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This document is an admission document and has been prepared in accordance with the AIM Rules for the purposes of the Financial Services and Markets Act 2000.

Application has been made to the London Stock Exchange for the Ordinary Shares, issued and to be issued, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement on AIM will commence in the Ordinary Shares on 6 November 2007. All dealings before the commencement of unconditional dealings will be on a "when issued basis", will only be settled if Admission takes place and will be of no effect if Admission does not take place. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors of Cryo-Save Group N.V. (the "Company"), whose names appear on page 2 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Cryo-Save Group N.V.

(incorporated and registered in The Netherlands with the Dutch Chamber of Commerce with registered number 27187482)

Placing of 19,291,000 Ordinary Shares of EUR 0.02 each at 210 pence per share and Admission to trading on AIM

Nominated adviser and broker

Kaupthing Singer & Friedlander Capital Markets Limited

Share capital (immediately following the Placing)

Authorised			Issued and fully paid	
Amount	**Number**	**Ordinary shares of €0.02 each**	**Amount**	**Number**
€3,553,725	177,686,250		€963,525	48,176,250

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In accordance with the AIM Rules, Kaupthing has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules for Companies and that, in its opinion and to the best of its knowledge and belief, having made due and careful enquiry, all relevant requirements of the AIM Rules for Companies have been complied with.

No liability whatsoever is accepted by Kaupthing for the accuracy or any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

This document contains certain statements that are or may be forward looking statements with respect to the financial condition, results of operations and/or business achievements of the Company, including, without limitation, statements containing the words "believe", "anticipate", "expect" and similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors" set out in Part 2 of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. The Company and Kaupthing each disclaim any obligation to update any such forward looking statements in this document to reflect future events or developments.

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EXPECTED TIMETABLE

Publication of AIM admission document	31 October 2007
Admission to trading on AIM and commencement of dealings	6 November 2007
CREST accounts credited with depositary interests	6 November 2007

PLACING STATISTICS

Placing Price	210p
Number of existing Ordinary Shares in issue prior to the Placing	35,537,250
Number of New Ordinary Shares to be issued pursuant to the Placing	12,639,000
Number of existing Ordinary Shares subject to the Placing	6,652,000
Number of Ordinary Shares in issue on Admission	48,176,250
Placing Shares as a percentage of the Enlarged Issued Share Capital	40.04%
Market capitalisation following Admission at the Placing Price	£101,170,125
Percentage of Ordinary Shares in public hands on Admission	74.17%
Estimated net proceeds of the Placing receivable by the Company	£23,760,000
ISIN and Common Code	NL0006091969
SEDOL	B27Z1G4

PART 1

INFORMATION ON THE GROUP

1. INTRODUCTION

The Group is a profitable emerging healthcare services group whose business focuses on the collection, processing and storage of human adult stem cells collected from the umbilical cord at birth. The Company was founded in 2000 in The Netherlands, with its principal operating subsidiary being established in Switzerland. The Group currently trades in 36 countries, principally in Europe. It operates four laboratories where it has to date stored in excess of 65,000 stem cell samples, which management estimates represents approximately 50% of the total cord blood stem cell samples stored annually in Europe. The Group is the largest adult stem cell storage group in Europe. In 2006, the Group had annual revenues of approximately €10.9m and profit before tax of approximately €2.9m.

Stem cells are unspecialised cells which have the ability to replicate and transform into a range of specialised cell types which form the basis of different human tissues. The application of stem cells for the regeneration of human tissue is used in medical therapies (please refer to Part 3 for further information in relation to stem cells).

The Group's services allow parents and guardians to collect and cryogenically preserve a child's stem cells, contained either in the blood or wall of the umbilical cord, so that they may be used in medical therapies if the child so requires during his or her lifetime. Samples are taken immediately following birth and once collected are delivered to the Group's laboratories for processing, analysis and storage. Samples are stored in the gas phase of liquid nitrogen using sophisticated biological storage techniques. The storage is monitored under laboratory conditions for a minimum of 20 years. After 20 years the child is offered the opportunity to continue with the storage and, on payment of a further fee, may store their sample for the rest of their life. The collection of adult stem cells from the umbilical cord is widely considered to be non-invasive, simple and safe.

Cord blood banking is a rapidly growing industry which has evolved as a result of significant developments in the field of stem cell research. It has been an established practice in the United States for 25 years, where approximately 2.3% of live births result in stem cell storage, contrasting with rates in Europe, where currently approximately 0.8% of live births result in stem cell storage.[(1)] Adult stem cells from the umbilical cord have a number of uses and are considered particularly promising for medical therapies. Significantly, the collection and use of adult stem cells can be clearly distinguished from the collection and use of stem cells taken from embryos (embryonic stem cells). While the use of embryonic stem cells in research and medical therapies is the subject of ethical concerns, several religious and regulatory bodies, including the Catholic Church, have expressly supported the use of adult stem cells for these purposes. The Group has never been, nor does it intend to become, involved in the storage or collection of embryonic stem cells.

In addition to its core business of storage of HSCs extracted from cord blood, the Group is in the process of developing three new products which it expects to introduce during 2008:

— Cryo-Cord+ — the isolation, collection and storage of mesenchymal stem cells (MSCs) taken from the umbilical cord in addition to, and separate from, the collection of haematopoeitic stem cells (HSCs) taken from the cord blood. The Group is in the process of obtaining validation of this collection and storage process. The Directors believe that this marks a significant advance in the Group's stem cell storage business as MSCs in the umbilical cord are found in far greater numbers than HSCs found in the cord blood. MSCs also have a broader range of potential therapeutic applications as they can be developed into a greater range of tissue types than HSCs. A significant number of MSC-related clinical trials are currently in progress worldwide and the Directors therefore believe that the commercialisation of MSC collection and storage through Cryo-Cord+ represents a key growth opportunity for the Group.

— Cryo-Lip — the collection and storage of stem cells obtained from fat reserves via liposuction. This product enables the Group to offer stem cell collection and storage to adults for themselves, and Cryo-Lip will therefore open a new market for the Group.

— Cryo-Preservation — the cryogenic storage of tissue samples (including serum, sperm etc.) for third party universities and pharmaceutical companies.

(1) Kaupthing estimates.

2. KEY STRENGTHS

The Directors believe that the key strengths of the Group are:

- it is profitable, debt free and cash generative;
- its position as Europe's leading adult stem cell storage business;
- the size and scale of the Group's storage and processing facilities;
- the Group's international reach, which is supported by the number of jurisdictions in which the Group holds regulatory approvals; and
- the growth opportunities arising from the Group's new product offerings.

3. HISTORY AND DEVELOPMENT

The Company was co-founded in 2000 by Marc Waeterschoot and Johan Goossens in order to take advantage of the opportunities in adult stem cell storage in the European market. The Company initially raised EUR 3.5 million of seed financing and used the majority of those funds to acquire a licence from Cryo-Cell, a US NASDAQ quoted stem cell storage company. Under this licence the Company acquired the right to use the Cryo-Cell name, technology and business processes in Europe to establish its own stem cell storage business. In 2003, the Company terminated its licensing agreement with Cryo-Cell and re-branded its operations as "Cryo-Save". The Group no longer has any contractual arrangements with Cryo-Cell.

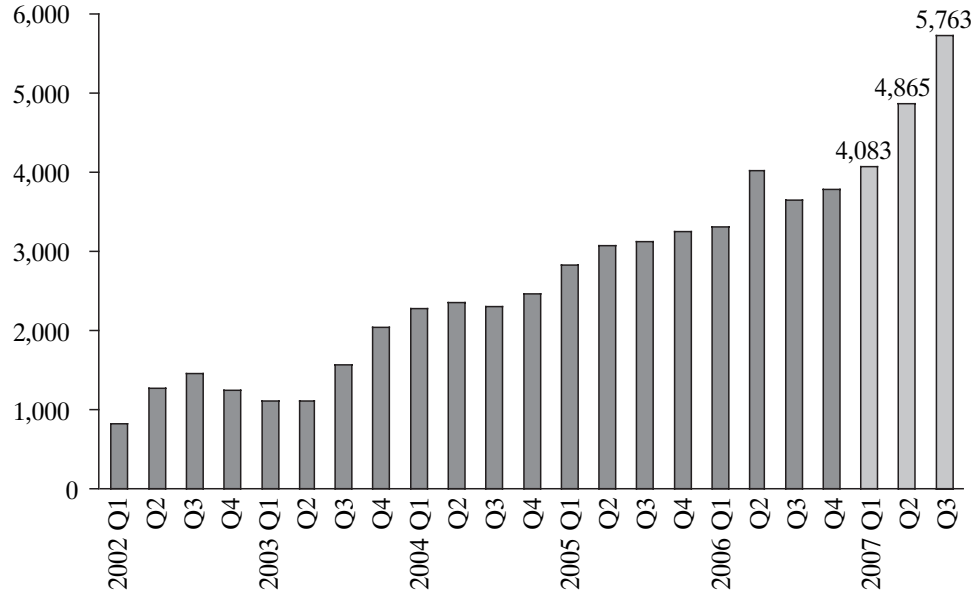
The Group's holding and finance centre was established in Zutphen, The Netherlands with the principal processing and storage laboratory in Mechelen, Belgium. All management and marketing activities are carried out through Cryo-Save, the operating company established in Switzerland.

The Group has grown quickly. In pursuing international expansion, the Group's chosen strategy was to establish operations in conjunction with a local partner who typically had a scientific or medical background. The local partner would usually take responsibility for driving the operation forward in the relevant jurisdiction and would be responsible for sales, marketing and obtaining the necessary regulatory approvals. The Group would provide the local partner with technical expertise and support, as well as processing and storage services through its laboratories.

The Group currently has distribution arrangements in 26 countries and trades in 36 markets.

The table below shows the growth of the Group by reference to the number of samples stored over time.

QUARTERLY NUMBER OF SAMPLES STORED Q1'02 TO Q3'07



Source: Company data.

The Group continues to focus on growth and in particular on developing markets in larger European countries where there is now an increasing public demand for adult stem cell storage.

In the past, the major European Catholic countries (Spain, Italy and France) have had ethical concerns in relation to stem cell research. However, as the use of adult stem cells in medical therapy is now clearly distinguished from the more ethically controversial embryonic stem cell research, these and other countries are beginning to reconsider their ethical position, leading to opportunities in major new markets.

The Directors believe that this increased acceptance of adult stem cell research is likely to result in a European stem cell storage market comparable to that of the US where private storage banks are now estimated to hold 500,000 samples. The Directors believe that in the medium term, the estimated European average stem cell storage level of 0.8% of children born is likely to climb towards levels in the US (2.3%)[(2)], increasing the total available European market from approximately 40,000 to approximately 125,000 samples a year. The current stem cell storage market within Europe is also not homogenous: in some European countries, such as Greece, the incidence of cord blood banking already exceeds that of the US.

The Group continues to develop into international markets such as the Middle East, Russia, Turkey and India. These countries have comparatively wealthy and educated middle classes and as a result, the Group see them as good potential markets. The Group can establish processing and storage facilities in most locations within a comparatively short timeframe thereby enabling the Group to commence operations in new markets relatively quickly and to take advantage of any developing jurisdictions.

4. SUMMARY FINANCIAL INFORMATION

€'000	2004	2005	2006
Revenue	6,362	8,669	10,923
Profit before tax	(327)	2,537	2,910
Tax	(24)	(168)	(865)[(*)]
Profit after tax	(351)	2,369	2,045
Net cash inflow from operations	1,543	1,757	1,443
Total assets	2,929	6,374	10,249
Total liabilities	2,660	3,781	5,602

(*) Includes exceptional tax provision of €500,000.

5. BUSINESS

5.1 Group services

The Group's core business is Cryo-Cord which involves the collection, processing and storage of HSCs taken from the umbilical cord blood. However, the Group plans to bring three new services to market in 2008:

— Cryo-Cord+;

— Cryo-Lip; and

— Cryo-Preservation.

Cryo-Cord

Cryo-Cord currently contributes nearly all of the Group's revenues and the focus on Cryo-Cord is expected to continue for the foreseeable future.

The Cryo-Cord service includes the collection, processing and storage of stem cells found in a baby's umbilical cord blood. Expectant parents who wish to use the Cryo-Cord service complete an order form available from the Company's website (or from the Group's relevant local partner): on completion of the form, parents agree to pay a deposit ahead of the child's birth and to pay the balance of the price if the sample is successfully stored. The parents are then, in advance of the birth, sent an insulated medical kit to facilitate the collection and transport of the sample, as well as a full set of terms and conditions. The medical kits contain collection equipment and disinfectant materials, together with instructions for the

(2) Kaupthing estimates.

midwife, doctor or parent. The blood is collected from the umbilical cord immediately following the birth when the cord is clamped, pierced and then approximately 100ml of blood is collected under gravity in a bag provided with the kit. The sample is couriered to one of the Group's laboratories, where it is processed and split into two separate samples to be stored at different locations. This 'dual storage' of samples is an important part of the Group's back-up procedures, as detailed in "Back up procedures" at paragraph 5.5 below.

Samples are stored for an initial period of 20 years. After the initial 20 years the child, now an adult, has the option to continue the storage by the payment of an additional fee. Should a sample be damaged prior to reaching the laboratory or be deemed, in accordance with international guidance on storage, to contain insufficient stem cells for storage, the storage element of the fee is not charged. Unsuccessful storage affects, on average, fewer than 8% of samples.

In the event that a child's stem cells are required for a therapy, the sample will be located and delivered to the physician requiring the stem cells. There is currently no additional fee levied for this element of the service.

Cryo-Cord+

Cryo-Cord+ is an extension of the Group's Cryo-Cord product which will allow the Group's customers to collect, process and store the umbilical cord as well as cord blood.

The umbilical cord is a rich source of MSCs. MSCs can develop into a broader range of tissue types than HSCs and therefore have a greater number of potential medical applications than the HSCs found in cord blood. These umbilical cord MSCs are similar to the stem cells derived from bone marrow and have a similar range of clinical applications. Unlike the extraction of MSCs from bone marrow, which is an invasive and painful technique, extraction and storage of the umbilical cord is non-invasive.

The technology developed by the Group, as far as the Directors are aware, represents one of the first available commercial opportunities to collect and store MSCs without using intrusive techniques. Samples of umbilical cord will be collected shortly following birth and will be stored cryogenically. In the event that the MSCs are required for a therapy, the MSCs will be extracted from the cord. The Group will not charge an additional fee for such MSC extraction. Cryo-Cord+ customers will therefore have the benefit of two different samples of stem cells stored instead of one.

The Group expects to be able to offer Cryo-Cord+ from the second quarter of 2008 onwards when the Group expects to increase the current price of its service. The Group expects that this enhanced service will nevertheless remain price competitive. The Directors believe Cryo-Cord+ to be a significant development to the Group's business; MSC collection and storage may be of considerable medical benefit to patients and is therefore an important growth opportunity.

Cryo-Lip

From the second half of 2008, the Group intends to offer Cryo-Lip: the collection and storage of stem cells obtained from fat reserves via liposuction. Adipose tissue removed by liposuction contains a great number of MSCs. The Directors believe that these cells have excellent potential for differentiating into several types of cells which could be used for future therapies. Cryo-Lip involves the collection of stem cells from adults rather than from children at birth and as such it offers the Group a new target market as Cryo-Lip will enable the Group to offer adult clients stem cell storage of their own stem cells in addition to the storage of the stem cells of new born children.

Cryo-Lip is a nascent business opportunity which the Directors are keen to exploit, and several cosmetic clinics have already shown great interest in working with the Group.

Cryo-Preservation

Cryo-Save is looking to develop the offering of storage for third parties such as universities or pharmaceutical companies in the following areas:

- tumours and tumour vaccines;
- sperm;
- serum, for use in clinical studies;
- proprietary Stem Cell lines, developed to produce specific therapies;

- tissue banking; and
- ovocytes.

As well as being a source of revenue, the Group expects that these business relationships may be beneficial to developing the Group's overall business. However, the Directors expect that the offering of storage to third parties will not represent a material part of the Group's revenue in the medium term.

5.2 Distribution arrangements

The Company's principal operating subsidiary is Cryo-Save. Cryo-Save which has entered into distribution arrangements with 32 distributors (including Group Companies and sub-distributors) to distribute the Group's services in 26 territories. In most territories where a Group Company, or company in which the Group holds a minority interest (a "Group Entity"), is incorporated or has a presence, Cryo-Save contracts with the relevant Group Entity in relation to the provision of distribution services. Often, the relevant Group Entity is entitled to contract with third parties to assist with the delivery of the distribution services in the relevant territory.

