expose them to potential liability and professional indemnity risks. The Company plans to continue to insure its operations in accordance with industry practice and plans 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 faces. 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 position and results.

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 offers 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.

Cash surpluses, held 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 Piet Heinstraat 11a, 7204 JN, Zutphen, The Netherlands. The telephone number of the principal place of business is +31 575 548 998. 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, the Board of Directors shall not ask the General Meeting to explicitly approve such deviations.

- The Company currently does not comply with best practice provision II.2.10 and II.2.11, which prescribes that the Non-Executive 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.
- As a result of the recomposition of the Board, the Company did not comply with best practice provision III.1.7 which requires that the Non-Executive Directors discuss at least once a year its own functioning, the functioning of its committees and its individual members.
- Best practice provision III.3.3 requires the Non-Executive Directors to follow an induction program. Only Walter van Pottelberge has not followed such programme and it is considered that an induction programme would not be useful for him as he has a good understanding of the Company and its business. Mr. Lorijn, Mr, Amar and Mr Van der Marel have followed a tailored induction program in which they have 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.
- 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 the Company's 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 in due course. 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.

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 electronic 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.

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 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. In 2013, ten regular meetings were held. Furthermore, the Non-Executive Directors from time to time collectively and individually interacted with senior management outside the formal Board meetings. The attendance percentage of the Board meetings was in excess of 95%. 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 Group pursues a policy to appoint a well-balanced mix of women and men to its Board of Directors, senior management and other functions. During 2013 Karin Dorrepaal served as a Non-Executive Director. The appointment in 2013 of Evi Mattil in the capacity of Chief Commercial Officer and Chief Executive Officer a/i, reconfirmed the Group's ongoing commitment to diversity in the Board of Directors and senior management.

Moreover Dutch legislation requires companies to have at least 30% of the seats of the Board of Directors held by women as of 2016.

The Non-Executive Directors are independent from the Company, except for Mr. Amar who (directly and indirectly) holds around 27% of the shares of the Company. Adequate procedures are in place that Mr. Amar acts in the interest of the Group, and will 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 four Non-Executive Directors, whilst Mr. Amar has been nominated Executive Director and CEO in the Extraordinary General Meeting of 19 March 2014. 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 objectives 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. 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.

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 2013 were potential acquisitions, restructuring and cost saving programs, short- and mid-term strategy, turnaround plan, divestment of Cryo-Save (India) Private Limited 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 Walter van Pottelberge and Gert-Jan van der Marel (Chairman of the Audit Committee) 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.

The Audit Committee met two times, of which one meeting was attended by the auditor of the Group.

Selection, Appointment and Remuneration Committee
The Selection, Appointment and Remuneration Committee consists of Ronald Lorijn and Frédéric Amar and is chaired by Ronald 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.

The Selection, Appointment and Remuneration Committee had one regular meeting in 2013.

Auditors
In the Annual General Meeting of Shareholders of 15 May 2013, 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, other than disclosed in note 39.

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, other than disclosed in note 7 and 39.

Statement by the Executive Director

The Executive Director of Cryo-Save Group N.V. ('the Company') is 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 Director includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Executive Director is also responsible for the preparation of the Report of the Board of Directors that is included in this 2013 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 Director endeavours 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 Director 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 Director confirms that to her 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 2013 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.

Evi Mattil
Chief Executive Officer a/i

17 March 2014

Consolidated statement of income

for the year ended 31 December in thousands of euros

	Note	2013	2012
Revenue	10	**30,565**	36,842
Cost of sales	11	**(10,871)**	(13,017)
Gross profit		**19,694**	23,825
Marketing and sales expenses	12	**8,446**	12,001
Research and development expenses	13	**289**	378
General and administrative expenses			
– Impairment of goodwill and other assets	14	**741**	15,118
– Other general and administrative expenses	14	**13,682**	13,811
Total operating expenses		**23,158**	41,308
Operating result		**(3,464)**	(17,483)
Finance income	17	**822**	771
Finance costs	18	**(849)**	(586)
Net finance (costs)/income		**(27)**	185
Results relating to equity-accounted investees		**0**	0
Result before taxation		**(3,491)**	(17,298)
Income tax expense	19	**22**	(195)
Result for the year		**(3,513)**	(17,103)
Attributable to:			
– Equity holders of the Company		**(3,513)**	(17,103)
– Non-controlling interest		**–**	–
Result for the year		**(3,513)**	(17,103)
Earnings per share (in euro cents)	20		
– Basic earnings per share		**(37.9)**	(183.1)
– Diluted earnings per share		**(37.9)**	(183.0)

Consolidated statement of comprehensive income

for the year ended 31 December in thousands of euros

	2013	2012
Result for the year	**(3,513)**	(17,103)
Other comprehensive income		
Foreign currency translation differences*	**(38)**	147
Other comprehensive income for the year	**(38)**	147
Total comprehensive income for the year	**(3,551)**	(16,956)
Attributable to:		
– Equity holders of the Company	**(3,551)**	(16,956)
– Non-controlling interest	**–**	–
Total comprehensive income for the year	**(3,551)**	(16,956)

* item that is or may be reclassified to consolidated statement of income.

Consolidated statement of financial position

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

	Note	2013	2012
Assets			
Intangible assets	21	**22,754**	22,169
Property, plant and equipment	22	**8,807**	10,167
Investments in equity-accounted investees	24	**0**	0
Deferred tax assets	25	**437**	617
Trade and other receivables	26	**751**	1,224
Total non-current assets		**32,749**	34,177
Inventories	27	**528**	1,475
Trade and other receivables	28	**7,866**	7,323
Assets held for sale	9	**–**	3,020
Current tax assets	29	**1,736**	2,538
Cash and cash equivalents	30	**8,584**	7,088
Total current assets		**18,714**	21,444
Total assets		**51,463**	55,621
Equity			
Issued share capital	31	**973**	973
Share premium reserve		**38,169**	38,169
Legal reserve		**253**	185
Revaluation reserve		**274**	374
Translation reserve		**(1,449)**	(1,411)
Treasury shares		**–**	(2,423)
Retained earnings		**(11,451)**	(6,037)
Equity attributable to equity holders of the Company		**26,769**	29,830
Non-controlling interest		**–**	–
Total equity		**26,769**	29,830

Continued on page 41

Consolidated statement of financial position continued

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

	Note	2013	2012
Liabilities			
Borrowings	32	**3,003**	3,212
Deferred revenue	33	**10,568**	10,770
Deferred considerations	34	**–**	512
Deferred tax liabilities	25	**1,582**	1,861
Other liabilities		**127**	126
Total non-current liabilities		**15,280**	16,481
Borrowings	32	**202**	201
Trade and other payables	35	**6,448**	6,977
Deferred revenue	33	**867**	799
Deferred considerations	34	**1,460**	322
Current tax liabilities	36	**437**	1,011
Total current liabilities		**9,414**	9,310
Total liabilities		**24,694**	25,791
Total equity and liabilities		**51,463**	55,621