The majority of the distribution arrangements fall into two categories:

- ***Contracts with Group Entities***

  The Group Entities enter into "Commissionaire" contracts with Cryo-Save. Each Group Entity agrees to contract with customers on their own account and are responsible for collecting payments from the customers. The Group Entity is invoiced by Cryo-Save for services provided by it (such as processing, storage and laboratory processing). The distribution contract sets out the price per sample to be charged to customers, an agreed commission which is retained by the distributor, and the amount to be remitted to Cryo-Save in relation to each successfully stored sample.

  The Company will also receive its pro-rata share of the benefit of the profit earned by the agent or distributor through its shareholding in the relevant Group Entity.

- ***Contracts with third parties***

  Third party distributors contract either directly with Cryo-Save or with a Group Entity (which in turn has a contract with Cryo-Save as set out above). The third parties may contract as agents or distributors.

  - Distributors: the third party distributors contract with and invoice customers directly and are invoiced by the relevant Group Entity for services provided to the distributor by the Group.
  - Agents: the third party distributors conclude contracts with customers in the name of the relevant Group Entity and are paid a commission by the Group.

Whilst the Group's services are priced within a range, there are variations in the actual prices paid by customers from country to country, as well as variations in the fee structure and margins in the distribution arrangements, from territory to territory and distributor to distributor.

The majority of the contracts referred to above are of short to medium term duration and a number of the arrangements are exclusive.

5.3 Laboratories and Facilities

The Group's principal laboratory and storage facility is located in Mechelen, Belgium. The Group has additional laboratory and storage facilities in the UAE which have been operational since September 2006 and have applied for AABB accreditation. Further, the Group is able to use two GMP-accredited processing facilities in Mannheim and Bonn, Germany. The Company believes that its current and planned facilities are the most developed of any European stem cell storage company and are sufficient to absorb all of its projected medium term growth. The locations of storage facilities are chosen to enable the Group to service its markets as efficiently as possible (reducing transport time wherever feasible). New facilities are likely to be required to properly service new markets in territories beyond the easy reach of the Group's European facilities.

If, from a legal or operational perspective, a new laboratory is required in a new location, the Group will consider whether it is viable and commercially beneficial to build premises to facilitate such expansion. In

relation to future expansion outside Europe, laboratories and storage facilities will need to be in place before receipt of any samples. The Group is therefore reviewing opportunities to build such facilities in India, the Far East, Russia and Turkey and expects to roll out facilities if required. Such laboratories are comparatively easy to build, cost an average of €2 million and take approximately 200 days to construct. As such, international development can be rolled out comparatively quickly.

5.4 Processing and storage

All samples should arrive at a laboratory within 48 hours of collection in order to allow viable processing and storage of the stem cells. On arrival samples are processed using patented computer controlled equipment and each sample is tested for HIV, Hepatitis B and C, Syphilis and Cytomegaly Virus using PCR. Samples are also extensively tested for possible bacteriological and fungal contamination in the laboratory.

If a sample is found to be contaminated, a record of this contamination is made but, in most instances, a contaminated sample will continue to be stored as the contamination can usually be treated by antibacterials ahead of therapy.

Samples are gradually cooled by computer-controlled freezing to the storage temperature (approximately −180° Celsius) and subsequently stored in the gas phase of liquid nitrogen in a tank or dewar. Computer controlled storage helps minimise the risk of contamination of samples.

There are two key benefits of using liquid nitrogen for storage. Firstly, liquid nitrogen is a highly cost effective method of maintaining a temperature of below −150° Celsius (the temperature at which all enzymatic and biological processes cease). Secondly, using liquid nitrogen for storage means that the Group is not reliant on electricity or other power sources to maintain the temperature of the samples, reducing the impact of power failures and mitigating the effects of increasing energy prices (see "Back up procedures" below).

All stored samples are split into two and each part is stored at a different location. At present, most back up storage is at a third party facility in The Netherlands which the Group rents from a major European company. In the future, however, the Group expects to be able to use its own facilities for its back up storage programme.

The Company is moving towards a system of storing processed samples in bags, rather than vials, which will allow the whole process to move to a closed system.

5.5 Back up procedures

The Group has adopted a number of processes to assist in safeguarding the integrity of its operations.

The use of liquid nitrogen, as referred to above, significantly mitigates the risk of power failures. In the event of a significant power interruption, liquid nitrogen can continue to keep a dewar at a temperature of below −150° Celsius for up to a week without electricity. In the unlikely event that a power interruption lasts for more than a week, the liquid nitrogen, which is usually fed from holding tanks at the laboratory to the dewars via a depressurising unit, can be replenished manually.

The specialist scientific equipment used to process and cool samples operates from an uninterrupted power supply which can last for up to half an hour in the event of a power failure and which provides staff with enough time to start the back up generator.

The Group has two data storage back up systems located in professionally operated data centres – one in Brussels and one in Ghent. These are connected by a fibre optic line so that in the event of irreparable damage to one data centre, a full and immediate back up would be available on the other. Backups to a US based server are also made on a daily basis.

As described above, it is the Group's policy to split samples and store each portion at a separate location. This practice reduces the impact on the Group's business should one or all the samples at a specific location be lost or destroyed for some reason.

6. INDUSTRY BACKGROUND

Cord blood storage is still an immature industry, split between private and public storage banks.

The first private samples were stored in the US in the early 1990s, and the Directors now believe that the total number of samples currently stored in the US is around 500,000. It is estimated that in Europe the number is around 120,000.[3]

The cord blood banking industry is relatively fragmented, with a few large companies and many small ones, usually serving just their local area. It is estimated that there are around 25 private organisations collecting samples in the US[4]. In Canada there are about 12 organisations. In Europe, it is estimated there are approximately 40 organisations collecting cord blood for private storage.[5]

Many of these organisations do not have their own storage facilities, but instead pay others to store samples for them and they effectively act as a marketing organisation. Some smaller companies have only a few thousand samples stored.

The table below gives estimates of the leaders in the US and Europe:

Cord Blood stem cell storage companies

Company	Country	Samples in Storage	Date Started	Initial Cost	Annual Storage Fees (US$)
Cord Blood Registry . . .	USA	185,000	1995	US$2,150	US$125
Via Cell	USA	135,000	1993	US$2,120	US$125
Cryo-Cell	USA	145,000	1989	US$1,720	US$125
Cryo-Save	Netherlands	65,000	2000	€1,450	Included
Vita34	Germany	43,000	1997	€1,990	€30

Source: Company websites, Kaupthing Research.

It is estimated that three cord blood banking companies have 80% of the storage market in the US and two have over 80% of the European market. The Group is the European market leader with approximately 50% of the market.[6]

The above table also illustrates the different pricing models that are in operation. In the US market, companies generally charge a collection, processing and initial one year storage fee, and then an annual storage fee for the next 20 years. By contrast, in Europe, the fees have tended to be charged upfront for 20 years storage following collection and processing.

7. MARKET POTENTIAL

According to CIA statistics, there are approximately 4.3 million live births in the US annually and around 5 million in Europe. It estimated that there will be around 100,000 cord blood samples stored annually in the US 2007.[7]

As set out above it is estimated there will be around 40,000 cord blood samples stored in 2007 in Europe.[8] The levels of storage by country currently range between below 1% and 15% of live births. Asia is a fragmented market but is already seeing strong growth in cord blood storage in South Korea, where 15% of live births have their cord blood stored, and in Taiwan approximately 9%. The Middle East is still in the emerging phase and will not contribute to overall global market size significantly in the short term.

The Directors believe that these figures indicate significant growth opportunities for the business and the industry as a whole.

Awareness in Europe is currently low among expectant parents who rely on medical professionals, word of mouth and the media to inform them of the availability and suitability of this service.

However, the Directors believe that increased acceptance of adult stem cell research is likely to result in a European stem cell storage market comparable to that of the US. The current stem cell storage market within Europe is also not homogenous: in some European countries, such as Greece, the incidence of cord blood banking already exceeds that of the US.

(3-8) Kaupthing estimates.

In the future, the Directors believe that a number of key events could stimulate the market:

- Success of diseases being treated with stem cells. If conclusive evidence demonstrated that, for instance, organs could be grown *in vivo* (in the body) or that significant improvements were seen in diabetes sufferers, public interest in stem cell therapy (and storage) would be significantly enhanced;
- Countries introducing legislation to make it mandatory for clinicians to inform parents about the possibility of storing cord blood (as has occurred in the state of New York, United States);
- If established medical opinion recommends storing cord blood stem cells this would clearly be beneficial for the Group. Currently in the UK, The Royal Society of Obstetricians does not support private cord blood banking. This stance could change as adult stem cells are shown to have significant utility;
- Governments and insurance companies may see the storage of an infant's cord blood as potentially saving them money in the future in that diseases, which are currently untreatable or expensive to treat over long periods, may become treatable. As such health insurance companies may make storage part of their ongoing policies; and
- As the industry grows, its combined marketing spend will increase significantly, thereby increasing market awareness.

8. CURRENT MARKETS

The Group currently trades in 36 markets, predominantly in Europe, but with operations in several non-European territories. Currently, certain markets are key to the Group's business. In aggregate, these key markets (further details of which are set out below) are expected to contribute 78% of the Group's revenues in 2007, a trend that the Group expects to continue in 2008:

Expected geographical breakdown of revenue estimates for key markets

Country	Revenue 2007 (%)	Revenue 2008 (%)
Spain	31	24
Greece	14	13
Hungary	13	13
Germany	6	10
Italy	14	20
Others	22	20

Source: Group estimates.

The Directors expect that the contribution of these key markets to Group revenue will be less pronounced as the Group grows further, but that they will remain important in the short to medium term.

As a consequence of the differing contractual arrangements and end-user pricing over the five key markets, the revenue per sample stored to the Company varies from market to market, there will not be a uniform increase (or decrease) across markets in revenues as customer numbers increase (or decrease). Key to the Company's profitability is the performance of those markets where the contractual arrangements with business partners yield the best returns for the Group.

Further details regarding the Group's current key markets are set out below.

Spain

The Group's Spanish operations opened in 2005 following the introduction of new legislation allowing cord blood storage. Spain contributed approximately 4.3% and 9.8% to the Group's 2005 and 2006 revenues respectively before enjoying a significant rise in sales following the relaxation of legislation and the publicised storage of the stem cells of a member of the Spanish Royal Family.

The Group operates in Spain through Crio-Cord SA (a distributor) and Sabater Tobella Analises, an agent of Cryo-Save España. The Directors believe that current interest in stem cell preservation and therapies is growing significantly in Spain and that the Spanish operations therefore have great potential.

Greece

Greece has been a key market for the Group since 2005. The Group's operations in Greece are conducted through Cryo-Save Balcanica Ltd, a 50% owned joint venture, which is also responsible for the Group's expansion into the Balkan market. The Group also has a relationship with one of the main maternity hospitals in Greece. The Greek operations contributed approximately 5.4%, 21.6% and 35.5% to Group sales in 2004, 2005 and 2006 respectively.

Hungary

The Hungarian operations commenced in 2002 and have contributed revenue of approximately 4.9%, 5.8% and 9.0% in 2004, 2005 and 2006 respectively. Despite the low average wage (in comparison to other European countries), Hungary's population has one of the largest proportion of parents who store cord blood stem cells. The Group's operations are conducted through a distributor, Sejtbank Egeszsegugyi Szolgaltato Korlatolt Feleossegu Tarsasag b.a. ("Sejtbank"). Notwithstanding local competition, Sejtbank has been able to enhance its leading position and continues to outperform the local market. Unlike most of Cryo-Save's other markets, in Hungary, Sejtbank provides financing for clients allowing payment of the storage fee in instalments over a maximum of two years; the Group has supported this by agreeing payment deferral of up to a year for amounts owed by Sejtbank to the Group.

Germany

The operations in Germany began in 2001. Legislation introduced in 2004 required operators to acquire authorisation from individual maternity hospitals effectively causing a temporary cessation in stem cell collection in Germany. Compliance with the new, more stringent regulatory requirements have taken time to address but the Group now has authorisation from 450 of the 650 maternity hospitals and the Directors are optimistic about the prospects for the business in this region.

This market is developing quickly and the Directors remain confident that the number of samples stored per month will return to the levels experienced prior to the introduction of the 2004 legislation and will grow beyond. Germany contributed approximately 26.7%, 16.6% and 8.4% of the Group's 2004, 2005 and 2006 revenues respectively. Operations are conducted through two wholly owned subsidiaries: Cryo-Save GmbH and Cryo-Care GmbH (with sub-contractor Stemcell Vertriebgesellschaft D. Klimas).

Italy

Cryo-Save Italia Srl became operational in 2006. Legislation in Italy is still being developed and currently requires individual government approval for the storage of adult stem cells. There is no marketing to doctors and no advertising allowed. The Vatican, however, has endorsed the concept and the Group has engaged a small sales force over the last few months. The results of this are beginning to be seen in the increase in sample storage in the last few months.

In addition, in January 2007, the Group commenced the public/private cooperation with Osidea described more fully below (see paragraph 11). The initiative attracted public attention and serves as a model for European expansion in markets where there is a need for public/private banking.

9. STRATEGY AND GROWTH

The Group's strategy is to develop into new geographic markets, either by acquisition or in conjunction with a minority partner, while also building on the Group's 50% European market share through effective marketing and through its new Cryo-Cord+ and Cryo-Lip services.

Developing existing markets

- Due to the nascent state of the industry, the Directors believe that there is still a great amount of potential in the European markets in which the Group is already operating and the Group will continue to develop its position in these existing markets.

Geographic growth into new markets

- European markets — the Group is well placed to take advantage of the opportunities presented by changes in legislation in the larger European countries where private stem cell storage is contemplated but currently prohibited, for instance France. The management expect legislative change to open these markets to private storage companies in the short to medium term.

- Emerging markets — such as India, Russia, Turkey and South East Asia, where stem cell storage is still a comparatively unknown process are being targeted by the Group. The Group expects to enter these markets using local partners and consequently without incurring significant start up costs (which is consistent with the Group's strategy since its inception).

Growth by acquisition

- Acquisition of subsidiaries and business partners — the Group is looking to acquire a number of its business partners and existing distributorships where it is not a 100% owner. Management believe that the centralisation of costs and controls should improve profitability in the short to medium term.
- Acquisition of non-Group businesses — the Directors believe that the stem cell industry will continue to be fragmented in the short to medium term. The Group believes that there will be, therefore, opportunities for strategic acquisitions as the industry grows and management will be seeking to find value creating acquisitions as appropriate.

Development of new products

- Cryo-Cord+, Cryo-Lip and Cryo-Preservation: the launch of these products is expected during 2008 and management believe they will offer significant potential markets in the future. Further details on these products are set out above.
- Other products will continue to be developed, assessed and launched in line with the Group's research and development policy.

10. APPLIED RESEARCH AND DEVELOPMENT

The Group's research and development programme serves two purposes: (i) to develop new services such as Cryo-Lip or Cryo-Cord+; and (ii) to initiate and/or support projects that demonstrate the clinical benefits of stem cell therapy, thereby encouraging the growth of the potential market.

MSC and HSC expansion

The Group is working to develop a procedure which involves the successful cultivation and expansion of HSCs and MSCs from samples already held in storage for medical use. In approximately 5% of cases, commercial storage is not possible, largely because an insufficient number of cells were obtained at birth. In addition, in a typical sample there may be an inadequate number of cells for some therapies. Tissue expansion could remedy this problem. The Group is working with Establissement Français du Sang Aquitaine (EFSAL) (an internationally renowned stem cell centre in Bordeaux, France) in order to develop this technology and in 2006 the Group entered into an exclusive agreement with EFSAL under which EFSAL is conducting a validation study on techniques for commercial growth and expansion of HSCs.

Research and development collaborations

The Group has also started collaboration with universities and research institutions. These collaborations include the following:

Project Crystal

Following a competitive tender process involving approximately 800 applicants, the Group, in collaboration with the University of Cologne, Fraunhofer-Institut für Biomedizinishe Technik, Medical University of Vienna, University Zurich, Katholieke Universiteit Leuven and University of Antwerp, has been selected by the European Commission to conduct research into cryopreservation techniques for adult stem cells. The project will receive a research grant of €2.5 million (€250,000 of which will pass to the Group on a matched funding basis) from the European Scientific Advancement Programme called the Sixth Framework Programme on Research Technological Development and Demonstration.

This research project began in March 2007. This important research award is in line with earlier work undertaken by the European Commission which resulted in the adoption of specific regulation for tissues and cells.

ITERA

Cryo-Save is a founding and active member of ITERA, the International Tissue Engineering Research Association, an international scientific and medical consortium. ITERA was established in 2004 and is located in Bad-Aachen, Germany at the ITERTA hospital.