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 2012	968	38,174	176	474	(1,558)	(2,423)	11,409	47,220
Exchange differences on translating foreign operations					147			147
Other comprehensive income					147			147
Result for the year							(17,103)	(17,103)
Comprehensive income for the year					147		(17,103)	(16,956)
Dividend distributed	5	(5)					(564)	(564)
Share-based payments							130	130
Utilisation of revaluation reserve				(100)			100	0
Other movements			9				(9)	0
At 31 December 2012	973	38,169	185	374	(1,411)	(2,423)	(6,037)	29,830
Exchange differences on translating foreign operations					(38)			(38)
Other comprehensive income					(38)			(38)
Result for the year							(3,513)	(3,513)
Comprehensive income for the year					(38)		(3,513)	(3,551)
Repurchased shares						(284)		(284)
Re-issued shares						2,707	(1,925)	782
Utilisation of revaluation reserve				(100)			100	0
Other movements			68				(76)	(8)
At 31 December 2013	**973**	**38,169**	**253**	**274**	**(1,449)**	**–**	**(11,451)**	**26,769**

Consolidated statement of cash flows

for the year ended 31 December in thousands of euros

	Note	2013	2012
Cash flows from operating activities			
Result for the year		**(3,513)**	(17,103)
Adjustments for:			
Income tax expense	19	**22**	(195)
Finance costs	18	**849**	586
Finance income	17	**(822)**	(771)
(Gain)/loss on sale of disposals of PP&E		**61**	16
Depreciation and amortisation	16	**2,836**	3,214
Impairment loss on tangible assets	16	**741**	1,140
Impairment loss on intangible assets	16	**–**	13,978
Equity settled share-based payments transactions		**0**	130
		174	995
Movements in working capital			
(Increase)/decrease in (non) current trade and other receivables		**(70)**	462
(Increase)/decrease in inventories		**947**	(462)
(Increase)/decrease in current tax assets		**689**	71
Increase/(decrease) in (non) current liabilities		**(619)**	1,724
Increase/(decrease) in current tax liabilities		**(25)**	50
Net cash from operations		**1,096**	2,840
Interest paid		**(671)**	(556)
Interest received		**319**	316
Income taxes paid		**(549)**	(214)
Net cash from operating activities		**195**	2,386

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Consolidated statement of cash flows continued

for the year ended 31 December in thousands of euros

	Note	2013	2012
Cash flows from investing activities			
Proceeds from sale Indian operations	7	**86**	–
Proceeds from sale French building	9	**2,279**	–
Purchase of property, plant and equipment	22	**(395)**	(1,333)
Purchase of intangible assets	21	**(272)**	(384)
Disposals of non-current assets		**135**	143
Net cash (used in)/generated by investing activities		**1,833**	(1,574)
Cash flows from financing activities			
Repurchase of own shares	31	**(284)**	–
Dividend distributed		**–**	(564)
Redemption of borrowings		**(208)**	(184)
Net cash generated by/(used in) financing activities		**(492)**	(748)
Net increase/(decrease) in cash and cash equivalents		**1,536**	64
Cash and cash equivalents at 1 January		**7,088**	7,024
Exchange differences on cash and cash equivalents		**(40)**	–
Cash and cash equivalents at 31 December	30	**8,584**	7,088

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 Piet Heinstraat 11A, 7204 JN Zutphen, The Netherlands. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 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.

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 2013, 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 2013. 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 17 March 2014. The financial statements as presented in this report are subject to adoption by the Annual General Meeting of Shareholders, to be held on 14 May 2014.

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 IFRS 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 2013 the Group did not change any accounting estimate.

Change in accounting policies

For 2013 several new accounting pronouncements became effective, which had no material impact on our consolidated financial statements.

f. Reclassifications

No reclassifications have been made.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

3 Significant accounting policies continued

Basis of consolidation continued

Business combinations continued

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.

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 the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the income and expenses of the joint ventures for the period that the Group has joint control, whereby the result is determined using the Group´s accounting principles. Loans to joint ventures are carried at amortised cost less impairment losses.

The results from joint ventures consist of the Group´s proportionate 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 transactions with joint ventures are eliminated to the Group´s 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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

3 Significant accounting policies continued

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.

The following exchange rates against the euro have been used in these financial statements:

	Statement of financial position 31 Dec 2013	**Statement of income 2013**	Statement of financial position 31 Dec 2012	Statement of income 2012
Bulgarian leva	**1.96**	**1.96**	1.96	1.96
Hungarian forint	**296.75**	**296.71**	291.50	289.60
Indian rupees	**85.00**	**77.27**	72.25	68.82
Serbian dinar	**114.52**	**113.02**	112.48	113.02
Swiss franc	**1.23**	**1.23**	1.21	1.21
South African rand	**14.52**	**12.85**	11.18	10.55
United States dollar	**1.38**	**1.33**	1.32	1.29

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 year, 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

for the year ended 31 December in thousands of euros

3 Significant accounting policies continued

Internally generated intangible assets

Internally generated intangible assets relate to the development costs of new product, 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 capitalised software and software license. 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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

3 Significant accounting policies continued

Impairment of non-current assets continued

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.

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 when 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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

3 Significant accounting policies continued

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.

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 or 25 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

Initially these liabilities are recognised at fair value plus directly attributable transaction costs. Subsequently these financial liabilities are measured at amortised cost using the effective interest method.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

3 Significant accounting policies continued

Taxation continued

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.

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 in respect of fees charged for the subscription of the service is recognised upon enrolment. 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 when there is a reasonable assurance that the grant will be received and the Company will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are deducted from those expenses incurred. Government grants related to an asset, are presented in the balance sheet by setting up the grant as deferred income, and are released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Cost of sales

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

Marketing and sales expenses

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

3 Significant accounting policies continued

General and administrative expenses

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

Share-based payments

The Group's share option scheme qualifies as 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 income 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.

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.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. The assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit and loss. Once classified as held-for-sale, assets are no longer amortised or depreciated.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

4 Critical accounting estimates and judgments continued

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 sustain 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 the unused tax losses and unused tax credits can be utilised. Management assesses the probability that taxable profit will be available against the unused tax losses or unused tax credits which 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.

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 or financial position.

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 2013 or were early adopted.

IFRS accounting standards adopted as from 2013

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 following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2013 but were not applicable to the Group.

- IAS 19 'Employee benefits'
- IFRS 13 'Fair Value Measurement;
- Amendments to IAS 1 'Presentation of items of Other Comprehensive Income'
- Disclosures amendments to IFRS 7 'Offsetting Financial Assets and Financial Liabilities' and IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets'

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

5 Application of new or revised International Financial Reporting Standards continued

IFRS accounting standards adopted as from 2014 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 2014 or later periods, but the Company has not early adopted them:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Amendment IAS 28 'Investments in Associates and Joint Ventures'

IFRS 11 – Joint arrangements, which becomes compulsory in 2014 and may give rise to changes in the treatment of joint ventures and similar agreements. As a result of this standard, interests in joint ventures will no longer be proportionally consolidated from 2014. The expected impact is limited.

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

6 Financial risk management

Overview

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

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

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

Risk management framework

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

The Group's risk management policies are established to identify and 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 receivable 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 debt, management reviews the average days of revenue outstanding in order to determine whether the debts are irrecoverable.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

6 Financial risk management continued

Liquidity risk

Liquidity risk is the risk that the Group 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 Group to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group.

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 Group'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 Group does not hedge translation risks (such as the foreign exchange effect of translating operating results achieved outside the Eurozone). The Group 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 behaviour. 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 the Group's subsidiaries. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- 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.

Capital risk

The Group's objectives when managing capital are to safeguard the Group'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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

7 Changes in structure Cryo-Save Group

Acquisition Salveo

On 24 December 2013, Cryo-Save acquired all assets that are exclusively related to the distribution and commercial activities of the umbilical cord blood and umbilical cord tissue cryopreservation business of Salveo Biotechnology S.A., Switzerland and its subsidiaries, effective as of 1 January 2014. The payment for the transaction consists of 485,597 Cryo-Save Group N.V. shares plus €1,450,000 amount in cash, payable in June 2014.