ITERA Life-Sciences Forum is a consortium with European, American and Asian universities, with university hospitals, private hospitals, private labs, stem cell institutes and research centres. ITERA Life-Sciences Forum is coordinating the submission of EU funded projects. In 2006 an ITERA derived project about cryo-preservation standards was formally approved and accepted under the 6th EU Framework Programme for Research and Development.

11. PUBLIC/PRIVATE BANKING

The Directors see the development of combined public and private banking as an interesting business model. In January 2007 the Group entered into an agreement with Osidea, an Italian non-profit organisation dedicated to the health of the Sardinian community which is promoting the storage of umbilical cord blood stem cells. The parents pay fees in the normal way but at the signing of the contract arrangements, they agree to make the sample available in a public bank. Under these agreements parents will have the opportunity to donate HSCs and MSCs for public use as well as keeping their own sample privately. This hybrid system enables the sample to be available to potentially the whole population and will facilitate the introduction of cord blood storage in countries where it is currently politically difficult to offer the service.

12. DIRECTORS

12.1 Executive Directors

Marc Waeterschoot, aged 57 (Chairman of the Board)

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

Rob Koremans, aged 45 (Chief Executive Officer)

Rob Koremans is a medical doctor with over 20 years of marketing and management experience in the healthcare industry. He recently joined the Company, following a successful international career with major companies including Serono (managing director and Vice President Europe) and Grünenthal (Executive Board member).

Arnoud van Tulder, aged 46 (Chief Financial Officer)

Previously Vice President Corporate Accounting with Wolters Kluwer, a public company, before he joined the Company in August 2007. He is a qualified chartered accountant and worked for KPMG for over ten years.

12.2 Non-Executive Directors

Johan Goossens, aged 51 (Non-Executive Director)

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

Werner Spinner, aged 58 (Non-Executive Director)

Served for 30 years with A.G. Bayer where he was a member of the Executive Board until 2003. Since 2003 he has served in an advisory capacity on the boards of Hülsta Group GmbH, GFK AG, CSM n.v.,

Altana AG, and Celerant plc, as vice chairman of Merz Holding and as chairman of both BIOTEST AG and Grünenthal/Dalli-Group. Mr. Spinner holds an MBA from Koeln University and is a graduate of the Harvard University Advanced Management Program.

Walter van Pottelberge, aged 62 (Non-executive Director)

Walter van Pottelberge joined the Company's board as a non-executive Director in 2007. Mr. van Pottelberge was previously chief executive officer of ING Insurance Belgium-Luxembourg for eight years up until 2001. Mr. van Pottelberge was also president of the executive committee of Mercator Bank NV between 2003 and 2005. He has served on the advisory board of Goffin Bank since 2005 where he was also Chairman of its Audit Committee. Mr. van Pottelberge also serves in an advisory capacity on various other company boards and organisations including UBCA N.V., DELA Ré, VOKA, Argenta (where he served as a member of Argenta's Audit Committee), the University of Antwerp and Vlerik Leuven Management School. Mr. van Pottelberge holds a university degree in physics and actuarial science from Leuven University. Mr. van Pottelberge will be the Company's Audit Committee Chairman.

12.3 Scientific Advisory Board members

The Group benefits from a scientific advisory board made up of experts in the adult stem cell field which advises the Group on scientific and ethical developments within the industry.

Professor Colin McGuckin

Colin McGuckin is the first Professor of Regenerative Medicine at the University of Newcastle upon Tyne. He has a PhD from the University of Ulster on leukaemia research. His postdoctoral position was at St George's Hospital medical school in the department of Haematology, where he worked on chronic anaemia and Stem Cell Disorders. He is a visiting Professor at Rice University and the University of Texas in the US as well as IPCT University in Brazil.

Professor Albert Ramon

Professor Albert Ramon is an immunologist, working at the University Hospital of Antwerp. He also works with the University of Cologne, at their Institute of Genetics and with the department of Neurophysiology as a guest researcher on stem cell projects. He also holds a Masters in Business Administration.

The Scientific Advisory Board is expected to grow over time.

13. REGULATION

The Group's business is subject to stringent regulation. As the Group believes adherence to the regulations is of utmost importance, it will do everything in its power to comply with the most stringent regulations. Further details are set out in Part 3 of this document.

14. IP

14.1 Patents

Where possible, the Group obtains defensible and relevant patent protection on its technologies. Where such protection is not available, the Group relies on its confidential know-how to protect its business.

The Group owns two granted patents in relation to MSC storage capacity, each of which have six year terms expiring on 5 April 2012, and a PCT application PCT/EP2005/002094 which is directed towards large scale storage of viable somatic stem and progenitor cells.

Various factors may affect the Group's continuing rights to use patents and other intellectual property and its ability to prevent their use by third parties.

14.2 Trade marks

The Group owns European and Swiss trade mark registrations and an international trade mark application for CRYO-SAVE, and a European trade mark registration for CRYO-CARE.

14.3 Domain names

The Group owns a number of domain names. Its principal website uses the cryo-save.com domain name.

15. TAXATION

The Group has a Dutch holding company and the primary operating company is Swiss. The Group's effective corporation tax rate is currently 12%. For information on the personal tax effects of holding Ordinary Shares, please refer to Part 7 of this document. This information is intended only as a general guide to current law and should not be relied upon.

16. DIVIDENDS

The Directors intend to pay dividends when it is appropriate to do so taking account of the Group's working capital requirements and the likely tax consequences and subject to the availability of distributable reserves. The Directors do not intend to pay a dividend in the short term as they seek to fund the expansion and growth of the Group from retained profits. It would therefore be inappropriate to give an indication as to the likely level or timing of any future dividends.

17. CORPORATE GOVERNANCE

17.1 The Netherlands

In The Netherlands, it is possible for public limited companies (*"naamloze vennootschappen"* or *"N.Vs")* to operate under either a one-tier or a two-tier governance structure.

The Company operates a one tier board, currently consisting of three executive and three non-executive directors. Pursuant to the Company's Articles the executive members of the Board have responsibility for the day-to-day running of the Company whilst the non-executive directors supervise the policies pursued by the executive directors. As such, each of the executive directors of the Company is authorised to represent the Company. In addition, each non-executive director may represent the Company acting jointly with an executive director and further the Company can be represented by the entire Board of Directors acting jointly. The Board of Directors as a whole has the responsibility for the long-term strategy of the Company. If the Company increases in size, Dutch law may require the Company to adopt a two-tier board structure which would need to include a management board and a supervisory board. The Board will meet regularly throughout the year.

The Company is not subject to corporate governance requirements under Dutch law equivalent to the Quoted Companies Alliance's Corporate Governance Guidelines for AIM Companies (the "Guidelines").

17.2 United Kingdom

The Company intends, in so far as practicable, to comply with the Guidelines.

The Guidelines state that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Guidelines set out a code of best practice for AIM companies. Those guidelines state, among other things, that:

- certain matters be specifically reserved for the board's decision;
- the board should be supplied with information (including regular management financial information) in a form, and of a quality, appropriate to enable it to discharge its duties;
- the board should, at least annually, conduct a review of the effectiveness of the group's system of internal controls and should report to shareholders that they have done so;
- the roles of chairman and chief executive should not be exercised by the same individual or there should be a clear explanation of how other board procedures provide protection against the risks of concentration of power within the company;
- a company should have at least two independent non-executive directors and the board should not be dominated by one person or group of people;
- all directors should be submitted for re-election at regular intervals subject to continued satisfactory performance;
- the board should establish audit, remuneration and nomination committees; and
- there should be a dialogue with shareholders based on a mutual understanding of objectives.

17.3 Audit committee

The Company's Audit Committee, comprising non-executive Directors Mr. van Pottelberge and Mr. Spinner, will be chaired by Mr. van Pottelberge and will meet 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 Group's financial performance is properly monitored, controlled and reported. It will also meet the auditors at least once a year and review their findings, including discussing any accounting and audit judgements.

17.4 Remuneration and Nomination Committees

Initially, in view of the small size of the Company, there will be no Remuneration or Nomination Committees. In accordance with Dutch law and the Articles, the general meeting of Shareholders will determine the remuneration of, and appointment to, the Board. This approach may change as the Company grows.

18. EMPLOYEES

An analysis of the Group's employees showing the number of full time employees as at the end of each year of the historical financial information and as of June 2007 by geographic location is set out below:

	2004	2005	2006	June 2007
South Africa	—	3	4	4
UK	3	—	—	—
Belgium	9	12	14	16
Switzerland	2	6	6	7
Germany	1	1	2	2
Greece	—	3	3	8
Italy	—	—	1	6
The Netherlands	9	10	13	16
Spain	—	—	—	—
Austria	1	1	0	0
Total	25	36	43	59

19. USE OF PROCEEDS FROM THE PLACING

In the opinion of the Directors, the Placing and Admission will further enhance the Group's position as a major player in the market at a time of significant interest in the stem cell storage industry.

The Board intends to use the net proceeds to the Company of the Placing and Admission (being approximately €34 million) to fund the Group's strategy and growth plans as well as for its general corporate purposes, as follows:

	€(m)
Acquisitions	21.0
Laboratory development	5.0
Marketing	3.0
Research & Development	5.0

The Group's European infrastructure is largely in place and the likelihood of the Group being required to build new facilities in Europe (in addition to those already planned) is limited. As a result, the majority of the Placing proceeds will be used to fund the Group's organic growth and its acquisition of existing distributorships. The Group will retain some funds to enable it to proceed quickly if it identifies value enhancing acquisition opportunities.

The Selling Shareholders will retain the net proceeds of the placing of the Sale Shares. The Placing will result in Marc Waeterschoot disposing of 33.13% of the Ordinary Shares held by him and his connected persons prior to the Placing and in Johan Goossens disposing of 31.81% of the Ordinary Shares held by him and his connected persons prior to the Placing.

20. DETAILS OF THE PLACING AND ADMISSION

20.1 The Placing

The Company plans to seek Admission to AIM on 6 November 2007 and is proposing to raise approximately £23.76 million (net of expenses) through the placing of 12,639,000 New Ordinary Shares (representing 26.23% of the issued ordinary share capital of the Company immediately following Admission) at the Placing Price. In addition, 6,652,000 Ordinary Shares (representing 13.81% of the issued ordinary share capital of the Company immediately following Admission) will be placed on behalf of the Selling Shareholders, (761,580 by Dr Frank Ingels, 2,900,420 by Marc Waeterschoot, 2,000,000 by Juma Invest N.V. and 990,000 by Isabelle Heynderickx)[9] and this is expected to raise approximately £13.41 million for the Selling Shareholders (net of expenses).

Pursuant to the Placing Agreement, Kaupthing has agreed with the Company and the Selling Shareholders, on and subject to the terms set out therein, to use reasonable endeavours to procure institutional investors to subscribe for the Placing Shares at the Placing Price. The Placing has not been underwritten and is conditional, *inter alia*, on the Placing Agreement having become unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission and Admission taking place on 6 November 2007 or on such later date as the parties may agree (being not later than 20 November 2007).

The New Ordinary Shares will rank from Admission *pari passu* in all respects with the existing Ordinary Shares in issue. It is expected that the net proceeds of the Placing will be received by the Company on or before 12 November 2007. Placees will receive Depositary Interests representing those Ordinary Shares to enable settlement through CREST. Further information on these Depositary Interests is set out in paragraph 5 of Part 6 of this document.

Following Admission, the Directors and their associates will hold 12,446,177 Ordinary Shares, representing approximately 25.83% of the enlarged issued share capital of the Company.

Immediately on Admission, at the Placing Price, the Company will have a market capitalisation of approximately £101.17 million.

Further details of the Placing Agreement are set out in paragraph 10.1 of Part 6 of this document.

20.2 CREST, trading in Ordinary Shares and Depositary Interests

Application has been made to the London Stock Exchange for the entire issued and to be issued Ordinary Share capital of the Company to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Ordinary Shares will commence on 6 November 2007.

No application has been, or will be, made for the Ordinary Shares to be admitted to trading or dealt with on any other exchange.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depositary interests, to be held in electronic rather than paper form.

The Ordinary Shares will not, and cannot, themselves be admitted to CREST but the Depositary has agreed to issue Depositary Interests in respect of the underlying Ordinary Shares. The Depositary Interests are independent securities constituted under English law, which may be held and transferred through the CREST system. Depositary Interests have the same security code (ISIN) as the underlying Ordinary Shares and do not have (or require) a separate quotation on AIM. CREST members are able to hold and transfer interests in Ordinary Shares within CREST pursuant to the depositary interest arrangement established by the Company. With effect from Admission, all of the Ordinary Shares will be eligible to participate in this arrangement. CREST is a voluntary system and Shareholders who wish to retain shares in a non dematerialised form will be able to do so. Such Shareholders can continue dealing using on deeds of transfer, subject to Dutch law requirements which apply to the transfer of Ordinary Shares.

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(9) Mr. Goossens and Mr. Waeterschoot are directors of the Company. Juma Invest N.V. of Genste Steenweg 1154 bus C11, 1082 Brussel, Belgium is a company owned and controlled by Mr. Goossens. Ms. Heynderickx is Mr. Goossens' wife. Dr. Ingels is a Shareholder of the Company (both Ms. Heynderickx and Dr. Ingels can be contacted c/o the Company's registered address as set out on page 2 of this document).

Shareholders who on Admission hold Ordinary Shares in book-entry form may elect to participate in the Depositary Interest Arrangement at any time and should contact the Company for further advice.

For more information concerning CREST, Shareholders should contact their brokers or the Registrars.

20.3 Share Dealing Code

The Company has adopted a share dealing code which governs the share dealings of the Directors and employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules for Companies) and the Company will take all reasonable steps to ensure compliance by its Directors and any relevant employees.

20.4 Lock-in and Orderly Market Arrangements

Pursuant to the terms of the lock-in arrangements contained in the Placing Agreement, the Selling Shareholders and each of the other Directors and any Shareholders connected with them have undertaken to the Company and Kaupthing that they will not sell or dispose of, except in certain limited circumstances (as permitted by the AIM Rules), any of their respective interests in Ordinary Shares at any time before the first anniversary of Admission.

In addition, the Selling Shareholders, each of the other Directors and any Shareholders connected with them have also undertaken that for a period of 12 months following the first anniversary of Admission they will only effect any sale of Ordinary Shares through Kaupthing (as long as Kaupthing remains broker to the Company) and such disposal will be made only with Kaupthing's written consent and in such manner as Kaupthing may reasonably require with a view to maintaining an orderly market in Ordinary Shares.

Details of these agreements are summarised in paragraph 10.1 of Part 6 of this document.

21. RISK FACTORS

The Group's business is dependent on many factors and prospective investors are advised to read the whole of this document and, in particular, Part 2 entitled "Risk Factors".

21.1 Non-applicability of the City Code

It is emphasised that, although after Admission the Ordinary Shares will be traded on AIM, the Company, being a Dutch incorporated company with its statutory seat in The Netherlands, will not be subject to takeover regulation in the UK since AIM is not a regulated market within the meaning of the Dutch Act on Financial Supervision *(Wet op het financieel toezicht)*. Further details on the provisions of Dutch law relating to the mandatory public offer *(verplicht openbaar bod)* are set out in Part 8 of this document.

However, the Company's Articles contain provisions in relation to the making of a mandatory offer when a Shareholder (or someone acting in concert with it) acquires more than 30% of the Company's share capital. Further details are set out in paragraph 4 of Part 6 of this document.

21.2 Taxation

The attention of Shareholders is drawn to the information contained in Part 7 of this document. If you are in any doubt as to your tax position, you should contact your professional adviser immediately.

21.3 Further Information

Your attention is drawn to the additional information set out in Parts 2 to 8 of this document.

PART 2

RISK FACTORS

An investment in Ordinary Shares involves a high degree of risk. Accordingly, before deciding whether to invest in the Ordinary Shares, prospective investors should carefully consider the risks described below together with all the other information contained in this document. If any of the following risks actually occur, the Group's business, financial condition and/or results of operations could be materially and adversely affected. In such a case the trading price of the Ordinary Shares could decline and investors may lose all or part of their investment. The risks and uncertainties described below are a list of risks and uncertainties currently known to the Directors. There is no significance as to the order in which these risks are listed. Additional risks and uncertainties, not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Group's business, financial condition and/or results of operations.

Developments in regulatory laws

The Group's activities are highly regulated. The Group relies on regulatory expertise to ensure its products and services meet regulatory requirements. New laws passed either at a national or European government level affecting its stem cell collection and storage business are being brought into force in Europe. Some European countries have had difficulties implementing these new laws, have missed implementation deadlines and/or are unlikely to meet future deadlines. This may cause difficulties and uncertainty for the Group, its partners and others who operate associated or similar businesses. Furthermore, the laws governing stem cell research are in many jurisdictions in development and may develop further and regulation may increase. Although the Group continues to monitor these changes in law, there can be no assurance that the products or services will continue to meet regulatory requirements or that regulatory licences and authorisations can be obtained or maintained in the future.

The Group may need to devote significant resources to ensure it complies with relevant regulatory laws in the jurisdictions in which it operates its business.

Changes in legislation

The legislation which relates to the use of stem cells for research and therapy is, in many jurisdictions, currently being developed and there is a risk that the level of regulation may increase.

Changes in government legislation and regulation may have a significant affect on the market appetite for the Group's products and services and the revenues that the Group is able to generate.

Market perceptions and negative publicity

The Group's business is highly dependent upon market perceptions of the Group, its brands and the safety and quality of its products and services. The Group's business could be adversely affected if the Group or its brands are subject to negative publicity. The Group could also be adversely affected if any of its products or services or any similar products or services distributed by other companies prove to be, or are asserted to be, harmful to consumers. Because of the Group's dependence upon market perceptions, any adverse publicity associated with the Group's products or services or any similar products or services provided by other companies could have a material adverse impact on the Group's results of operations.

Ethical issues

The Group works with stem cells obtained from the umbilical cord or cord blood. It 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, the Group's products and services.

Acceptance of products and services

The commercial success of the Group's products and services is dependent on market acceptance which depends in part on the Group's ability to demonstrate their relative safety, quality, efficacy and ethical practices.

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 the Group's products and services. Clinicians may be slow to change their medical treatment practices because of the perceived risk of liability arising from the use of new products and services. Any failure to gain market acceptance of the Group's products and services could adversely affect the sales of its products and services and its ability to achieve profitability.

Technology risk

If competitors introduce new technologies, or if new standards or practices emerge, the Group's existing technologies and systems may become obsolete. The future success of the Group will depend on its ability to enhance its existing services and its ability to respond to technological advances and emerging industry and public sector standards and practices on a cost-effective and timely basis. Developing the Group's technology and product range entails significant technical and business risk. The Group may use or procure new technologies ineffectively or fail to adapt its systems to customer requirements or emerging industry standards. If the Group faces material delays in introducing new products, services or enhancements, it may be put at a competitive disadvantage.

Competition

The Group's products and services may experience competition from the products and services of other companies which have greater research, development, marketing, financial or personnel resources than the Group. Competitors of the Group may be more advanced in the development of their products and services or have a more powerful brand.

Furthermore, the healthcare industry is highly competitive. Competitors may continue to develop products and services which directly compete with the Group's products and services. Competing products or services could prove to be superior to those of the Group.

The Group may not be able to compete successfully. This would have a material adverse effect on the Group's financial condition, results of operations and prospects.

The Group must manage the growth of its operations effectively

The Group's ability to manage its growth effectively will require it to continue to improve its operations and procedures. Any failure to manage the Group's current and planned growth could have a material adverse effect on the Group's business. The Group may enter into acquisitions, joint ventures and strategic alliances in the future, as it has done in the past. Such acquisitions may require the Group to incur debt or to make potentially dilutive issues of shares. Acquisitions involve numerous risks relating to integration and joint ventures present the risk of conflict of interest or strategy. If the Group is unable to manage all of these risks efficiently, this may have an adverse effect on its business and financial situation.

Concentration risk

At present, the majority of the Group's revenues are attributable to certain key markets. The Group intends to reduce this reliance on a small number of markets over time, but there can be no assurance that it will succeed in developing its business into new markets or in decreasing its reliance on these territories. There can also be no assurance that the Group will continue to have successful business relationships with distributors in those territories from which the majority of its revenues are derived or that existing customer levels in those territories will be sustained. As a consequence of the differential revenue derived by the Group per unit stored, depending on the territory from which the customer derives, the effect of a drop in customer levels an the Group's financial position and prospects will differ according to the affected territory or territories.

Patents and other intellectual property rights

The ability of the Group's products and services to compete effectively with those developed by other companies depends, amongst other things, on the Group's ability to obtain, maintain and enforce valid patents and other intellectual property rights. No assurance can be given that any patent application will proceed to grant or that any granted patent will be enforceable. Even if enforceable, such patents may not be sufficiently broad in their scope to provide commercially valuable protection for the Group's products

and services. The Group's methods and policies for protecting unpatented confidential information, including proprietary know-how, concepts and documentation of proprietary technology may not afford the Group complete protection, and there can be no assurance that others will not obtain access to unpatented information. The costs associated with enforcement against a third party infringing the Group's rights may be substantial, and the outcome of any associated litigation may be uncertain. This could materially and adversely affect the business and/or financial position of the Group.

The commercial success of the Group's products will also depend upon non-infringement of patents and other intellectual property rights owned by others. Third parties may have filed applications or may have obtained, or may obtain, patents or other intellectual property rights which might inhibit the Group's ability to develop and exploit its own products or services. Third parties may allege infringement by the Group of their intellectual property rights. The costs associated with the defence of such claims may be substantial, the Group may endure a long period of uncertainty regarding the outcome and there can be no assurance that the Group will be successful. The Group may need to develop or obtain alternative technologies or reach commercial terms on the licensing of other parties' intellectual property rights. There can be no assurance that the Group will be able to develop or obtain such alternative technology or be able to licence third parties' intellectual property rights on commercially acceptable terms or at all. This could materially and adversely affect the business and/or financial position of the Group.

In addition, third parties may allege infringement by the Group of their intellectual property. Even if the Group is ultimately able to successfully defend itself against such allegations, the costs, and the disruption and negative publicity associated with the defence of such allegations may be significant and the Group may endure a long period of uncertainty regarding the outcome of such allegations.

Product liability and insurance

The Group's activities expose it to potential liability and professional indemnity risks. The Group plans to continue to insure its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Group's needs and for its circumstances. Insurance cover will not be available for every risk faced by the Group.

Although the Group believes that it should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Group's 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 the business, financial condition and results of operations of the Group. In addition, there is a risk that insurance premiums may increase to a level where the Group considers it is unreasonable or not in its interests to maintain insurance cover or to a level of coverage which is not in accordance with industry practice. In addition, the Group may, following a cost-benefit analysis, elect not to insure certain risks on the ground that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Group of the insurance cover. If the Group is not able to adequately protect itself against potential liability claims, it may find it difficult or impossible to secure commercialisation of its products.

Environmental, health and safety regulations

The Group's operations, including its facilities, are subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with these and similar future regulations could be substantial. Although the Directors believe that the Group's procedures comply with applicable regulations, the risk of accidental contamination or injury from such materials cannot be eliminated. In the event of an incident, the resulting liabilities could have an adverse impact on the Group. Similarly, many of the Group's suppliers, collaborators and customers are subject to similar laws and regulations. Contravention of these laws and regulations by such groups could have an adverse impact on the Group.

Although compliance with these laws, regulations and permits have not had a material adverse effect on the results of operations or financial condition of the Group to date, such laws and regulations are subject to change and the Group is unable to predict the ultimate cost of compliance. Such costs could be substantial for the Group's clients which could in turn have an adverse effect on the Group's revenues. There can be no assurance that the cost of complying with present or future laws or regulations will not adversely affect the results of operations or financial condition of the Group.

The possibility exists that new legislation or regulations may be adopted that may materially adversely affect the Group's operations, its cost structure or its customers' ability to use the commodities in which the Group specialises. New legislation or regulations may also require the Group or its customers to change operations significantly or incur increased costs which could have an adverse effect on the results of operations or financial condition of the Group.

Data Protection

Historically the Group has not registered as a data controller or data processor and believes it has not been fully compliant with data protection legislation. The personal data collected is stored on a database to which access is restricted. The Directors believe there is therefore a very low probability that any significant issues would arise as the breaches are of a technical nature. The Directors intend to rectify these breaches in respect of future activities.

Dependence upon IT Systems

The Group's 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 Group's computer systems are 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 the Group's financial controls and/or customer service. Such interruption could have a material adverse effect on the Group's business, results of operations and/or financial condition.

Operational considerations

The Group is subject to numerous other operating risks which include: climatic conditions such as flooding or drought; interruptions to transport, water or power supplies; industrial action or disputes; environmental hazards; and technical failures, fires, explosions and other accidents at a laboratory, cargo terminal, port or related facilities. These risks and hazards could result in damage to, or destruction of samples, properties, processing facilities or storage facilities, may reduce or cause operations to cease at those properties, processing facilities or storage facilities, may result in personal injury, environmental damage, business interruption and possible legal liability and may result in actual processing differing from estimates of processing.

While the Group has insurance covering various types of business interruptions in respect of their respective operations, such insurance may not fully cover the consequences of such business interruptions and, in particular, may not cover interruptions arising from all types of equipment failure. There can be no assurance that operating risks and the costs associated with them will not adversely affect the results of operations or financial condition of the Group. Although the Group maintains insurance, the insurance does not cover every potential risk associated with its operations and meaningful coverage at reasonable rates is not obtainable for certain types of environmental hazards. In particular, the insurance coverage in relation to lost or damaged samples is very limited. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on the results of operation or financial condition of the Group.

Dependence on key personnel

The Group's 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 present position, the Group's business could be disrupted and it 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 Group to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

Reliance on Biosafe AG (CH)

The Group is reliant on Biosafe AG for the supply of processing kits for cord blood samples. The Group is and will continue to be reliant on Biosafe AG for successful commercialisation of the services provided by the Group. There can be no assurance that Biosafe AG will continue to produce the processing kits or that the Group will be able to ensure a continued processing kit supply at current prices beyond the term of the relevant contract. In order to help address this reliance on Biosafe AG, the Group carries a one month

stock of processing kits and has validated a processing kit manufactured by another supplier that can be implemented on very short notice. However, the Group will remain reliant on third parties for processing kit manufacture and its ability to procure their manufacture in a manner which is timely, cost-effective and meets regulatory requirements.

Reliance on other third parties

The Group's strategy is to use agency and distribution partners to assist in commercialising the services provided by the Group in a number of markets. Therefore, the Group is, and will continue to be, reliant on third parties for the successful commercialisation of its services. There can be no assurance that the Group will be able to retain its existing partners or to secure new partners or that, once secured, such partners will continue to commit the necessary efforts and resources to achieve commercial success. The Group's ability to penetrate the markets that they serve is highly dependent upon the level of customer service provided by, its agency and distribution partners, which may change from time to time, and over which the Group does not have control. Furthermore, in some cases, the Group invoices its partners in relation to the products and services it has provided over a period of time. The Group is therefore subject to a greater credit default risk than if it were to invoice customers individually. In a number of territories, the Group has entered into distribution contracts which are purported to be exclusive. From time to time, the Group has appointed more than one distributor in such territories in breach of exclusivity. This may subject the Group to the risk of litigation.

The Group has entered into, and may in the future enter into further, research and development collaborations with third party organisations such as universities and other academic institutions. If these parties do not successfully carry out their contractual or regulatory obligations, the Group's research may be unsuccessful and the Group may be unable to commercialise any product of the research. In addition, the research and development may be extended or delayed or be more costly than originally planned.

The Group may acquire in-licensed intellectual property rights in the future. There can be no assurance that such intellectual property rights are, or will be, free from the rights and interests of other third parties and that such other third parties will not challenge the rights of the Group in or to such intellectual property. Where registered intellectual property rights are licensed to, but not maintained by, the Group there can be no assurance that the licensor will adequately maintain and protect the underlying intellectual property rights in which the Group has an interest. Any other third party interests, or any failure by a licensor to maintain and protect underlying intellectual property rights, could materially and adversely affect the business and/or financial position of the Group.

Reliance on key contracts and business relationships

The Group is reliant on key contracts and business relationships to achieve its growth as planned. The Group is also reliant on third parties to provide essential contracting services. While the Directors have no reason to believe otherwise, there can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships could be detrimental to the future business, operating results and profitability of the Group.

Risks resulting from joint ventures

The Group undertakes certain projects and elements of its business in joint ventures with other companies. Any disputes with the joint venture partner could negatively impact the joint venture and thus negatively impact the Group. In addition, any failure in respect of the contractual obligations of the joint venture could lead to the client seeking redress from either joint venture partner for the whole amount of its costs and not just in proportion to the Group's participation in the joint venture.

Acquisition Risks

The Group may make acquisitions in circumstances where the Directors believe that such acquisitions would support the Group's strategy. However, there can be no assurances that the Group 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.

Taxation

The Group currently benefits from a low overall rate of taxation. Whilst it is the Directors' intention to maintain the current structure going forward, there can be no assurance that as the Group grows this structure will be able to be maintained. There can also be no assurance that current tax legislation will not change. Consequently the Group's overall rate of taxation may rise in the future.

Non Guarantee of Tax Treatment

The information in this Admission Document is based on existing taxation legislation. There is no guarantee that the tax treatment described in this Admission Document will continue to apply. Any changes to tax legislation may have an adverse effect on the Group's tax status and the Group's financial results. Any changes may also affect the return on an investors' investment in the Group and result in changes in personal tax rates and tax relief.

Tax treatment of service companies

The Group has obtained the services of certain of its directors through management and consultancy agreements with service companies owned by the relevant director. There is a risk that tax authorities may nevertheless construe these arrangements as employment arrangements and that additional taxes would need to be paid as a result of this. The Directors believe however that the impact of any such additional taxes would not be material.

Dividends

The Group's ability to pay distributions to Shareholders will depend to a degree on the earnings and cash flow of its subsidiaries and their ability to pay the Group distributions and to transfer funds to it. Other contractual and legal restrictions could also limit the Group's ability to obtain cash from its subsidiaries. If there are changes to accounting standards or to the interpretation of accounting standards, this could have an adverse impact on the Group's ability to pay dividends. The Group's right to participate in any distribution of its subsidiaries' assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of the subsidiaries' creditors, including lenders and trade creditors.

Part 7 of this document details the tax for UK and Dutch residents of dividends. Any change in the tax treatment of dividends or interest received by the Group may reduce the level of yield received by Shareholders.

General economic conditions

Market conditions, particularly those affecting healthcare companies, may affect the ultimate value of the Group's share price regardless of operating performance. Market perception of healthcare companies may change which could impact on the value of investors' holdings and impact on the ability of the Group to raise further funds by an issue of further shares in the Group or by borrowing. Given the international nature of its business, the Group is subject to a number of political, regulatory and trade risks, including:

- restrictions on the repatriation of capital, in particular regulations relating to transfer pricing and withholding taxes on payments made by subsidiaries and joint ventures;
- unexpected regulatory reforms;
- customs duties, export controls and other trade barriers;
- longer account receivable payment cycles and difficulties in collecting accounts receivable in certain countries;
- limited legal protection of intellectual property rights in certain countries; and
- social and political instability (in particular strikes and work stoppages).

The Group cannot guarantee that it will be able to manage these risks, many of which are outside its control, or that it will be able to ensure compliance with applicable regulations without incurring additional costs.

In addition, there are a number of macroeconomic factors and local political and economic risks that could affect future demand and/or the ability of the Group to complete existing projects or convert potential prospects into binding commitments. These include a general future downturn in the world economies

(potentially exacerbated by the so called 'credit crunch' and the instability of conflicts around the world, especially those along religious lines) possible further interest rate rises, and increases in inflation in the economies within which the Group trades. The Group could also be affected by unforeseen events outside its control, including, natural disasters, climatic extremities around the world, terrorist attacks and political unrest and/or government legislation or policy.

Currency risk

The Group's expected revenue will generally be generated in numerous currencies and the Group's expenses will be payable in local currencies of operation. The income in any one currency may not necessarily match the expenses in that currency. Consequently the exchange rates between the various currencies will have impact on the Group's expected new orders, revenues and earnings and are affected by numerous factors beyond the control of the Group. These factors include local economic conditions and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Group's financial results and standing, plans and activities and its ability to fund those plans and activities.

Exchange rate risk

As a consequence of the international nature of its business, the Group is exposed to risks associated with changes in foreign currency exchange rates. The Group presents its consolidated financial statements in Euros. Movements to translate foreign currencies into the Euro may have a significant impact on the Group's results of operations, financial position and cash flows from year to year.

Litigation risks

Legal proceedings may arise in the course of the Group's business. The Group cannot preclude the possibility of litigation being brought against the Group. There can be no assurance that adversaries to any litigation proceedings would not be able to devote substantially greater financial resources to any litigation proceedings or that the Group would prevail in any future litigation. Any such litigation, whether or not determined in the Group's favour or settled by the Group, could be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

Dutch law

The Company is incorporated under Dutch law and therefore the rights and responsibilities of legal and beneficial holders of the Ordinary Shares are governed by the Articles and by Dutch law. Consequently, Shareholders' rights and responsibilities may differ from the rights and responsibilities of shareholders under English law or the law of other non-Dutch jurisdictions. Further details on the rights of Shareholders are set out in paragraph 4 of Part 6 of this document and further details of certain provisions of Dutch law are set out in Part 8 of this document.