Salveo Biotechnology is a Swiss private laboratory, based in Geneva, specialised in stem cells cryopreservation, cell culture and regenerative medicine. Created in 2011, made up of experts in regenerative medicine, Salveo Biotechnology, also present in Italy, Spain, Portugal and Ukraine has developed a dynamic and professional commercial network.

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

Equity instruments issued (485,597 ordinary shares)	**782**
Deferred consideration	**1,450**
Total consideration	**2,232**

The fair value of the equity instruments issued of €782 thousand was based on the listed share price of the Company of €1.61 per ordinary share at 27 December 2013.

The total consideration of €2.2 million has been recorded as goodwill (see note 21). The purchase price allocation will be performed within the 12 month window.

Salveo Biotechnology S.A. is a subsidiary of Salveo Holding S.A. in which Mr F. Amar has a controlling interest. Mr Amar was a non-executive Board member of Cryo-Save Group N.V. as per the date of the acquisition of the Salveo activities. Mr Amar was not involved in the decision making process of the Board in relation to the acquisition of the Salveo activities.

Acquisition-related costs

The Group incurred acquisition costs amounting to €19 thousand and 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.

Deconsolidation Cryo-Save India

As per 31 October 2013, Cryo-Save completed its Indian Management Buyout. The Company sold 100% of the total issued and paid share capital of its Indian subsidiary Cryo-Save (India) Private Limited to a consortium including representatives of the local management for an initial cash consideration of €86 thousand (USD 120,000). The Company realised no book result on the sale as the equity value equalled the sales price. Due to the sale of the subsidiary, the translation reserve was recycled through the income statement, leaving a currency loss of €0.2 million, which has been recorded under note 18, 'finance costs'.

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'.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

8 Operating segments continued

Information about reportable segments

	Stem cell storage 2013	2012	Other 2013	2012	Total 2013	2012
Revenue						
Segment revenue	**29,634**	35,589	**931**	1,253	**30,565**	36,842
Other segment information						
EBITA	**(2,151)**	(16,145)	**50**	125	**(2,101)**	(16,020)
Finance income	**818**	770	**4**	1	**822**	771
Finance expense	**(849)**	(584)	**0**	(2)	**(849)**	(586)
Depreciation and amortisation	**(3,551)**	(18,309)	**(26)**	(23)	**(3,577)**	(18,332)
Profit before taxation	**(3,544)**	(17,421)	**53**	123	**(3,491)**	(17,298)
Income tax expense	**5**	(233)	**17**	38	**22**	(195)
Segment assets	**51,180**	55,305	**283**	316	**51,463**	55,621
Segment liabilities	**24,625**	25,653	**69**	138	**24,694**	25,791
Capital expenditure	**658**	1,660	**9**	57	**667**	1,717

Revenue from third parties attributed to the Group's country of domicile, The Netherlands, amounted to €0.3 million (2012: €0.4 million).

Geographic information

In presenting information on the basis of geographical information, revenue per country 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.

for the year ended 31 December	Revenue 2013	2012	Non-current assets 2013	2012
Spain	**8,738**	10,861	**83**	116
Italy	**3,724**	4,712	**45**	61
Hungary	**3,022**	3,945	**536**	716
Other countries	**15,081**	17,324	**30,897**	31,443
Total	**30,565**	36,842	**31,561**	32,336

Major customers

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

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

9 Disposal group held for sale

The disposal group held for sale relates to the segment 'stem cell storage'.

Following the decision of Group's management on 14 June 2012, the disposal group held for sale relates to the debt free French building. The sale was effectuated as per the end of 2013.

	2013	2012
Balance at 1 January	**3,020**	–
Land and buildings	**–**	2,344
Lab and office equipment	**–**	676
Impairment	**(741)**	–
Proceeds from sale	**(2,279)**	–
Balance at 31 December	**0**	3,020

An impairment loss of €0.7 million regarding the valuation of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been included in 'general and administrative expenses' in the consolidated statement of income (see note 14).

10 Revenue

	2013	2012
Stem cell extraction and storage	**29,634**	35,589
Other products and services	**931**	1,253
Total revenue	**30,565**	36,842

Group revenue decreased by €6.2 million to €30.6 million, largely due to declining volumes in all major markets. Improved country and price mix could only partly offset the negative effect of the volume decline.

11 Cost of sales

	2013	2012
Collection costs	**4,331**	4,721
Service fees	**2,702**	3,286
Laboratory costs	**3,838**	5,010
Total cost of sales	**10,871**	13,017

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 independent sales agents.

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

12 Marketing and sales expenses

	2013	2012
Employee benefit expenses	**5,229**	7,090
Other marketing and sales expenses	**2,990**	4,539
Non-recurring expenses	**227**	372
Total marketing and sales expenses	**8,446**	12,001

The decrease in underlying marketing and sales expenses by €3.4 million was the result of on the one hand headcount reductions already started in 2012 (€1.9 million). On the other hand this was impacted by a freeze of marketing expenses (e.g. flyers and brochures, travel), in total amounting to a saving of €0.9 million, envisaged cost savings materialised (€0.4 million) and the divestment and subsequent deconsolidation of Cryo-Save India (€0.2 million).

Non-recurring expenses mainly related to severance costs.

13 Research and development expenses

	2013	2012
Employee benefit expenses	**216**	221
Other research and development costs	**73**	137
Non-recurring expenses	**–**	20
Total research and development expenses	**289**	378

14 General and administrative expenses

	2013	2012
Employee benefit expenses	**3,881**	4,731
Other general and administrative expenses	**9,638**	8,377
Non-recurring expenses	**163**	703
Non-recurring impairment loss intangible assets – goodwill	**–**	13,928
Non-recurring impairment loss internally generated intangible assets – other	**–**	50
Non-recurring impairment loss tangible assets – France	**741**	1,140
Total general and administrative expenses	**14,423**	28,929

General and administrative expenses (excluding non-recurring impairment losses) increased by €0.4 million. The decrease of headcount reduction (€0.9 million) was offset by an increase of other general and administrative expenses (€1.6 million), mainly the result of the unplanned consultancy and legal costs, which was partly offset (€0.3 million) by lower depreciation and amortisation expenses.

Non-recurring expenses related mainly to severance costs.

Non-recurring impairment loss of €0.7 million related to the impairment of the debt free French building, which has been sold in December 2013.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

15 Employee benefit expenses

	2013	2012
Salaries and wages	**7,433**	9,868
Social security costs	**1,272**	1,429
Cost of defined contribution plans	**243**	144
Equity settled, share-based payment transactions	**0**	130
Other personnel expenses	**378**	471
Total employee benefit expenses	**9,326**	12,042

Employees

The number of full time equivalents at year-end 2013 was 149 (2012: 259). The corresponding average for 2013 was 204 (2012: 270). Full time equivalents decreased mainly due to the sale and subsequent deconsolidation of the Indian operations, less technicians in the Belgium processing and storage facility due to lower volume and other headcount reductions as a result of the organisational redesign as part of the comprehensive turnaround plan.

16 Depreciation and amortisation expenses

	2013	2012
Depreciation of property, plant and equipment	**1,166**	1,389
Amortisation of intangible assets regarding acquisitions	**1,363**	1,463
Amortisation of other intangible assets	**307**	362
Non-recurring impairment loss intangible asset – goodwill	**–**	13,928
Non-recurring impairment loss internally generated intangible assets – other	**–**	50
Non-recurring impairment loss tangible assets – France	**741**	1,140
Total depreciation and amortisation expenses	**3,577**	18,332

17 Finance income

	2013	2012
Interest payment plans	**257**	221
Interest income bank and deposits	**62**	92
Deferred consideration adjustment	**503**	458
Total finance income	**822**	771

The average interest rate charged was 4.4% (2012: 3.7%) with respect to customer payment plans.

The decrease of estimated deferred considerations to former shareholders of acquired companies has been reflected under 'deferred consideration adjustment'.

18 Finance costs

	2013	2012
Bank charges and other finance costs	**238**	282
Interest expense sale and leaseback	**186**	196
Currency translation differences	**425**	78
Unwinding of discounted deferred considerations	**–**	30
Total finance costs	**849**	586

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.

According to the accounting policies, the translation reserve with respect to the Indian legal entity has been recycled through the income statement as a loss and has been reflected under 'currency translation differences' for the amount of €0.2 million.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

19 Income tax expense

	2013	2012
Income tax recognised in profit or loss	**22**	(195)
Tax expense comprises:		
Current tax expense/(income)	**113**	183
Deferred tax expense/(income)	**(99)**	(378)
Prior year's tax difference	**8**	0
Total tax expense	**22**	(195)
Reconciliation of the effective tax rate:		
Result before taxation	**(3,491)**	(17,298)
Income tax using the Company's domestic tax rate (25%)	**(873)**	(4,325)
Tax effect of:		
Effect of tax rates in other countries	**4**	(275)
Reduction in tax rate	**–**	–
Non-deductible expenses	**140**	92
Non-deductible expenses on goodwill	**–**	3,499
Profits offset with unused tax losses for which no deferred tax asset had been recognised	**(29)**	(118)
Unused tax losses not recognised as deferred tax assets	**772**	932
Prior year's tax differences	**8**	0
Income tax expense	**22**	(195)

Estimates and judgment made by management are required to determine 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 or financial position.

Weighted average tax rate

The weighted average tax rate on profit before taxation was -0.6% (2012: 1.1%).

20 Earnings per share

	2013	2012
Basic earnings per share (in euro cents)	**(37.9)**	(183.1)
Diluted earnings per share (in euro cents)	**(37.9)**	(183.0)

The average market value of ordinary shares during 2013 (€1.80) did not exceed the exercise price of the share options granted during 2007-2012. Hence these options had no dilutive effect.

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

	2013	2012
Issued ordinary shares at 1 January	**9,728,692**	9,676,223
Dividend paid out in shares	**–**	29,149
Shares held in treasury	**(467,373)**	(364,000)
Weighted average number of shares	**9,261,319**	9,341,372

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

	2013	2012
Weighted average number of shares	**9,261,319**	9,341,372
Share options	**–**	2,399
Diluted weighted average number of shares	**9,261,319**	9,343,771
Profit attributable to ordinary equity holders of the Company	**(3,513)**	(17,103)

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

21 Intangible assets

	Goodwill	Identified intangible assets	Internally generated intangible assets intangible	Other assets	2013
At 1 January 2013					
Cost	**28,376**	**13,719**	**747**	**975**	**43,817**
Amortisation	**(13,928)**	**(6,564)**	**(747)**	**(409)**	**(21,648)**
Net book value at 1 January 2013	**14,448**	**7,155**	**0**	**566**	**22,169**
Movements					
Translation differences	**(61)**	**(82)**	**–**	**–**	**(143)**
Acquisition	**2,232**	**–**	**–**	**–**	**2,232**
Investments	**–**	**–**	**–**	**272**	**272**
Deferred consideration adjustment	**(106)**	**–**	**–**	**–**	**(106)**
Amortisation	**–**	**(1,363)**	**–**	**(307)**	**(1,670)**
Total movements 2013	**2,065**	**(1,445)**	**–**	**(35)**	**585**
At 31 December 2013					
Cost	**30,441**	**13,579**	**–**	**1,109**	**45,129**
Amortisation/Impairment	**(13,928)**	**(7,869)**	**–**	**(578)**	**(22,375)**
Net book value at 31 December 2013	**16,513**	**5,710**	**–**	**531**	**22,754**

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

21 Intangible assets continued

The amortisation expense and impairment are recorded under general and administrative expenses in the statement of income.

	Goodwill	Identified intangible assets	Internally generated intangible assets	Other intangible assets	2012
At 1 January 2012					
Cost	28,376	13,704	747	588	43,415
Amortisation	–	(5,095)	(561)	(179)	(5,835)
Net book value at 1 January 2012	28,376	8,609	186	409	37,580
Movements					
Translation differences	–	9	–	0	9
Investments	–	–	–	384	384
Disposal at cost	–	–	–	(5)	(5)
Amortisation on disposals	–	–	–	4	4
Impairment	(13,928)	–	(50)	–	(13,978)
Amortisation	–	(1,463)	(136)	(226)	(1,825)
Total movements 2012	(13,928)	(1,463)	(186)	157	(15,411)
At 31 December 2012					
Cost	28,376	13,719	747	975	43,817
Amortisation/Impairment	(13,928)	(6,564)	(747)	(409)	(21,648)
Net book value at 31 December 2012	14,448	7,155	0	566	22,169

Goodwill and identified intangible assets impairment testing

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. 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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

21 Intangible assets continued

Goodwill and identified intangible assets impairment testing continued

For the segments 'stem cell storage' and 'other', the recoverable amount exceeded the carrying amount, hence no impairment of goodwill or identified intangible assets was recognised in 2013 (2012: €14 million). For the segment stem cell storage, there was no impairment regarding the identified intangible assets in 2013 (2012: €0).

The aggregate carrying amount of goodwill allocated to each CGU amounted to €16.4 million (2012: €14.4 million) for operating segment 'stem cell storage' and €0.1 million (2012: €0.1 million) for the 'other' operating segment.

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 mid to 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 2014 budget. The cash flows are extrapolated into the future using a steady growth rate of 4% 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 13% (2012: 15%) for the segment 'stem cell storage' and 10% (2012: 10%) 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.

The implementation of the 'Fit for the Future' turnaround plan and changed tax rulings caused the pre-tax discount rate to decrease compared to prior years.

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 2013	Other 2013
Pre-tax discount rate	**>0.9%**	>1%
Budgeted cash flow growth	**>(10%)**	>(10%)

The recoverable amount exceeds the carrying amount by some 9%.

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 centres.

The net book value of the identified intangible assets of €5.7 million (2012: €7.2 million) represented the value of brand names €4.3 million (2012: €4.6 million), customer relationships €0.1 million (2012: €0.3 million), contracts €0.8 million (2012: €1.3 million) and re-acquired rights €0.5 million (2012: €1.0 million).