Legal systems

Countries that the Group operates in may have a range of legal systems, some of which may be less developed legal systems than those in jurisdictions with more established economies which may result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) the relative inexperience of the judiciary and courts in such matters. There can be no assurance that the Group, joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the effect of applicable laws (which may affect the validity of provisions in the Group's contractual arrangements or lead to the incorporation of mandatory terms or rights not explicitly agreed), actions of government authorities or others and the effectiveness of and enforcement of such arrangements.

Raising of future funds and growth of the Group

The Directors will consider all options available to them in relation to the funding of the future expansion of the Group. If further issues of equity are considered to be the most suitable means of raising finance, the newly issued shares may reduce the percentage ownership of the then current Shareholders and may

also have rights that are senior to those of such Shareholders. Furthermore, there are no assurances that this funding will in fact be available or that it will be available on terms favourable to Shareholders. If the Group wishes to use borrowings to make future investments, there can be no certainty that it will be able to put in place debt facilities on acceptable terms or indeed at all. The use of further borrowing would increase the Group's exposure to capital risk and interest costs. Where the associated interest costs prove to be greater than income and gains earned on investments made using borrowings, the revenue of the Group could be adversely affected and may even result in erosion of capital.

Share price volatility and liquidity

The share price of emerging healthcare companies can be extremely volatile. The price of the Ordinary Shares will be influenced by a large number of factors, some specific to the Group and its operations, some of which may affect healthcare companies generally, and many of which will be outside the control of the Group. These factors may include, but are not limited to, results from other healthcare companies which distribute, or otherwise provide, competing products or services, large purchases or sales of shares, changes in the regulatory environment and changes in recommendations of securities analysts. In particular, sales, or the expectation of sales, of substantial numbers of Ordinary Shares by existing significant Shareholders or by persons who become significant Shareholders may depress the market price of the Ordinary Shares.

The Group is unable to predict whether substantial amounts of Ordinary Shares in addition to those which will be available under the Placing will be sold in the open market following Admission (or following the end of the lock-in periods referred to in paragraph 20.4 of Part 1). Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, could materially adversely affect the market price of the Shares.

Possibility of falling share prices due to future sale or issues of Ordinary Shares

Any increase in the number of Ordinary Shares eligible for trading or sale or the perception that such sales may occur, could adversely affect the market or the market price of the Ordinary Shares. In addition, the Group may in the future issue equity or equity-linked securities to finance its operations. This could affect the market for, or the market price of, the Ordinary Shares.

Trading and liquidity in the Ordinary Shares and AIM

The Ordinary Shares will be admitted to AIM and it is emphasised that no application is being made for admission of the Ordinary Shares to the Official List or to any other stock exchange at this time. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. Furthermore, the London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. An investment in the Ordinary Shares is highly speculative and subject to a high degree of risk. The price of publicly quoted securities can be volatile and is dependent upon a number of factors, some of which are general market or sector specific and others that are specific to the Group. Only those who can bear the risk or the loss of their entire investment should invest.

Prior to Admission there has been no public market for the Ordinary Shares, not have they ever been traded, quoted or dealt on any securities market. Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a 'liquid' market in the Ordinary Shares or that Ordinary Shares will in the future be traded on AIM. An investment in the Ordinary Shares may therefore be difficult to realise. Consequently, each prospective investor should view his purchase of Ordinary Shares as a long-term investment and should not consider such purchase unless he is certain he will not have to liquidate his investment for an indefinite period of time. The Ordinary Shares will not be listed on the Official List.

Public Company Compliance Costs

The Group expects to incur increased legal, accounting and other costs relating to operating as a UK-quoted company. Reporting and investor relations obligations will arise for the Group, which require new expenditure, place new demands on management and may require the hiring of additional personnel. The Group may also implement additional systems that require new expenditure in order to aid its

functioning as a company quoted on AIM. The Group will also incur additional expenses from operating as a UK-quoted company including registration and listing fees, increased corporate governance costs and other similar expenditure. Failure to manage the transition to becoming a UK-quoted company could have an adverse effect on the Group's business or results of operations.

PART 3

STEM CELLS AND REGULATORY ISSUES

Stem Cells[10]

Stem cells are basic foundation cells for every cell in the human body. They are unspecialised cells that have not yet differentiated (changed) into any specific type of tissue and which are therefore still capable of becoming a wide range of specialised cell types. Stem cells are common to all multicellular organisms, and they have the ability to renew themselves through cell division while remaining in the undifferentiated state. Stem cells can, through cell culture, be grown and transformed into specialised cells, with characteristics consistent with cells of various tissues such as muscles or nerves. Stem cells can therefore be used to repair or replace damaged tissue, thereby enabling new therapies aiding recovery from diseases and other cell damage including, without limitation, cancer, diabetes, cardiovascular disease and blood diseases.

As a stem cell matures it moves closer to a specific cell type and the changes that the cell undergoes limit the cell types into which it can differentiate. Each successive change moves the cell closer to the final cell type determination, and so limits its potential cell type until it is fully differentiated (changed).

Adult Stem Cells[11]

There are two types of adult stem cells: embryonic stem cells and adult stem cells. Embryonic stem cells are derived from embryos which are typically four or five days old, and are a hollow microscopic ball of cells. Embryonic stem cells are capable of differentiating into virtually all cell types. Adult stem cells are derived from non-embryonic cells, and are more limited than embyronic stem cells in their potential to develop into different cell types.

There are two different types of adult stem cells, haematopoietic stem cells (HSCs) and mesenchymal stem cells (MSCs).

Haematopoietic Stem Cells[12]

HSCs are a well-characterised population of adult stem cells, which are committed to developing into blood cells. They are relatively easy to obtain and have been used for decades to treat blood cancers and other blood disorders.

Mesenchymal Stem Cells[13]

MSCs are another well-characterised population of adult stem cells. They can form a variety of cells in a laboratory, including fat cells, cartilage, bone, tendon and ligaments, muscles cells, skin cells and even nerve cells. MSCs have been studied in great detail and techniques for the isolation and growth of MSCs in culture have been established. The cells can be maintained and grown in culture for long periods of time, although science is still developing commercial expansive techniques.

Unlike HSCs, new genes can be introduced into and maintained in MSCs. MSCs can be easily obtained in sufficiently large quantities for clinical applications, making them good candidates for use in therapies and tissue repair. This mixture of versatility and plenty makes these cells highly desirable for treating illness and therefore for storage.

MSCs can be preserved by freezing. When they are thawed it has been proven that they function normally, thus allowing for future "off-the-shelf" therapy approaches.

Regulation of the collection, processing and storage of human adult stem cells

The Group's core business focuses on the collection and storage of HSCs and MSCs. Activities concerning these human adult stems cells do not attract the same legal or ethical concerns associated with human

(10) Stem Cell Information, The National Institutes of Health resource for stem cell research, http://stemcells.nih.gov/info/basics/basics1.asp

(11) Stem Cell Information, The National Institutes of Health resource for stem cell research, http://stemcells.nih.gov/info/basics/basics4.asp

(12) International Society for Stem Cell Research, Adult Stem Cells by Suzanne Kadereit, http://www.isscr.org/public/Adult_SC.pdf

(13) Ibid

embryonic stem cells, as they do not involve the use of viable human embryos. Nevertheless, the Group's activities are highly regulated.

In the European Union the activities of the Group are governed by national laws implementing various European directives, including Directives 2004/23/EC, 2006/17/EC and 2006/86/EC which regulate the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells, including HSCs and MSCs (see further details below); Directive 2003/94/EC which sets out the principles and guidelines for Good Manufacturing Practice (GMP), including for cell expansion; Directive 2002/98/EC which regulates the collection, testing, processing, storage and distribution of human blood and blood components; and Directive 93/42/EEC which governs medical devices such as the collection kits used by the Group or the equipment used for processing the stem cells. Similar laws apply in other jurisdictions in which the Group operates its business.

Collectively, these laws provide for minimum standards of safety, efficacy and quality to protect human health and rights. Breach of these laws may attract sanctions, including imprisonment and fines.

The Group's laboratories have received various accreditation and/or authorisations in Belgium by the Belgian Accreditation Body, BELAC; in Germany by Deutsche Akkrediterungsstelle Chemie GmbH, Bezirksregierung Köln and Regierungspräsidium Tübingen; in Austria by Bundesministerium für Sociale Sicherheit and Generationen and Bundesministrium für Gesundheit und Frauen; and in Switzerland by Bundesamt Für Gesundheit. The Dubai laboratory has applied for accreditation by the American Association of Blood Banks (AABB). These provide independent confirmation that the accredited facilities conform to certain technical standards required by local laws relating to the collection, processing and storage of human adult stem cells.

In addition, the Group must comply with new laws on donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells, including HSCs and MSCs, brought into the EU and EEA by Directives 2004/23/EC (the "Tissues and Cells Directive"), 2006/17/EC (the "First Technical Directive") and 2006/86/EC (the "Second Technical Directive", together the "Directives").

The Tissues and Cells Directive creates a new 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.

The First Technical Directive and the Second Technical Directive supplement the Tissues and Cells Directive by setting out technical requirements for the donation, procurement and testing of human tissues and cells, as well as the traceability requirements, notification of serious adverse reactions and events, and technical requirements for the coding, processing, preservation, storage and distribution of human tissues and cells.

Member States must implement the Directives into national laws, and include criminal sanctions for non-compliance which impose effective, proportionate and dissuasive penalties. The Tissues and Cells Directive and the First Technical Directive should have been transposed into national laws by 7 April 2006 and 1 November 2006, respectively, and Member States have until 1 September 2007 to transpose the Second Technical Directive. A number of countries have not yet met, and/or are unlikely to fully meet, their transposition obligations by those deadlines. While the Group is compliant with some of the future obligation which will be imposed by the Directives, the lack of certainty as to how local laws will be drafted will cause difficulties for the Group and others who operate businesses regulated by the Directives.

PART 4

EXPERT'S REPORT

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Expert's Report: Cryo-Save Group NV

October 2007

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1. Summary

The core business of the Cryo-Save Group is the processing and cryogenic preservation of umbilical cord stem cells. The basic value offering of cord blood banking to parents is that the storage of stem cells present in a newborn's cord blood provides a source of therapeutic material that can be used in the event that the child or sibling develops a disease that can be treated using stem cells present in cord blood.

Stem cell biology provides an understanding of the body's capacity for regeneration which is driving the growth of the stem cell market[1]. Umbilical cord is a valuable source of stem cells due to its ease of collection, lack of ethical issues and the variety of adult stem cells (ASC) types which include haematopoietic stem cells (HSC: blood-forming) and mesenchymal stem cells (MSC connective tissue-forming: bone, cartilage, muscle). Additional sources of ASC include bone marrow, skin and adipose (fat) tissue.

(1) Opportunities in Stem Cell Research and Commercialization. Business insights Ltd (2006)

Cryo-Save's core product, branded as Cryo-Cord offers parents a complete service including a collection kit, training material for midwives, logistics, processing and storage to enable the safe storage of cord blood HSC using accredited techniques and procedures.

Cryo-Save is the largest private cord blood bank in Europe, well established with a good reputation in the expanding market for cord blood storage. The company's strategy in the short-term is to grow by expanding the geographical coverage of its cord-blood banking operations, and in the medium term to introduce new products which will leverage the existing logistics, processing and storage infrastructure.

Stem cell therapy remains a sensitive issue. Although heavily regulated in the EU, control is much less stringent in territories such as Asia. Adverse events (infection, cancer, and ethics) in these areas would have a detrimental effect on public confidence in the entire industry. The EU has ethical concerns over the commercialisation of human material. To allay these concerns Cryo-Save operates to the highest international quality standards and is accredited by national and international organisations. In addition, Cryo-Save works with public banks in areas, such as Italy, in which private stem cell banking is much more stringently regulated. The focus on the implementation of stringent quality procedures indicates that Cryo-Save is aware of these critical issues.

Cryo-Save's new product development strategy involves the development of techniques to expand the stem cells present in each sample of cord blood. This will potentially increase the success rate of HSC transplantation and extend the use of cord blood from primarily paediatric to adult patients. The company has developed collaborations with institutions in Europe with expertise in this area and has indicated that it plans to acquire cGMP facilities, which would be necessary to implement this technology. If successful this technology would significantly enhance the company's offering. This area is, however, the subject of extensive research and patenting around the world, and contains a degree of technical risk.

Cryo-Save is adapting its existing processes and technology to store MSC derived from cord tissue. This would increase the utility of each cord sample because HSC and MSC have different applications for the treatment of both childhood and adult diseases. Development of this product utilises known technology combined with Cryo-Save's existing infrastructure and hence represent low technical risk.

Cryo-Save has indicated that it also intends to expand its offering to include Cryo-Lip, the collection, processing and storage of MSCs derived from lipo-suction procedures. These techniques are known within the industry and therefore represent a low technical risk. This product would however target a different set of customers than that for cord blood requiring the company to secure an appropriate route to market.

Within the stem cell market the demand for products and services associated with cord blood is being driven by a number of factors. Parents are becoming increasingly aware of the potential of stem cells as therapeutics and are increasingly willing to invest in this form of biological insurance. Adults are also realising the potential of storing stem cells as a form of biological insurance. Cord blood provides an ethically non-controversial and easily obtainable source of HSC and MSC with the potential to regenerate both the blood and connective tissues.

Although routine use of cord blood for adult HSC transplantation is limited by the small size of the cord blood donation, this is changing rapidly due to recent improvements in transplant protocols and the development of stem cell expansion technology. Future non-haematopoietic uses of cord blood may also include such large markets as ischaemic heart disease and orthopaedics. Worldwide there over 50 stem cell therapies under investigation of which 6 use cord blood.

US companies with their longer experience and investment in new technology represent a threat by entry to the European market. However US companies are not heavily targeting the European market due to the varied regulatory regimes, the ethical debate over private versus public banks, and the higher growth rates in the US and Asian markets. Cryo-Save's major EU competitor is therefore German-based Vita34. As the market becomes more competitive companies are developing differentiated offerings. This includes technology to expand HSCs and improved technologies for collection/storage of stem cells. Cryo-Save is also filling its product pipeline by forming academic collaborations across Europe to develop improved cryopreservation and expansion technology.

2. Stem Cell Biology and Applications

2.1 Introduction

A stem cell is a cell capable of self-renewal over long periods of time and able to differentiate into specialised cells under the appropriate conditions. This is the basis of the body's capacity to continuously

replenish tissues, such as blood, and to heal injuries. The combination of stem cell science with cell production under regulated conditions plus transplant technology raises the possibility of repairing damaged tissues and hence developing cures for previously intractable conditions. As parents become increasingly aware of successful and potential treatments using stem cells, they recognise the value in storing their newborn child's cord-blood which contains a number of stem cell types.

2.2 Basic Stem Cell Biology

The common characteristics of all types of stem cells include: (a) Self-renewal to maintain identical stem cells over many years (b) differentiation to cells with different functions and (c) long-term repopulation of a tissue upon transplantation.

Differentiation is the process by which stem cells respond to physiological signals to generate fully functional mature cells (e.g. HSC mature into red and white blood cells). In this way cells in organs, such as the skin, blood and even the brain, are constantly replenished by a few resident adult stem cells. Many organs contain more than one cell type, each with its own specialised role, and hence may contain more than one stem cell e.g. skin contains epithethial (epidermis), mesenchymal (fibroblast) and endothelial (blood vessel) cells.

Adult (or somatic) stem cells can be isolated from many tissues, including umbilical cord, bone marrow, brain, hair follicles and adipose tissue. In general, ASC can only differentiate into the cell types of their tissue of origin, for example neural (brain) stem cells into nerves, glia and oligodendrocytes which together make up the brain.

The most common source of adult stem cells is the bone marrow, located in the centre of some bones. Since it was first demonstrated in 1956 that injected bone marrow can regenerate the complete blood forming system, bone marrow transplantation has become the most widely used example of stem cell therapy with 40,000-50,000 bone marrow transplants conducted annually in the US and Europe[(2)]. There are 2 approaches to transplantation: autologous (common approach of private banks) in which the patients own cells are used; and allogeneic (common approach of public banks) where cells from a tissue-typed matched donor are used.

The ability of bone marrow to regenerate the blood forming system is due to the presence of HSC which are present at a frequency of 1 in 2 million cells. Many blood cells are short-lived and need to be replenished continuously; the average human requires approximately one hundred billion new haematopoietic (blood) cells each day. The bone marrow also contains MSC at a frequency of 1 in 100,000 cells which are responsible for repair and replenishment of connective tissues including bone, cartilage, tendon, muscle and fat.

2.3 Cord Blood derived cells

The product offering of Cryo-Save to its customers assumes that the stem cells contained within cord blood have unique advantages over other stem cell sources, such as bone marrow.

Cord blood has been identified as an additional source of HSC and its use has increased greatly in recent years. Cord blood also contains endothelial (blood vessel) and MSC. Since the first cord blood transplant was performed in 1988, cord blood has been shown to have several advantages compared with bone marrow. These include: easy availability, lower risk of infectious disease transmission and lower risk of graft versus host disease (GVHD: immune cells in the donor tissue attack the recipient's tissues).

The most common source of MSCs is the bone marrow, but aspirating bone marrow from donors is an invasive procedure. In addition, the number and the differentiating potential of bone marrow MSCs decreases with age. Therefore, alternative sources of MSCs are of significant value. The solid tissue of the umbilical cord and the placenta are a rich alternative source of MSC, as is skin and adipose tissue.

The fact that the umbilical cord is a source of multiple types of stem cells (predominantly HSC and MSC) with the potential to regenerate a wide variety of tissues, coupled with their relatively easy collection has led to significant research on their isolation, storage, biology and application.

2.4 Adipose tissue derived stem cells

Adipose (fat) tissue contains numerous types of regenerative cells. These include MSC, blood vessel stem cells and other cell types. These cells collectively contribute to healing and repair through a variety of

(2) Opportunities in Stem Cell Research and Commercialization. Business insights Ltd (2006)

mechanisms that involve promoting blood vessel growth, keeping alive injured cells and differentiating into several tissue types, such as bone, cartilage, fat, skeletal muscle, smooth muscle and cardiac muscle. Some evidence shows that adipose tissue may contain a higher proportion of stem cells than bone marrow (1:100 compared to 1:100,000). With the advent of cosmetic surgery and liposuction the collection techniques for adipose tissue are well established making this another safe and readily available source of adult stem cells.

The following table summarizes the strength and weaknesses of the three main sources of stem cells, and the maturity of the technology (described as time to market).

Stem Cell Source	Strength	Weakness	Time to Market
Bone Marrow	• Contains HSC & MSC • Not likely to form tumours • No socio-political issues • Well established clinical use • Repeat donation possible • Donor lymphocytes may kill tumours	• Difficult to harvest • Difficult to expand in culture • Requires extensive HLA matching • Few registered ethnic minority donors	• Existing market in HSC transplantation, • New therapies likely in <5years (cardio, Ortho, Immuno)
Cord blood	• Contains HSC and MSC • Tumours unlikely (Allogeneic donors) • Ease of collection • Stored product for immediate use • Reduced risk infection • Proven in therapy (HSC) • No socio-political issues • Reduced risk of GVHD • Potential donors for minority populations • Absence of donor attrition • 100,000 units currently available	• Difficult to expand in culture • Insufficient HSC for adults • Delayed HSC engraftment increasing risk of transplant failure • Potential presence of pre-existing leukaemic clones in autologous donations. • No possibility of lymphocyte donations to help kill tumours	• Existing market in HSC transplantation • New therapies likely in 5+yrs (cardio, Ortho, Immuno)
Embryonic	• Capable of differentiating to any cell • Capable of unlimited expansion in culture	• Difficult to control differentiation, purity & function of final product • Potential tumor formation • Major socio-political issues	• Long-term impact on market 10+ years

3. Cryo-Save Products and Technologies

3.1 Existing Products

Cryo-cord

The core business of the Cryo-Save Group is the processing of cord blood and the cryogenic preservation of cord blood stem cells. The methods used for the processing and storage of cord blood stem cells are identical to those used by public stem cell banks. Cryo-Save is the largest private cord blood bank in Europe with approximately 65,000 units stored and 5 released for successful transplantation for treatment, in line with the expected frequency of 1 in 20,000, thus illustrating the quality of their banking procedures.

Based on the description of its procedures, the company is operating to high quality standards as evidenced by its sites in Germany and Belgium receiving approval by the relevant authorities and by the recognition of the importance of the need to operate to these standards to maintain customer confidence and facilitate future use in cell based therapies. The splitting of samples between two sites also increases the security of the system.

The main Cryo-Save site in Belgium has been accredited by the Belgian accreditation body (BELAC) and has an ISO certificate (EN/ISO/IEC 17025). However the EU directive on human cells and tissues is yet to be transposed into Belgian law and hence further regulatory requirement may be made of this facility in 2007 when the transposition is expected to be completed. Similarly, the laboratories in Germany and Belgium are operating according to cGMP principles and are accredited by the appropriate competent authority in those states. The Dubai facility is in the process of accreditation by the AABB (American

Association of Blood Banks) which is an internationally recognised standard. Cryo-Save is also in the process of attaining JACIE-FACT accreditation. Many clinicians recognise these standards and prefer to use material from accredited sources.

The processing methodology used by Cryo-Save meets current EU guidelines and involves preparing a Buffy coat containing only the white cells, using a fully automated closed system provided by BioSafe. This latter system is recognised as the standard equipment by JACIE-FACT and is used by most public blood and bone marrow banks. Cryo-save has shown that its kit is successful in 89% of collections (the average across all cord banks being 40-60%[3]).

The quality of the collection is ensured by use of this CE marked collection kit. A breach in quality may occur however if untrained persons use this kit. Most public cord blood banks provide trained staff present in the delivery room to collect the samples. Cryo-Save provides a training CD for midwives attending the birth but not specific technicians and this appears to operate satisfactorily.

Cryo-Save has an extensive logistics network which ensures that the cord blood is transported from the maternity unit to a Cryo-Save processing centre within 48 hours of birth. Prompt processing and freezing has been shown to be a key factor affecting the quality of cord blood products.

The growth of Cryo-Save will primarily be driven in the short-term by geographical expansion. This is a feasible approach as it has been shown that cord blood banks using the same standard operating procedures achieve comparable results in terms of success of transplants, as shown in a study comparing two banks, in USA and Taiwan. If Cryo-Save is planning to attain additional JACIE-FACT accreditation at new locations this may impact upon Cryo-Save's timeline of 180 days to start-up new banks, although the existing quality systems and FACT-JACIE accreditation may mitigate this risk.

The Cryo-Save cord blood storage technology is the subject of a granted patent (WO2005095583A1 priority date 3 March 2004) plus a patent application (NL1031528C). These patents relate to the system of storage and retrieval of cells and relevant donor data. A further patent (BE1016380 publication date 2006-09-05) describes a similar system for storage and retrieval of umbilical cord tissue for later extraction of MSC. These patents do not represent novel technology for cryogenic storage of stem cells but rather innovative inventory systems. Patent activity is very high in this area with 814 patent applications in the Espacenet database describing methods of extraction, storage or use of umbilical cord and/or placenta for regenerative medicine.

Developments in the techniques of cryo-preservation will potentially enhance Cyro-Save's offering in stem cell storage. Their participation in the "Crystal" EU FP6 programme, which brings together a consortium of academic and industry scientists to develop new cryo-preservation technologies for cells, will enable them to access any appropriate developments.

3.2 Products in Development

Stem Cell Expansion

A major limitation in the use of cord blood stem cells is the relatively small size of the donation which makes a single cord unit unsuitable for adult HSC transplantation[4]. Therefore, for autologous use in adults or older children, expansion of HSC is essential. Many groups report expansion of the number of cells in cord blood but few have achieved this whilst retaining the transplantable HSC[5]. There is however significant research investment in this difficult challenge.

Cryo-Save have formed alliances with European academic groups such as the French Blood Establishment Aquitaine-Limousin (EFSAL) in Bordeaux as well as the University of Cologne both of whom have expertise in the area of HSC expansion. In addition, Cryo-Save is a founder member of the International Tissue Engineering Research Association which is a network of over 40 mostly European scientists working in this field, giving them access to recognized expertise. However, this remains a key technical challenge, with a number of competitors investing in the area and with a number of patents issued. In particular, a

(3) Cord Blood: Establishing a National Hematopoietic Stem Cell Bank Program. Institute of Medicine of the National Academies Eds: Meyer, Hanna & Gebbie. The National Academic Press, Washington DC. (2005)

(4) Stem Cell Transplantation (Cord Blood Transplants) *Chao, Emerson and Weinberg Haematology(2004) page 354-371*

(5) *Boiron et* al Large-scale expansion and transplantation of CD34+hematopoietic cells: in vitro and in vivo confirmation of neutropenia abrogation related to the expansion process without impairment of the long-term engraftment capacity TRANSFUSION Volume 46, November 2006

number of patents cover key growth ingredients, such as cytokines, used in the expansion process which would need to be accessed if a process were to be commercialized.

Often the methodology to expanded stem cells relies on specialized know-how that is contained in the personnel who developed the techniques. Therefore, if Cryo-Save moves to commercialise expansion technology developed by its partners it would need to ensure an efficient technology transfer into its operations.

Expanded stem cell products, unlike processed cord blood, are regulated by the FDA/EMEA and are considered by these agencies as biopharmaceutical products. As such they must be manufactured to cGMP standard in a certified facility and must undergo pre-clinical and clinical trials to determine safety and efficacy before they can be launched onto the market. Cryo-Save has indicated their intention to acquire GMP facilities which would allow them to produce expanded stem cell products. They will also be required to carry out pre-clinical and clinical trials with expanded products.

Cord MSC Storage

Cryo-Save plans to utilise its existing Cryo-Cord collection kit and logistics system to provide a cord MSC storage service. The new service will be marketed through the existing cord blood channels. Cryo-Save is currently conducting studies to determine the optimum method for collection, extraction and cryo-storage of cord MSC. The collection kit will then be modified and it is anticipated the product will be launched within 6 months. Cell and tissue freezing technology is now well established and hence testing the various available methods for use with cord MSCs should be a relatively low risk project bringing extra revenue from the existing customer base. There is some risk with culturing the cells prior to storage, as it is known that culture can profoundly affect function. There has been patenting in this area which may impinge upon Cryo-Save's ability to fully commercialise this product. In particular, WO20044072273 describes the extraction of MSC from the perivascular tissue (Wharton's jelly) of the cord. Companies such as Smith & Nephew and Advanced Tissue Sciences also hold patents in this area. Cryo-Save hold a patent application (BE1016380 publication date 2006-09-05) describing a system for storage and retrieval of umbilical cord tissue for later extraction of MSC. As with their cord blood storage patents this does not represent novel technology but protects their innovative inventory system.

Cryo-Lip

Currently most tissue obtained from cosmetic liposuction procedures is discarded. This material is, however, known to be a rich source of MSCs. Cryo-Save plan to use their existing storage facilities and know-how in logistics and cryo-preservation to create a service to store the MSCs derived from this adipose tissue. The techniques required for isolation and cryo-preservation of MSCs are known but would require testing and validation to determine the optimum conditions. Additional development would also be required to develop a kit, similar to the BioSafe systems, for customers to present to their physician. This appears to be a relatively low technical risk project.

Cryo-lip does however target an entirely new customer base (adults undergoing cosmetic procedures) and a different set of physicians (plastic surgeons). Cryo-Save would therefore need to develop a network of relationships within plastic surgery clinics and a new marketing strategy to reach these new customers. Cryo-Save has begun this process via collaboration with Clinica Planas, a Barcelona plastic surgery centre.

Public-Private Banking

There is considerable ethical controversy surrounding the decision to store cord blood in private versus public banks. This issue can be resolved by creating a hybrid public-private bank in which samples can be split providing one half exclusively for family use and the remaining portion being available to any tissue-matched patient. This system is reliant upon developing methods for HSC expansion and also resolving issues regarding ownership and ethics. An alternative is to tissue-type and register all samples, including those privately banked. The parents can then choose to donate the cord blood should an unrelated matched patient need the unit. This is the approach adopted by Cryo-Save and is not reliant on development of HSC expansion technology.

In some territories private banking is not sanctioned (e.g. Italy and France) and hence public-private banks are essential. In addition, large public banks offer economies of scale which may become more significant as more stringent regulation is adopted throughout Europe. It is likely that private banks will begin to consolidate. Public-Private banks do however incur additional costs associated with the necessity for tissue-typing all donations.

Cryo-Save has already begun to develop business models that meet these ethical concerns via its collaboration with Osidea an Italian non-profit organisation. In addition, Cryo-save already offers tissue-typing at an additional fee.

4. Market Analysis

The total available market for cord blood banking is driven by two key factors; total number of live births and the percentage of parents able or willing to pay for the storage. In the core market for Cryo-Save which is Europe (here defined as the 27 countries within the European Union) there were 5.1m live births in 2005. Of this total only a low percentage <1% elect to store cord blood. Given that the live birth rates are relatively constant in developed regions like Europe the key drivers affecting the growth of the private market for cord blood banking are associated with parent's ability to pay (price), willingness (awareness of benefits, ethical concerns) and the extent of public cord blood banking provided by the government.

In the following sections, the factors and evidence that could drive market growth based on technical evidence and advances are summarized under the following headings; current clinical use, potential clinical uses, other technology based market drivers.

4.1 Current Clinical Uses of cord blood stem cells

Haematopoietic stem cells

For parents considering storing their child's cord blood, particularly in a private bank, one of the key criteria is whether there is a proven potential benefit. Given that cord blood is a source of HSCs then the accumulated data from 40 years of experience showing that bone marrow transplants can successfully treat a range of illnesses gives parents positive information on the benefit of storage. There are currently in the region of 40,000 bone marrow transplants per year of which 5,000 are performed on children. This market has an estimated value of $4bn and the total value of the HSC transplant market is currently $20bn[(6)].

The first successful use of cord blood was achieved in 1988 and data accumulated since then have demonstrated that cord blood is an accepted source of stem cells for paediatric patients to treat a variety of malignant (e.g. leukemia, lymphoma) and non-malignant blood diseases[(7)]. Currently in the US and EU there are approximately 3,000 cord blood transplants per year, mostly unrelated donor (allogeneic) transplants in children[(8)].

The clinical criteria typically used for assessing the success of HSC transplantation is the time to engraftment (time taken for the transplanted cells to produce mature blood cells in the patient) and percentage of event-free survival. Data in the literature shows that cord blood performs well against the above criteria.

Where cord blood has been used in allogeneic (unrelated donors) therapy it has been shown to have advantages over bone marrow. In particular, the incidence of GVHD (graft versus host disease: donor cells attack the recipient's tissues) is lower and transplantation can be successful, even if the patient and cord blood donor are not perfectly matched. This latter observation increases the potential donor pool available and increases the potential use of cord blood stored in public or private/public banks.

Cord blood does have some disadvantages compared to other sources of HSCs, such as bone marrow or mobilized peripheral blood. The small volume of cord blood (typically 75-100ml) means that the number of HSCs is low and the use of cord blood HSC is therefore limited to children under 40kg. This means that currently in private banks the success rates for older children and young adults will be low. For allogeneic treatments this problem has been overcome by using multiple units of cord blood from different donors to treat each adult patient. In the last 5 years, several investigators have published the results of cord blood transplantations in adult patients using multiple allogeneic cord blood units. This issue could be overcome for autologous therapies by a process to reliably increase the population of stem cells by expansion.

Even when the optimal number of cord HSCs is given, cord blood shows slower engraftment (time for the HSC to produce mature blood cells). Opportunistic infection and organ failure rises when engraftment is slower. This limitation on the successful use of cord blood would be overcome by development of

(6) Opportunities in Stem Cell Research and Commercialization. Business insights Ltd (2006)

(7) Cord Blood: Establishing a National Hematopoietic Stem Cell Bank Program. Institute of Medicine of the National Academies Eds: Meyer, Hanna & Gebbie, The National Academic Press, Washington DC. (2005)

(8) Opportunities in Stem Cell Research and Commercialization. Business insights Ltd (2006)

transplant protocols which promote transport of cord HSC to the bone marrow and subsequent engraftment.

Another disadvantage of autologous use of privately stored cord HSCs is the detection of leukaemic stem cells in the stored cord blood of some paediatric leukaemia patients. The significance of this observation is that prior to autologous cord blood treatment of childhood leukaemias extensive testing is required for the presence of the leukaemic cells. These techniques are available for use if needed.

Mesenchymal stem cells

The ability of MSC to differentiate into connective tissue cells such as bone, muscle, fat and tendon, gives them great potential in tissue engineering applications and this market is expected to grow significantly over the next 10 years[9]. Indeed, cell therapy is considered to be a disruptive technology in orthopaedics. There are already a number of products on the market or in late phase clinical trials which incorporate MSCs for wound healing, cosmetics and orthopaedics as well as cardiac and immuno-modulatory products. Furthermore there is increasing demand by the "worried well" for biological insurance to cover nuclear attack, sports injury and cosmetic therapies. These are summarised in the table below. Of the products in late phase development 6 utilize cord blood as the source of MSC.