Other intangible assets

Other intangible assets mainly relate to capitalised software and software licenses and are amortised in three years.
In 2013 and 2012 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 continued

for the year ended 31 December in thousands of euros

22 Property, plant and equipment

	Land and buildings	Lab and office equipment	Other tangible assets	2013
At 1 January 2013				
Cost	**7,045**	**6,119**	**1,611**	**14,775**
Depreciation	**(798)**	**(3,050)**	**(760)**	**(4,608)**
Net book value at 1 January 2013	**6,247**	**3,069**	**851**	**10,167**
Movements				
Investments	**13**	**241**	**141**	**395**
Depreciation	**(223)**	**(677)**	**(266)**	**(1,166)**
Disposals at cost	**–**	**(211)**	**(591)**	**(802)**
Depreciation on disposals	**–**	**230**	**376**	**606**
Deconsolidation at cost	**(241)**	**(626)**	**(121)**	**(988)**
Depreciation on deconsolidation	**124**	**484**	**98**	**706**
Reclassification	**–**	**(24)**	**24**	**0**
Translation differences	**(28)**	**(57)**	**(26)**	**(111)**
Total movements 2013	**(355)**	**(640)**	**(365)**	**(1,360)**
At 31 December 2013				
Cost	**6,706**	**4,272**	**950**	**11,928**
Depreciation/Impairment	**(814)**	**(1,843)**	**(464)**	**(3,121)**
Net book value at 31 December 2013	**5,892**	**2,429**	**486**	**8,807**

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

The deconsolidation at cost and depreciation on deconsolidation related to the sale of Cryo-Save India.

No property, plant and equipment have been provided as collateral. See note 32 for additional disclosure on the processing and storage facility in Niel, Belgium.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

22 Property, plant and equipment continued

	Land and buildings	Lab and office equipment	Other tangible assets	2012
At 1 January 2012				
Cost	10,571	6,841	1,454	18,866
Depreciation	(882)	(2,663)	(802)	(4,347)
Net book value at 1 January 2012	9,689	4,178	652	14,519
Movements				
Investments	44	729	560	1,333
Disposals at cost	–	(124)	(435)	(559)
Depreciation	(283)	(838)	(268)	(1,389)
Impairment loss	(880)	(260)	–	(1,140)
Translation differences	21	3	(1)	23
Reclassification	–	(43)	43	0
Reclassification to assets held for sale	(2,344)	(676)	–	(3,020)
Depreciation on disposals	–	100	300	400
Total movements 2012	(3,442)	(1,109)	199	(4,352)
At 31 December 2012				
Cost	7,045	6,119	1,611	14,775
Depreciation	(798)	(3,050)	(760)	(4,608)
Net book value at 31 December 2012	6,247	3,069	851	10,167

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

23 Investment in subsidiaries

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

Name of subsidiary directly held by Cryo-Save Group N.V	Place of incorporation	Shareholding 2013	Shareholding 2012
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%
Cryo-Save Labs NV (pka 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%
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%**	100%
Stichting Cryo-Save Research*	The Netherlands	**100%**	100%
Cryo-Save Serbia d.o.o. Beograd	Serbia	**90%**	80%
Cryo-Save South Africa	South Africa	**50%**	50%
Cryo-Save Hungary Kft.	Hungary	**100%**	–

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

24 Investments in equity accounted investees

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

Name of equity accounted investee	Place of incorporation	Shareholding 2013	Shareholding 2012
Cryo-Save Ltd. (pka 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):

	2013	2012
Total assets	**320**	447
Total liabilities	**655**	1,442
Revenue	**1,928**	1,964
Profit or (loss)	**668**	316
Unrecognised share (35%) of losses	**(117)**	(351)

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 2013 amounted to €233,800 (2012: €110,600), and €0.1 million loss cumulatively. The Group's liability towards this equity accounted investee is limited to the invested amount.

25 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 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 €13.9 million (2012: €16.5 million) have not been recognised as deferred tax assets.

At 31 December 2013, the loss carried forward not recognised in deferred tax assets expire as follows:

In €millions	2014	2015	2016	2017	2018	Later	Unlimited	Total
	0.5	0.2	3.9	0.1	0.7	1.8	6.7	13.9

Recognised deferred tax assets and liabilities

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

	Assets 2013	Assets 2012	Liabilities 2013	Liabilities 2012
Identified intangible assets			**1,408**	1,695
Provision for doubtful debts	**–**	55		
Net operating losses	**319**	487		
Land and buildings			**174**	166
Others	**118**	75		
Balance at 31 December	**437**	617	**1,582**	1,861

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 €0.3 million (2012: €0.5 million) relate to tax losses to be compensated with foreseeable future profits.

Approximately €0.3 million of the deferred tax liabilities at 31 December 2013 will be utilised within one year.

Movement in temporary differences

The movement in temporary differences during 2013 was as follows:

	Balance at 1 January 2013	Recognised in income	Balance at 31 December 2013
Identified intangible assets	**(1,695)**	**287**	**(1,408)**
Provision for doubtful debts	**55**	**(55)**	**–**
Net operating losses	**487**	**(168)**	**319**
Land and buildings	**(166)**	**(8)**	**(174)**
Others	**75**	**43**	**118**
Tax assets/(liabilities)	**(1,244)**	**99**	**(1,145)**

The movement in temporary differences during 2012 was as follows:

	Balance at 1 January 2012	Recognised in income	Balance at 31 December 2012
Identified intangible assets	(2,007)	312	(1,695)
Provision for doubtful debts	120	(65)	55
Net operating losses	383	104	487
Land and buildings	(151)	(15)	(166)
Others	33	42	75
Tax assets/(liabilities)	(1,622)	378	(1,244)

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

26 Non-current trade and other receivables

	2013	2012
Trade receivables	**714**	1,203
Other receivables	**37**	21
Total non-current trade receivables	**751**	1,224

Non-current trade receivables comprise receivables with a contractual payment term over a year. These amounts are invoiced to the customers in the year in which the service has been provided, 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.

27 Inventories

	2013	2012
Collection kits	**160**	208
Processing materials	**368**	1,267
Total inventories	**528**	1,475

The cost of inventories included in the statement of income under cost of sales amounted to €2.6 million (2012: €3.0 million).

No material write-down of inventories was recorded in 2012. In 2013, €0.1 million was impaired due to the expiration of some kits.

The inventories are not pledged as security for liabilities.

28 Current trade and other receivables

	2013	2012
Trade receivables	**6,843**	6,477
Prepayments	**675**	511
Receivables from related parties	**170**	123
Receivables from equity accounted investees	**126**	23
Other receivables	**52**	189
Total current trade and other receivables	**7,866**	7,323

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.

29 Current tax assets

	2013	2012
VAT receivable	**1,394**	2,062
Income tax receivable	**130**	243
Other tax receivable	**212**	233
Total current tax assets	**1,736**	2,538

30 Cash and cash equivalents

	2013	2012
Deposits	**1,507**	3,182
Cash and bank balances	**7,077**	3,906
Total cash and cash equivalents	**8,584**	7,088

Of the total cash and cash equivalent €0.4 million has been pledged for bank guarantees.

As per 31 December 2013, the Company held USD 1.3 million (2012: USD 1.3 million) and CHF 1.5 million on a bank account (2012: CHF 1.6 million).

31 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 2013 (ordinary shares of €0.10 each).

Issued shares

The total issued ordinary share capital consists per 31 December 2013 of 9,728,692 shares with a par value of €0.10 (31 December 2012: 9,728,692 shares).

At the Annual General Meeting of Shareholders held on 15 May 2013, 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

for the year ended 31 December in thousands of euros

31 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 15 May 2013, the Company decided not to distribute dividend (2012: 8 euro cent per share).

Treasury shares

To cover the dilutive effect of the granted share options for the period 2007-2012 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 2013 the Group had none of its own shares in treasury (31 December 2012: 364,000). Treasury shares are recorded at cost and amounted to €2.4 million at 31 December 2012 and €0 at 31 December 2013.