4.2 Future uses of cord blood derived stem cells

The facts discussed above give parent's confidence that cord blood derived stem cells have demonstrated ability to treat a number of diseases that may occur in childhood and beyond. Even though the probability that a child will require a cord blood transplant for haematological conditions has been estimated as low as 1:200,000 (only 5 autologous transplants from private banks reported) the number of parents opting to invest in the insurance is increasing. Further demonstrations of the utility and proven therapies using cord blood stem cells will likely serve to accelerate the acceptance and uptake of cord blood banking. Indeed stem cell banking is growing exponentially especially in Europe, central and south America. By 2005 there were 127 cord blood banks worldwide (40 of these are public) with an estimated value of the market of $300m[10].

The following table summarises the products currently in development.

Indication	US Patients	Company	Time to market	Cord Blood
Diabetes	2 million	Gamida cell	10yrs	X
		BioE		X
Orthopaedics	0.5 million	Aastrom	<5yrs	
		Cognate		
		Mesoblast		
		Osiris		
Spinal Cord Injury	0.25 million	BioE		X
		Stemcyte	10yrs	
		Saneron		
		Sertoli		
Ischaemic Heart Disease	12 million	Athersys	5-10yrs	
		Angioblast		
		Osiris		
		GamidaCell		X
		viacell		X
		endogenitor		X
		cytori		
		Arteriocyte		
		Bioheart		
Immuno-modulation		Viacell		
HSC Transplant	18 thousand	Hospitals	On market	X paediatric
		Pluristem	<5yrs	X
		BioE	<5yrs	X

(9) ibid

(10) Opportunities in Stem Cell Research and Commercialization. Business insights Ltd (2006)

4.3 Developments with positive impact on market

Improved Transplantation Protocols

A cord blood unit does not contain sufficient HSC to successfully transplant an adult or child over 40Kg[11]. The immunological properties of cord blood have recently allowed transplant physicians to pool two or more cord blood units to treat adult patients. Data indicates that these "double transplants" can be as successful as bone marrow and have the additional advantage of immediate availability[12]. In addition clinical researchers are developing novel cell delivery techniques to improve transport of cord HSC to the bone marrow in order to reduce engraftment time. These improvements in transplant protocols could make cord blood the standard HSC source for adult patients which would greatly increase the demand for allogeneic (publicly banked) cord blood units[13].

Cell expansion

Enhancing HSC numbers prior to transplantation has so far been difficult to achieve. Many studies have shown massive proliferation of bone marrow or cord blood cells in cultures containing a cocktail of expensive protein growth factors. However expansion of transplantable HSC was very modest and usually did not exceed input levels by more than two-fold and in many cases diminished HSC numbers. These preliminary results indicate that HSC expansion in culture is difficult but feasible and may eventually be used in the clinic following further R&D[14].

Similarly, for MSC, although cells are easily expanded in culture, they may not retain their functional properties. Currently MSCs expansion relies on uncharacterized animal products, such as foetal calf serum. These ingredients are subject to increased regulatory scrutiny which will increase the time and cost to develop usable therapies.

The expansion of stem cells exceeds the FDA's definition of "minimum manipulation" category and hence will be regulated in a similar manner to biopharmaceuticals requiring pre-clinical animal testing and clinical trials prior to market launch.

Other factors

Research spending by governments on the science of stem cell technology will continue to increase and in particular the situation in the USA is changing at the state level (e.g. Proposition 71 in California) and potentially at the federal level with the change in administration. Increased research will lead to further advances which will maintain the benefits of stem cell therapy in the public domain.

The implementation of EU regulations is assessed to have a positive impact on the market, giving the pubic confidence in the quality of cord blood banks. In the short-term this may cause a number of operations to close, but overall public confidence in the sector is likely to increase.

4.4 Developments with negative impacts on the market

Any adverse event (e.g. infection or cancer) induced by a cord blood derived therapy will have a negative impact on the whole industry. For this reason it is essential that all companies, wherever they are located, operate to the highest quality standards. This is especially the case for companies who operate in less stringently regulated territories such as Asia.

There is considerable ethical debate, in the EU, concerning the choice of private versus public banking. The principle of non-commerciality of body material, transmitted in an EU directive forbids profiting from body material. Thus, banks are forbidden from re-selling cord blood at a profit. It is, however, permissible for blood banks to charge fees for blood products which allow them to recoup their operating expenses and research costs. Many private banks, such as Cryo-Save, do not sell human cells but provide storage services for families and hence do not infringe this EU directive. Should government increase resources in public banking it could overtake private banks. Conversely involvement in the growth of public cord banks can be viewed as an opportunity for private banks.

(11) Chao, Emerson, Weinberg. Stem Cell Transplantation (Cord Blood Transplants) Haematology (2004) page 354-371.

(12) Barker. Transplantation of 2 UCB units in adults. Blood. (2005)

(13) Ballen. New trends in umbilical cord blood transplantation. Blood. (2005)

(14) Cord Blood: Establishing a National Hematopoietic Stem Cell Bank Program. Institute of Medicine of the National Academies Eds: Meyer, Hanna & Gebbie, The National Academic Press, Washington DC. (2005)

4.5 Description of generic blood banking operation

The first operational cord blood banks were established in the early 1990s in New York, Milan, and Dusseldorf and created the protocols for collection, processing, and freezing of cord blood units. Currently, Bone Marrow Donors Worldwide lists approximately 150 000 available cord blood units from 35 different cord blood banks in 21 countries, with nearly all units tissue-typed for matching.

Cord blood banking involves the following phases: recruitment, consent, and testing of maternal donors; collection of the cord blood unit; processing, freezing, and testing of the cord blood unit; and release of cord blood unit to transplant center[15].

Existing technology and standard methods for collection and storage of stem/progenitor cells from umbilical tissues have proven adequate for regenerative medicine as evidenced by the now large number of transplants. While a number of cord blood storage companies are developing new techniques and procedures to improve their offering, the current technology, when operated to high quality standards, has shown to produce similar results of transplant success in different locations.

The cord blood is processed to remove the red blood cells and plasma and the remaining Buffy coat, containing the HSC and white blood cells, is frozen. Ideally, this processing uses a closed system to minimize contamination risk. Freezing is at a controlled rate (1°C /minute) in the presence of a cryoprotectant, such as DMSO. The sample is then transferred to –80°C freezer, and finally to liquid nitrogen freezers, achieving a temperature of <–180°C, for long-term storage. This procedure has been shown to enable recovery of HSC in cord blood cells for up to 12 years[16].

Blood from the mother is tested for infectious agents including syphilis, human T-cell lymphotropic virus 1 (HTLV-1), HIV, hepatitis B, hepatitis C and cytomegalovirus (CMV). A sample of the cord blood unit itself is cultured, and HLA (tissue type for transplant matching) tested. Cells are counted before and after processing and HSC content is tested on the cord blood product. About half of the cord blood units collected are discarded as they are too small even for transplantation of children. One advantage of cord blood as opposed to bone marrow is the speed of the search process, since there is no living donor to contact and test.

4.6 Regulatory Requirements

In the EU it is (or soon will be) mandatory that Cord Blood storage facilities comply with the EU Cells and Tissues Directive (2004/23/EC) and must be licensed by the competent authority in the EU state in which they operate (Medicines & Health Regulatory Authority in the UK).

Most cord blood banks operate under strict guidelines, analogous to blood banks, and are instituted by either NETCORD, FACT (Foundation for Accreditation of Cellular Therapy), or AABB (American Association of Blood Banks). In addition, most public cord blood banks also comply with the voluntary codes set down by The Joint Accreditation Committee-ISCT & EBMT (JACIE-FACT). As of 2006, in Europe 35 centres have been inspected and, following correction of deficiencies, 28 have achieved full accreditation. Although FACT-JACIE accreditation is currently voluntary, many transplant clinicians will expect the donor cells to be from a JACIE-FACT accredited source. JACIE-FACT is currently working on global harmonisation of recommendations for cellular therapies. Until recently JACIE-FACT would license only public banks but have now begun to register private banks (e.g. StemCyte and Cryo-Save). The standards required to achieve accreditation to JACIE-FACT require investment in time and people. Those centres approved in Europe required at least 18 months to prepare for accreditation and 85% needed to employ a quality manager on an ongoing basis. JACIE-FACT is increasingly becoming a minimum requirement with some territories demanding full cGMP accreditation similar to that required for biopharmaceuticals. The cGMP compliant collection and storage becomes increasingly critical if the stored cells form the raw material for a biopharmaceutical product (e.g. expanded and/or differentiated cell therapy).

(15) Cord Blood: Establishing a National Hematopoietic Stem Cell Bank Program. Institute of Medicine of the National Academies Eds: Meyer, Hanna & Gebbie, The National Academic Press, Washington DC. (2005)

(16) ibid

4.7 Competition

The USA is the most developed market for private cord blood banking with 22 existing banks established over the last 10 years. The total capacity in the USA includes 18 public cord blood banks which offer processed materials for allogeneic transplants[17]. The US industry is therefore well established and probably leading the world in terms of the technology to collect, store and provide cord blood derived stem cells. Currently, there are few examples of US based companies directly entering the European market (UK cord blood bank is a subsidiary of New England Cord Blood Bank). In contrast, there are numerous examples of expansion into the Far and Middle East regions which are experiencing exponential expansion of cord blood banking. The fact that US companies are not heavily targeting the European market is probably related to the varied regulatory regimes within individual countries, the debate in Europe over ethics of private versus public banks, and the high growth rates for the US and eastern markets.

In the medium term, US companies with their longer experience curve and investment in technology may represent a threat by either direct entry to the European market or by partnering or acquisition.

In Europe, private cord blood banking has developed over the last 5-6 years and in the UK seven banks were founded between 2001 and 2006. In Europe there are currently 38 private banks operating, the market leaders being Cryo-Save and Vita34, and of these 32% have released material for transplantation.

There is significant variation in the number of competitors per country in Europe, most notably in France there are no private banks as only public banking is allowed. In Europe private banking has generally been viewed as less ethical than public banking. Therefore in Europe public banking or public/private banking does represent a major competitor to purely private operations. If European governments increase the funding available for public banking then this could have a negative effect on the market growth for private banking.

In the UK, Virgin Health has recently launched a private/public cord blood banking system. In their business model the cord is split into private and a public samples with the latter available for general use by any HLA-matched patient. The Virgin model is based on the assumption that HSC expansion technology will be available in the near term as the half samples are currently too small for use in HSC transplantation. Virgin charges £1500 for processing and storage which is similar to the price offered by entirely private banks.

In the rest of Europe the major competitor to Cryo-Save is Vita34. Based in Germany and operating to the standards required by the German federal authorities, Vita 34 will have quality procedures that are likely to satisfy the requirements of the EU Cells and Tissues Directive (2004/23/EC). Vita34 store the cord blood containing the red blood cells which is likely to affect the quality of the product and is not the JACIE-FACT recommended procedure, Vita-34 have however released product for successful transplants.

Throughout the Middle East and Asia there are twenty-nine cord blood banks operating some of which are subsidiaries of or collaborate with EU or US banks. Of these six are AABB accredited. The higher birth rates, lower ethical concerns, often less regulation, and increase in living standards in these countries means they are high growth markets for private cord blood banking. The expansion of large US private banks into these markets indicates the relative attractiveness compared to Europe for the reasons discussed above. For example, the large California based company StemCyte has expanded into Taiwan and has supplied over 500 units for transplantation, mostly for allogeneic use. StemCyte offers a hybrid model in which no charge is made for storage and donors can request their cord for family members free of charge. The cords are also available to any HLA-matching patient at a price in the region of €20,000 (compared with €10,000 from public banks).

As the market for cord blood banking expands and more companies enter the market companies are beginning to develop differentiated offerings. This includes investing in technology to expand HSCs, newer technologies for collection of cord blood stem cells, storage of MSCs and other cells or tissue (e.g. placenta, adipose tissue, mobilized peripheral blood).

A number of companies are developing proprietary systems that claim to improve the quality and efficiency of cord blood processing (in terms of the recovery of HSCs). BioE Corporation has developed PrepaCyte(R)-CB Umbilical Cord Blood Processing System which has been shown to improve the recovery of cells from human umbilical cord blood when compared to traditional processing methods. An alternative approach has been patented by PharmaStem (formerly Biocyte) for cord blood processing. Many cord blood banks (e.g. New England Cord blood bank and LifeBank) have licensed this technology.

(17) Opportunities in Stem Cell Research and Commercialization. Business insights Ltd (2006)

The development of proprietary improved processing methodology potential creates a barrier to entry unless the product is made available on the market as a medical device, as is the case for Prepacyte, or is licensed for use.

A number of companies have recognised that the ability to expand HSCs and/or MSCs derived from cord blood would significantly increase the market for banking and also for therapies based on the derived stem cells. ViaCell is the only US cord blood bank which conducts its own in-house R&D into umbilical cord blood-derived stem cell expansion. ViaCell have licenses to stem cell growth factors and an option to collaborate with Amgen, Genzyme, GlasxoSmithKline and Johnson & Johnson (Centocor and Cordis) in development of these products.

Other cell therapy companies that do not operate banking facilities are also developing HSC expansion technologies. For example, Gamida Cell is developing cell therapies based on expanded stem cells for the treatment of blood cancers, cardiac disease and neurological disorders.

Expanded mesenchymal cells for tissue engineering have been introduced to the market by many companies such as Smith & Nephew (Dermagraft), Organogenesis (Apligraf) and Genzyme (Carticel). Osiris Therapeutics has developed a manufacturing process for the expansion of allogeneic bone marrow-derived MSC and has 47 issued US and 167 non-US patents.

The significance of therapy companies developing these expansion technologies to underpin their products is that these processes are often patented and therefore any cord blood company may be excluded from offering this capability unless they can circumvent or license the necessary patents. On the positive side as discussed previously the fact that technologies are being developed illustrates the technical feasibility of the approach. In addition, stored cells (such as cord blood) which form the raw material for these processes must be cGMP compliant.

Although there are over 100 companies worldwide which offer cord blood banking, at the current time we are aware of only two North Amercian companies, Create Cord Blood Bank (Toronto) and LifeCord (US), who are developing services for collection of MSCs from the cord tissue. This is an attractive compliment to expectant parents already storing umbilical cord blood stem cells. Similarly, we are only aware of BioMatrix in the USA developing collection and storage services for autologous adipose tissue derived MSCs. We are not currently aware of any companies in Europe offering these service. Another potential competitor to the storage of MSCs from adipose tissue is the extraction from a patient when required. Cytori's Celution™ System automates the process that releases MSC from adipose (fat) tissue. The adipose tissue is processed in an automated closed system delivering MSC within 1 hour for immediate re-administration to the patient without the need for further manipulation.

5. Risks

Based on information received regarding Cryo-Save and expert knowledge of the market, the following table summarises the key risks associated with the cord blood banking market and specific risks associated with the business plan of Cryo-Save. Where appropriate under the section of mitigation, actions or activities that Cryo-Save has indicated they are undertaking are referenced.

	Risk	Impact	Mitigation
Technical	Failure to develop HSCs expansion	Medium	Extensive academic collaboration (Bordeaux)
	Lack of in house R&D	Medium	Extensive academic collaboration
	Inexperience in GMP production	Medium	Acquire facility and expertise
	Failure to develop MSC expansion	Low	Extensive academic collaboration
Regulatory	Failure to maintain quality across the group	High	Centrally accredited and automated processing centres
	Failure to achieve cGMP accreditation	Medium	Current use of approved methods and equipment
	Changing EU regulations	Medium	Well networked with EU national regulatory bodies
Commercial	High cost of HSC expansion processes	High	Cost modeling and forecasting prior to commercialisation
	Failure to target new MSC customers	Medium	Work with existing channel e.g. plastic surgeons
	US competition in Asia	Medium	Quality and reputation of EU operation
	Competition from public banks in EU	Medium	Developing public/private banking to address EU ethical concerns.
	IP issues especially in stem cell expansion	Medium	License or develop own IP

6. Conclusions

The market for cord blood and other stem cells is expanding rapidly not only for treatment of serious haematological conditions but also into heart disease orthopaedics and cosmetic/wellness areas. Cryo-Save is in an excellent position to take advantage of this opportunity as they have significant expertise, infrastructure and reputation in this area. This field is however becoming increasingly competitive and more highly regulated.

To ensure that they remain competitive Cryo-Save are developing their product pipeline by establishing a number of collaborations with academic groups to access leading edge technology, such as stem cell expansion and cryopreservation. To penetrate the new markets in cosmetics/well-being they have begun to expand their clinical collaborations beyond haematologists to include cosmetic surgeons. They are also moving into the expanding Asian and Middle East markets using their considerable reputation for quality and expertise in regulatory compliance. This regulatory/ethical expertise places them in a strong position to maintain their lead in Europe by establishing alliances with Europe's increasing number of public banks.

The regenerative medicine market is not however without risk. There are both technical and commercial risks in developing these disruptive technologies.