At the Annual General Meeting of Shareholders held on 15 May 2013, 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 interests; (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 2013	2012	Purchase price 2013	2012
At 1 January	**364,000**	364,000	**(2,423)**	2,423
Share buyback	**121,597**	–	**(284)**	–
Reissued	**(485,597)**	–	**2,707**	–
At 31 December	**–**	364,000	**–**	2,423

32 Borrowings

	2013	2012
Borrowings – non-current liabilities	**3,003**	3,212
Borrowings – current liabilities	**202**	201
Total borrowings	**3,205**	3,413

Borrowings represent financial lease commitments.

The following table describes, as per 31 December 2013, 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	**377**	**175**	**202**
Between one and five years	**1,496**	**571**	**925**
More than five years	**2,483**	**405**	**2,078**
Total	**4,356**	**1,151**	**3,205**

The following table describes, as per 31 December 2012, 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	387	186	201
Between one and five years	1,506	621	885
More than five years	2,856	529	2,327
Total	4,749	1,336	3,413

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

for the year ended 31 December in thousands of euros

33 Deferred revenue

	2013	2012
Deferred revenue – non-current liabilities	**10,568**	10,770
Deferred revenue – current liabilities	**867**	799
Total deferred revenue	**11,435**	11,569

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.

Due to the deconsolidation of Cryo-Save India, the deferred revenue lowered by €0.9 million, partly offset by the regular increase related to the samples stored in 2013.

34 Deferred considerations

	2013	2012
Deferred considerations – non-current liabilities	**–**	512
Deferred considerations – current liabilities	**1,460**	322
Total deferred considerations	**1,460**	834

The movement in deferred considerations during the year 2013 was as follows:

	2013	2012
Balance at 1 January	**834**	1,703
Acquisitions	**1,450**	–
Deferred consideration adjustment	**(609)**	(458)
Payments	**(215)**	(441)
Interest	**0**	30
Total deferred considerations	**1,460**	834

The table below describes, as of 31 December 2013, the carrying amount of the Group's contractual obligations for the following years:

	Total	2014	2015
Deferred considerations	**1,460**	1,460	–

Deferred considerations relate to one performance plan agreed with former owners of acquired entities and/or activities.

The Company has an option to acquire the remaining 10% of the shares of Cryo-Save Serbia in the next year. 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 Company has to pay in cash a fixed amount of €1,450,000 to the Seller of Salveo Biotechnology SA on 16 June 2014.

35 Current trade and other payables

	2013	2012
Trade payables	**2,427**	2,398
Payables to related parties	**–**	35
Other payables	**4,021**	4,544
Total current trade and other payables	**6,448**	6,977

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

36 Current tax liabilities

	2013	2012
VAT payable	**17**	54
Income tax payable	**43**	592
Other taxes payable	**377**	365
Total current tax liabilities	**437**	1,011

37 Share-based payments

In 2013 the Group recognised initially €0.1 million share-based payments, relating to three option plans issued in the period 2010-2012 (2012: €0.1 million). Due to the leave of a Director and certain other employees, €0.1million was reversed during 2013. On balance, the Group recognised no costs related to share-based payments.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

37 Share-based payments continued

Share option scheme continued

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 continued

for the year ended 31 December in thousands of euros

37 Share-based payments continued

Share option scheme continued

The Company did not grant options to Directors or certain other employees of the Company for 2013.

Stock options

Year of issue	Exercise price	Outstanding per 1 January 2013	Conditionally awarded	Exercised in 2013	Expired in 2013	Forfeited in 2013	Outstanding at 31 December 2013	Expiry date	Vested
2007	£11.05	49,000	–	–	–	(43,000)	6,000	2017	6,000
2008	£10.50	32,000	–	–	–	(30,000)	2,000	2018	2,000
2009	£2.79	31,000	–	–	–	(25,000)	6,000	2019	6,000
2010	€5.81	48,000	–	–	–	(32,000)	16,000	2020	16,000
2011	€5.47	74,000	–	–	–	(38,000)	36,000	2021	
2012	€3.93	60,000	–	–	–	(30,000)	30,000	2022	
Total		**294,000**	**–**	**–**	**–**	**(198,000)**	**96,000**		**30,000**

The forfeited share options are related to a Director and senior managers who left the Group.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

38 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	Severance payment	Social security	Pension	Other benefits	2013	2012
W.A.A. van Pottelberge	36					36	38
R.H. W Lorijn	30		4		2	36	223
A.P. van Tulder*	88	211	2	49	10	360	305
J.P.G. Goossens**	15					15	79
K. Dorrepaal***	28				13	41	59
M.J. Waeterschoot****	–					–	2
F. Amar*****	3					3	–
G.J. van der Marel*****	3					3	–
Total remuneration	203	211	6	49	25	494	706

* A.P. van Tulder resigned from his Chief Executive Officer position on 1 June 2013.
** J.P.G. Goossens stepped back from his Non-Executive position on 25 June 2013.
*** K.L. Dorrepaal resigned from her Non-Executive position on 21 November 2013.
**** M.J. Waeterschoot stepped down from his Executive position on 30 September 2012, and subsequently from his Non-Executive position on 26 November 2012.
***** F. Amar and G.J. van der Marel joined Cryo-Save as a Non-Executive Director on 21 November 2013.

The Group's costs of the 2012 granted share options are not included in the Directors' remuneration as it comprises a conditional element of compensation.

The Other benefits of R.H.W. Lorijn and K.L. Dorrepaal comprised fees for specific engagements.

The 2013 pension contributions as presented above concern the pension costs for the financial year 2013, at 23.2% of base salary (2012: 18.6%).

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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

38 Directors' remuneration continued

Shareholding of the Directors

The Directors hold the following interest in the Company as at 31 December 2013:

	2013	2012
W.A.A. van Pottelberge	**32,378**	32,378
R.H.W. Lorijn*	**10,373**	10,373
F. Amar*	**2,621,148**	–
G.J. van der Marel	**0**	–

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

39 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.

	2013	2012
Group entities with equity accounted investees, sales transactions		
– Cryo-Save Arabia FZ-L.L.C.	**174**	222
Group entities with related parties, sales transactions		
– M.J. Waeterschoot	**–**	18
Group entities with related parties, purchase transactions		
– Life-Sciences NV	**–**	3
– Phare NV	**–**	1
Group entities with related parties, consultancy transactions		
– Life-Sciences NV	**–**	338

The position at 31 December 2013 with Cryo-Save Arabia was €0.1 million receivable.

The outstanding receivable to Cryo-Save South Africa (Joint-Venture) was €170 thousand as per 31 December 2013 as stated in note 28.

Key management personnel compensation

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

Ms. E. Mattil (Chief Commercial Officer) took over the Chief Executive Officers function ad interim as of 1 June 2013. Her remuneration for the 2nd half of 2013 was €82 thousand (CHF 100,000) and a bonus of €41 thousand (CHF 50,000).

40 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	2013	2012
Less than one year	400	156	103	**659**	707
Five years	889	238	78	**1,205**	1,515
More than five years	681	–	–	**681**	958
Total	**1,970**	**394**	**181**	**2,545**	**3,180**

41 Commitments and contingent liabilities

a. Rent

The Group has several property rent contracts for a total amount of €0.4 million per annum. These leases have an average life of between two and nine 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 €0.4 million, which expire between 2014 and 2022.

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 €0.4 million per annum and a variable fee per sample.

d. Claims, legal and juridical proceedings

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.

The Group's Hungarian subsidiary received a resolution on the findings of the Value Added Tax (VAT) audit with respect to the inspection of submitted VAT returns for the fiscal year 2011 as conducted by the Hungarian Tax and Customs Administration. This inspection focussed on the legitimacy of the application of VAT exemption conditions provided in the Hungarian VAT Act. Cryo-Save has recorded a liability concerning the fiscal year 2011 and has simultaneously filed a court case to appeal the resolution. Even if the facts and circumstances support the Group's position, there can be no assurance that Cryo-Save will prevail. As a consequence other fiscal years may be open for reassessment, However, based on the information currently available, Cryo-Save is of the opinion that no liability should be recorded.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

42 Audit fees

The aggregate fees of the Group's auditor, KPMG Accountants N.V. and its foreign offices, for professional services rendered in 2013 and 2012 are as follows:

	2013	2012
Audit fees	**199**	220
Audit-related fees	**27**	60
Tax fees	**77**	66
Total	**303**	346

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

For the year 2013, audit-related fees included fees in connection with several engagements in different areas (e.g. ICT).

The following fees relate to KPMG Accountants N.V. the Netherlands only: audit fees €165 thousand (2012: €158 thousand), audit-related fees €27 thousand (2012: €26 thousand) and tax fees €0 thousand (2012: €0 thousand).

43 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.

	2013	2012
Loans and receivables		
Trade receivables, non-current assets	**714**	1,203
Trade receivables, current assets	**6,843**	6,477
Other receivables, non-current assets	**37**	21
Other receivables, current assets	**348**	335
	7,942	8,036
Cash and cash equivalents	**8,584**	7,088
Total assets, financial instruments	**16,526**	15,124
Other liabilities		
Borrowings, non-current liabilities	**3,003**	3,212
Other liabilities, non-current liabilities	**127**	638
Borrowings current liabilities	**202**	201
Trade payables, current liabilities	**2,427**	2,398
Other liabilities, current liabilities	**5,481**	4,901
Total liabilities, financial instruments	**11,240**	11,350

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 aging 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.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

43 Additional information on financial instruments continued

Breakdown of current trade receivables by age

On the balance sheet current trade receivables are presented net of an allowance for impairment of €0.8 million (2012: €1.6 million). The aging of the current trade receivables and the impairment losses recognised for doubtful debts at reporting date were:

	Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
Not overdue	**6,092**	**(0)**	4,784	(0)
Past due 0-30 days	**395**	**(5)**	395	(0)
Past due 30-120 days	**231**	**(2)**	696	(7)
Past due 120-180 days	**96**	**(9)**	314	(45)
Past due 180-360 days	**155**	**(135)**	930	(633)
More than one year	**629**	**(604)**	918	(875)
Total current trade receivables	**7,598**	**(755)**	8,037	(1,560)

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

	2013	2012
Balance as at 1 January	**1,560**	1,510
Additions charged to income	**414**	787
Release charged to income	**(249)**	(49)
Utilisations	**(667)**	(688)
Deconsolidation	**(265)**	–
Currency differences	**(38)**	–
Balance as at 31 December	**755**	1,560

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

	Carrying amount 2013	Carrying amount 2012
Business partners	**59**	60
Customers	**6,784**	6,417
Total current trade receivables	**6,843**	6,477

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

	Carrying amount 2013	Carrying amount 2012
Spain	**643**	368
Italy	**1,123**	1,163
Hungary	**1,148**	1,311
Other countries	**3,929**	3,635
Total current trade receivables	**6,843**	6,477

Maximum credit risk exposure

The carrying amount of financial assets, amounting to €7.9 million (2012: €8.0 million) represents the maximum credit exposure.

The maximum exposure to credit risk for non-current trade receivables amounted to €0.7 million (2012: €1.2 million). These receivables are, according to the contractual payment scheme which allows customers to pay in annual instalments, not expected to be realised within 12 months after the balance sheet date.

The maximum exposure to credit risk for current other receivables of €0.3 million (2012: €0.3 million) mainly related to several small receivables.

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

43 Additional information on financial instruments continued

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 2013, 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 2013.

Contractual maturities of financial liabilities 2013

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
Operational lease obligations	**2,545**	**(2,545)**	**(659)**	**(1,205)**	**(681)**
Financial lease obligations	**3,205**	**(4,356)**	**(377)**	**(1,496)**	**(2,483)**
Deferred considerations	**1,460**	**(1,460)**	**(1,460)**	**–**	**–**
(Exclusive) distribution agreements with partners	**400**	**(400)**	**(400)**	**–**	**–**
Trade and other payables	**6,448**	**(6,448)**	**(6,448)**	**–**	**–**
Total	**14,058**	**(15,209)**	**(9,344)**	**(2,701)**	**(3,164)**

Contractual maturities of financial liabilities 2012

	Carrying amount	Contractual cash flows	Less than 1 year	2-5 years	More than 5 years
Operational lease obligations	3,180	(3,180)	(707)	(1,515)	(958)
Financial lease obligations	3,413	(4,749)	(387)	(1,506)	(2,856)
Deferred considerations	834	(854)	(322)	(532)	–
(Exclusive) distribution agreements with partners	400	(400)	(400)	–	–
Trade and other payables	6,977	(6,977)	(6,977)	–	–
Total	14,804	(16,160)	(8,793)	(3,553)	(3,814)

Notes to the consolidated financial statements continued

for the year ended 31 December in thousands of euros

43 Additional information on financial instruments continued

Market risk

Exposure to market risk

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

Currency risk

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

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.

44 Events after the reporting period

On 6 February the Company announced that the Board of Directors will be nominating Mr. Frédéric Amar as Executive Director and CEO of the Group at an Extraordinary General Meeting of Shareholders ('EGM') to be held on Wednesday, March 19 2014.

Company statement of income

in thousands of euros

	2013	2012
Results subsidiaries after tax	**(2,152)**	(2,040)
Other income after tax	**(1,361)**	(15,063)
Result for the year	**(3,513)**	(17,103)

Company balance sheet

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

	Note	2013	2012*
Assets			
Non-current assets			
Goodwill	46	**14,281**	14,448
Identified intangible assets	47	**5,710**	7,155
Other intangible assets		**83**	123
Property, plant and equipment	48	**395**	534
Investments in subsidiaries	49	**7,585**	9,170
Receivables from subsidiaries	50	**1,760**	4,925
Other non-current assets		**16**	–
Total non-current assets		**29,830**	36,355
Receivables from subsidiaries	50	**477**	607
Accounts receivable	51	**155**	106
Cash and cash equivalents		**3,440**	357
Total current assets		**4,072**	1,070
Total assets		**33,902**	37,425
Equity			
Shareholders' equity	52	**26,769**	29,830
Provision for negative equity subsidiaries	55	**1,064**	831
Liabilities			
Non-current liabilities	53	**1,500**	2,270
Current liabilities	54	**4,569**	4,494
Total equity and liabilities		**33,902**	37,425

* Restated for comparison purposes

Notes to the Company financial statements

in thousands of euros

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

Accounting policies

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

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

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

45 Employee benefit expenses

	2013	2012
Salaries and wages	**1,191**	1,182
Social security charges	**154**	158
Consultancy fees	**15**	235
Cost of defined contribution pension plans	**141**	90
Share-based payments	**0**	130
Other personnel expenses	**130**	162
Total employee benefit expenses	**1,631**	1,957

The average number of employees, expressed in full-time equivalents, in 2013 was 14 (2012: 15).

46 Goodwill

	2013	2012
Balance at 1 January	**14,448**	28,376
Translation differences	**(61)**	–
Acquisitions	**–**	–
Deferred considerations adjustments	**(106)**	–
Impairment loss	**–**	(13,928)
Balance at 31 December	**14,281**	14,448

47 Identified intangible assets

	2013	2012
Balance at 1 January	**7,155**	8,609
Translation differences	**(82)**	9
Acquisitions	**–**	–
Amortisation	**(1,363)**	(1,463)
Balance at 31 December	**5,710**	7,155

48 Property, plant and equipment

	2013	2012
Balance at 1 January	**534**	161
Additions	**29**	518
Disposals at cost	**(329)**	(102)
Depreciation on disposals	**303**	81
Depreciation	**(142)**	(124)
Balance at 31 December	**395**	534

49 Investments in subsidiaries

	2013	2012*
Equity value of subsidiaries at 1 January	**9,170**	15,867
Deconsolidation	**(86)**	–
Capital contributions	**366**	528
Dividends paid	**(936)**	(5,398)
Share of profit of subsidiaries	**(1,040)**	(1,981)
Exchange differences	**(111)**	154
Movement I/C positions	**222**	–
Balance at 31 December	**7,585**	9,170

See note 23 for the subsidiaries directly held by Cryo-Save Group N.V.

Deconsolidation comprises the sale of Cryo-Save India.

Capital contributions related to the contribution of capital to several subsidiaries to strengthen their capital.

50 Receivables from subsidiaries

	2013	2012*
Receivables from subsidiaries, non-current assets	**1,760**	4,925
Receivables from subsidiaries, current assets	**477**	607
Total receivables from subsidiaries	**2,237**	5,532

51 Accounts receivable

	2013	2012
Prepayments	**70**	47
Current tax assets	**84**	54
Other receivables	**1**	5
Total accounts receivable	**155**	106

* As per 31 December 2013, the Company restated the Company balance sheet by separately showing the effects of subsidiaries with a negative net equity value. The restatement does not have an impact on income.

Notes to the company financial statements continued

in thousands of euros

52 Shareholders' equity

	Issued share	Share premium	Legal reserve	Revaluation reserve	Translation reserve	Retained earnings	Undistributed profit	Shareholders' equity
At 1 January 2012	968	38,174	176	474	(1,558)	6,667	2,319	47,220
Exchange differences on translating foreign operations					147			147
Other comprehensive income					147			147
Result for the year							(17,103)	(17,103)
Comprehensive income for the year					147		(17,103)	(16,956)
Appropriation of profit prior year						2,319	(2,319)	0
Dividend distributed	5	(5)				(564)		(564)
Share-based payments						130		130
Utilisation of revaluation reserve				(100)		100		0
Other movements			9			(9)		0
At 31 December 2012	973	38,169	185	374	(1,411)	8,643	(17,103)	29,830
Exchange differences on translating foreign operations					**(38)**			**(38)**
Other comprehensive income					**(38)**			**(38)**
Result for the year							**(3,513)**	**(3,513)**
Comprehensive income for the year					**(38)**		**(3,513)**	**(3,551)**
Appropriation of profit prior year						**(17,103)**	**17,103**	**0**
Repurchased shares						**(284)**		**(284)**
Re-issued shares						**782**		**782**
Utilisation of revaluation reserve				**(100)**		**100**		**0**
Other movements			**68**			**(76)**		**(8)**
At 31 December 2013	**973**	**38,169**	**253**	**274**	**(1,449)**	**(7,938)**	**(3,513)**	**26,769**

Notes to the company financial statements continued

in thousands of euros

53 Non-current liabilities

	2013	2012
Deferred tax liabilities	**1,408**	1,695
Deferred considerations	**–**	512
Debts to subsidiaries	**92**	63
Total non-current liabilities	**1,500**	2,270

Deferred tax liabilities

Balance at 1 January 2012	2,007
Additions	–
Deductions	(312)
Balance at 31 December 2012	1,695
Additions	–
Deductions	(287)
Balance at 31 December 2013	1,408

54 Current liabilities

	2013	2012
Trade payables	**226**	299
Debt to subsidiaries	**3,897**	3,340
Deferred consideration	**10**	322
Current tax liabilities	**35**	36
Other liabilities	**401**	497
Total current liabilities	**4,569**	4,494

55 Provision for negative equity subsidiaries

	2013	2012*
Equity value of subsidiaries at 1 January	**(831)**	(1,191)
Capital contributions	**624**	426
Share of profit of subsidiaries	**(1,112)**	59
Exchange differences	**28**	(7)
Movements in I/C positions	**228**	–
Balance at 31 December	**(1,064)**	(831)

56 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 23 and 24 of this annual report.

Subsidiaries Cryo-Save Group N.V.

Transactions between Cryo-Save Group N.V. and its subsidiaries in 2013 concerned an amount of €3.3 million in management fees (2012: €3.6 million), €0.1 million in net finance income (2012: €0.1 million) and €1.0 million in capital contributions (2012: €1.0 million).

Cryo-Save Group N.V. has at 31 December 2013 amounts due from subsidiaries of €2.2 million (2012: €11.0 million).

Further, Cryo-Save Group N.V. has at 31 December 2013 amounts due to subsidiaries of €4.0 million (2012: €3.4 million).

Executive and Non-Executive Directors

In respect of the Board composition as of 31 December 2013, Executive and Non-Executive Directors sold 26,000 shares of Cryo-Save Group N.V. in 2013 (2012: 31,725 shares acquired).

Equity accounted investees and companies controlled by Directors

In 2013, there were no related party transactions between Cryo-Save Group N.V. and its equity accounted investees and companies controlled by Directors.

57 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 10 years, ending May 2022.

W.A.A. van Pottelberge
R.H.W. Lorijn
F. Amar
G.J. van der Marel

17 March 2014

* As per 31 December 2013, the Company restated the Company balance sheet by separately showing the effects of subsidiaries with a negative net equity value. The restatement does not have an impact on income.

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 14 May 2014 to charge the loss for the year against retained earnings.

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 note 44.

Other information on the financial statements continued

Independent auditor's report to the General Meeting of Shareholders of Cryo-Save Group N.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of Cryo-Save Group N.V., Zutphen. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

The board's responsibility

The board is responsible for the preparation and fair presentation of these 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 Report of the Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board, 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 2013 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 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

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

J.G.R. Wilmink RA
KPMG Accountants N.V.

Utrecht, 17 March 2014

Information for shareholders

Shareholders exceeding 3%	
F. Amar*	26.94%
J.P.G. Goossens	10.28%
Salveo Biotechnology SA	4.99%
J.P. Visser	4.33%

* The interest of this shareholder, and Director of the Company, includes the interests of other persons connected with them, and of companies of which the shareholder is a controlling shareholder.

The information regarding shareholders exceeding 3% 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 2013	€1.73
Quotation 31 December 2012	€2.30
Highest quotation 2013	€2.39
Lowest quotation 2013	€1.18
Average daily trading volume 2013	22,726

Advisers

Advisers to the Company

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

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

Financial Public Relations
Instinctif Partners
65 Gresham Street
London EC2V 7NQ
United Kingdom

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

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.
Piet Heinstraat 11a
7204 JN Zutphen
The Netherlands
+31 (0)575 575 548 998

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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