Mike Hartley
General Manager for and on behalf of
Cels Business Services Limited

SECTION A: ACCOUNTANT'S REPORT

Deloitte.

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31 October 2007

Dear Sirs

Cryo-Save Group N.V.

We report on the financial information set out in Section B of Part 5 of the AIM Admission Document dated 31 October 2007 of Cryo-Save Group N.V. (the "Company" and, together with its subsidiaries, the "Group") (the "Investment Circular"). This financial information has been prepared for inclusion in the Investment Circular on the basis of the accounting policies set out in paragraph 3 of Section B of Part 5 of this document. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 3 to the financial information and in accordance with IFRS.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Investment Circular, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two of the AIM Rules, consenting to its inclusion in the Investment Circular.

Deloitte.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Investment Circular, a true and fair view of the state of affairs of the Group as at the dates stated and of its results, cash flows and recognised gains and losses and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 3 and in accordance with IFRS.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) as applied by paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Investment Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Investment Circular in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants

Deloitte & Touche LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu ("DTT"), a Swiss Verein whose member firms are separate and independent legal entities. Neither DTT nor any of its member firms has any liability for each other's acts or omissions. Services are provided by member firms or their subsidiaries and not by DTT.

SECTION B: FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2006

CONSOLIDATED INCOME STATEMENTS

	Note	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
		€'000	€'000	€'000
Turnover: continuing operations				
Revenue	5	6,362	8,669	10,923
Cost of sales	6	(2,257)	(3,614)	(3,957)
Gross profit		4,105	5,055	6,966
Other gains and losses	9	202	106	14
Distribution expenses		(164)	(183)	(149)
Employment benefits expense		(1,260)	(1,285)	(1,568)
Administration expenses		(3,145)	(1,140)	(2,478)
Investment revenue	8	5	10	136
Finance costs	10	(70)	(19)	(11)
Share of profits of associates	17	—	(7)	—
		(4,432)	(2,518)	(4,056)
(Loss)/profit before taxation		(327)	2,537	2,910
Income tax expense	11	(24)	(168)	(865)
(Loss)/profit for the year from continuing operations and profit for the year		(351)	2,369	2,045
Attributable to:				
Equity holders of the parent		(373)	2,353	2,039
Minority interest	14	22	16	6
		(351)	2,369	2,045
(Losses)/earnings per share	14			
Basic (cents per share)		(5.2)	33.1	28.7
Diluted (cents per share)		(5.2)	33.1	28.7

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December 2004	As at 31 December 2005	As at 31 December 2006
		€'000	€'000	€'000
Assets				
Non-current assets				
Fixtures and equipment	15	245	266	481
Investments in associates	17	4	—	—
Other receivables	19	124	109	—
Trade receivables	19	—	209	334
		373	584	815
Current assets				
Inventories	20	9	38	46
Trade and other receivables	19	1,486	3,878	6,203
Available for sale investments		77	—	—
Cash and cash equivalents	30	984	1,874	3,185
Total current assets		2,556	5,790	9,434
Total assets		2,929	6,374	10,249
Equity and liabilities				
Capital and reserves				
Share capital	21	711	711	711
Share premium		3,585	3,585	3,585
Revaluation reserve		45	—	—
Profit and loss account	22	(4,076)	(1,723)	316
		265	2,573	4,612
Minority interest		4	20	35
Total equity		269	2,593	4,647
Non-current liabilities				
Deferred income	24	1,384	2,136	3,039
Total non-current liabilities		1,384	2,136	3,039
Current liabilities				
Trade and other payables	25	339	786	528
Borrowings	23	538	—	—
Current tax liabilities	11	—	117	871
Other liabilities	24	399	742	1,164
Total current liabilities		1,276	1,645	2,563
Total liabilities		2,660	3,781	5,602
Total equity and liabilities		2,929	6,374	10,249

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital and share premium (note 21)	Revaluation reserve	Accumulated gains/ (losses)	Attributable to equity holders of the parent	Minority interests	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2004	4,296	—	(3,703)	593	(18)	575
Net losses for the year attributable to the parent	—	—	(373)	(373)	22	(351)
Gain on revaluation of available for sale investments	—	261	—	261	—	261
Transferred to income on disposal of shares	—	(216)	—	(216)	—	(216)
At 31 December 2004	4,296	45	(4,076)	265	4	269
Net profit for the year attributable to the parent and total recognised income and expense for the year	—	(45)	2,353	2,308	16	2,324
At 31 December 2005	4,296	—	(1,723)	2,573	20	2,593
Net profit for the year attributable to the parent and total recognised income and expense for the year	—	—	2,039	2,039	15	2,054
At 31 December 2006	4,296	—	316	4,612	35	4,647

CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Cash flows from operating activities			
Profit for the year	(351)	2,369	2,045
Depreciation and amortisation	144	139	155
Income tax expense	24	168	865
Finance costs	70	19	11
Operating cash flow before movements in working capital	(113)	2,695	3,076
Increase in trade and other receivables	(300)	(1,632)	(2,717)
Decrease in inventories	(2)	(29)	(8)
Decrease/(increase) in other assets	1,684	(768)	283
(Decrease)/increase in trade and other payables	(374)	447	(258)
Movement in deferred revenue	581	752	903
Decrease in other liabilities	195	343	422
Investment revenue	(5)	(10)	(136)
	1,666	1,798	1,565
Interest paid	(70)	(19)	(11)
Income taxes paid	(53)	(22)	(111)
Net cash generated by operating activities	1,543	1,757	1,443
Cash flows from investing activities			
Interest received	5	10	136
Proceeds from disposal of start up costs	(43)	—	—
Increase minority interest	18	—	9
Purchase of fixtures and equipment	(89)	(181)	(377)
Payments for property	7	15	109
Proceeds from disposal of property, plant and equipment	—	21	7
Net cash used in investing activities	(102)	(135)	(116)
Cash flows from financing activities			
Loan proceeds	7	(194)	(16)
Loan repayments	(826)	(538)	—
Net cash used in financing activities	(819)	(732)	(16)
Net increase in cash and cash equivalents	622	890	1,311
Cash and cash equivalents at the beginning of the financial year	362	984	1,874
Cash and cash equivalents at the end of the financial year	984	1,874	3,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Cryo-Save Group N.V. (the Company), known as Life-Sciences Group N.V. until 16 May 2007, is a limited company incorporated in The Netherlands. The address of its registered office and principal place of business is IJsselkade 8, NL-7201 HB in Zutphen. The principal activities of the Company and its subsidiaries (the Group) are described in note 5.

2. Application of new or Revised International Financial Reporting Standards

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but have not yet come into effect:

IFRS 7	*Financial Instruments: Disclosures; and the related amendments to IAS 1 on capital disclosures*
IFRS 8	*Operating Segments*
IFRIC 7	*Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
IFRIC 8	*Scope of IFRS 2*
IFRIC 9	*Reassessment of Embedded Derivatives*
IFRIC 10	*Interim Financial Reporting and Impairment*
IFRIC 11	*IFRS 2—Group and Treasury Share Transaction*
IFRIC 12	*Service Concession Arrangements*

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007. The additional disclosures under IFRS 7 include stating the carrying amount of financial assets and liabilities under each of the classifications in IAS 39 ''Financial Instruments: Recognition and Measurement''; an analysis of the age for financial assets that are either past due or impaired; a reconciliation of changes in carrying amounts during the period where impairment is recorded through an allowance account as opposed to a direct reduction to the carrying amount of the financial asset; and additional requirements on providing analysis on market risks and how changes in these risks would have impacted profit or loss and equity in the period.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies, all of which have been consistently applied in each reporting period, are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. Significant accounting policies (Continued)

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

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured as the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combinations, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Joint ventures are accounted for using the proportional consolidation method.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is stated net of rebates and other similar allowances.

Revenue in respect of fees charged for stem cell extraction is recognised on the day of extraction.

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

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

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leasing

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.

The Group as lessee

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.

3. Significant accounting policies (Continued)

Foreign currencies

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). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Euros ("€"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-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 not retranslated.

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.

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

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. 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 bases used in the computation of taxable profit, and is 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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.

3. Significant accounting policies (Continued)

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

Fixtures and equipment

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method on the following bases:

The following useful lives are used in the calculation of depreciation:

Laboratory equipment	5 years
Computer equipment	3 years
Office equipment	5 years
Vehicles	5 years

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 tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible 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 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 risks 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 (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.

3. Significant accounting policies (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose 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 classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as loans and receivables.

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.

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'. 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.

Impairment of financial assets

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

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

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

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. 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

3. Significant accounting policies (Continued)

at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

4. Critical accounting judgements and key sources of estimation uncertainty

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.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of useful lives and residual values involves management's estimation. The Group assesses annually 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 then the estimate is changed and in future periods.

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 collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Impairment of property, plant and equipment

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 judgement and estimates

5. Revenue

An analysis of the Group's income for the year, for both continuing and discontinued operations, is as follows:

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Stem cell extraction and storage	6,362	8,669	10,923
Interest received	5	10	136
Total income	6,367	8,679	11,059

6. Cost of sales

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Direct fees			
Collection costs	126	117	444
Sales commission	397	679	828
Direct cost of sales	1,734	2,818	2,685
Total cost of sales	2,257	3,614	3,957

7. Business and geographical segments

The Company's and its subsidiaries' principal activity is the collection, isolation, processing and storage of adult human stem cells from cord blood, bone marrow and other sources for autologeous use for treating numerous life threatening diseases. The company operates in nearly all of the European countries through its subsidiaries and sales partners.

Business segments

For management purposes, the Group is currently organised into a single operating division, being the extraction and storage of adult human stem cells. Management considers this to be the primary reporting segment.

Geographical segments

The Group's geographical segments (the secondary reporting segment) are determined by the location of the Group's assets and operations. Management consider that the Group operates in two geographical segments.

The following tables present revenue, profit and certain asset and liability information relating to the Group's geographical segments.

12 months ended 31 December 2006	Europe	Africa	Total
	€'000	€'000	€'000
Revenue			
Segment revenue	10,542	381	10,923
Other segment information			
Segment assets	10,044	205	10,249
Segment liabilities	5,513	89	5,602
Capital expenditure			
Tangible fixed assets	369	1	370

12 months ended 31 December 2005	Europe	Africa	Total
	€'000	€'000	€'000
Revenue			
Segment revenue	8,150	519	8,669
Other segment information			
Segment assets	6,198	176	6,374
Segment liabilities	3,689	92	3,781
Capital expenditure			
Tangible fixed assets	156	4	160

7. Business and geographical segments (Continued)

12 months ended 31 December 2004	Europe	Africa	Total
	€'000	€'000	€'000
Revenue			
Segment revenue	6,209	153	6,362
Other segment information			
Segment assets	2,929	—	2,929
Segment liabilities	2,660	—	2,660
Capital expenditure			
Tangible fixed assets	115	—	115

8. Investment revenue

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Bank interest receivable	5	10	136

9. Other gains and losses

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Currency translations	(14)	39	14
Fair value gain on revaluation of available for sale investments	216	41	—
Gain on disposal of subsidiary undertaking	—	26	—
	202	106	14

10. Finance costs

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Interest on bank overdrafts and loans	63	18	—
Other interest payable	7	1	11
	70	19	11

The interest rate on funds borrowed is 7% per annum (2005 and 2004). There are no borrowings in 2006.

11. Income taxes

Income tax recognised in profit or loss:

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Tax expense comprises:			
Total tax expense	24	168	865
Attributable to:			
Continuing operations	24	168	865
	24	168	865

11. Income taxes (Continued)

The total charge for the year can be reconciled to the accounting profit as follows:

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
(Loss)/profit from operations	(327)	2,537	2,910
Income tax expense calculated at the standard Netherlands tax rate of 29.6% (2005: 31.5%, 2004: 34.5%)	(113)	799	861
Effect of revenue that is exempt from taxation	16	(24)	—
Effect of tax rates in other countries	(374)	(9)	191
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	495	(598)	(187)
Income tax expense	24	168	865
Current tax liabilities			
Corporate tax	(29)	117	871
	(29)	117	871

Unused tax losses and credits

The Group's unused tax losses amount to €3,930,109. Due to the uncertainty of realising these unused tax losses in future periods a deferred tax asset (in any of the above years) has not been recognised in respect of those losses.

At each balance sheet date, the aggregate amount of post-acquisition undistributed earnings for which deferred tax liabilities have not been recognised was nil. Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

12. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Depreciation of equipment and vehicles	144	145	155
Director's fees and emoluments[1]	436	374	370
Staff costs including pension contributions	830	921	1,384
Termination payment director	91	—	—
Auditors' remuneration	47	37	67
Net foreign exchange losses/(gains)	2	45	(14)
Rentals payable under operating leases	—	2	4
Contract termination payment[2]	—	428	—
Write off of licence asset and settlement costs[3]	1,703	—	—
Compensation received[4]	—	(495)	—

(1) Excludes consultancy payments and other payments made to companies controlled by directors. See note 27.

(2) The contract termination payment of €428,000 incurred in 2005 relates to cash paid in early settlement of a contract with Miltenyi.

(3) An amount of €244,000 was expensed in 2004 relating to the cancellation of a contractual arrangement with Cryo-Cell International Inc. (USA). In addition, capitalised licence costs of €1,459,000 were fully expensed in the same year.

(4) Following successful litigation, the Company received compensation of €495,000 in respect of financial losses suffered as a result of its dealings with Cryo-Save International Inc.

13. Directors' emoluments

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Fees	339	364	359
Other emoluments	6	10	11
Termination payments	91	—	—
	436	374	370

14. (Losses)/earnings per share

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Profit for the year			
Group income	(351)	2,369	2,045
Minority interests:			
Cryo-Save AG	(22)	(16)	(14)
Cryo-Save Italia S.r.l.	—	—	8
(Losses)/profits attributable to equity holders of the parent	(373)	2,353	2,039

	2004 Cents per share	2005 Cents per share	2006 Cents per share
Basic (losses)/earnings per share	**(5.2)**	**33.1**	**28.7**

Basic (losses)/earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings/(losses) per share are as follows:

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
(Loss)/profit for the year attributable to equity holders of the parent	(373)	2,353	2,039
Earnings used in the calculation of total basic (losses)/earnings per share	(373)	2,353	2,039
The weighted average number of ordinary shares for the purposes of calculating basic losses per share (all measures) is	7,107,450	7,107,450	7,107,450

15. Fixtures and equipment

	Laboratory equipment	Office equipment	Computer equipment	Vehicles	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
Balance at 1 January 2004	280	210	173	16	679
Additions	51	—	64	—	115
Balance at 1 January 2005	331	210	237	16	794
Additions	97	2	22	60	181
Disposals	—	—	(5)	(16)	(21)
Balance at 1 January 2006	428	212	254	60	954
Additions	98	103	43	133	377
Disposals	—	—	(7)	—	(7)
Balance at 31 December 2006	526	315	290	193	1,324
Accumulated depreciation					
Balance at 1 January 2004	(142)	(117)	(160)	14	(405)
Charge for the year	(64)	(34)	(32)	(14)	(144)
Balance at 1 January 2005	(206)	(151)	(192)	—	(549)
Disposals	—	—	3	3	6
Charge for the year	(64)	(34)	(33)	(14)	(145)
Balance at 1 January 2006	(270)	(185)	(222)	(11)	(688)
Charge for the year	(53)	(34)	(25)	(43)	(155)
Balance at 31 December 2006	(323)	(219)	(247)	(54)	(843)
Net book values					
As at 31 December 2004	125	59	45	16	245
As at 31 December 2005	158	27	32	49	266
As at 31 December 2006	203	96	43	139	481

16. Investment in subsidiaries

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

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership interest/voting power held		
		Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
		%	%	%
Directly held by Cryo-Save Group N.V				
Cryo-Save AG	Switzerland	99	99	99
Cryo-Save Stammzelltechnologie GmbH	Austria	100	100	100
Cryo-Save GmbH	Germany	100	100	100
Cryo-Care GmbH	Germany	100	100	100
Cryo-Save Polska Sp.o.o[1]	Poland	40	80	99
Life-Sciences N.V.[2]	Belgium	100	—	—
Cryo-Save Italia s.r.l.[3]	Italy	—	—	70
Joint ventures				
Cryo-Save Balcanica Limited	Greece	50	50	50
Cryoclinic UK Limited	United Kingdom	50	50	50
Cryoclinic (Pty) Limited	South Africa	50	50	50

Cryo-Save AG principal activity is the collection, isolation, processing and storage of adult human stem cells from cord blood, bone marrow and other sources for autologous use for treating numerous life threatening disease.

16. Investment in subsidiaries (Continued)

The principal activity of the other subsidiaries is the sale of the products mentioned above.

(1) In the year ended 31 December 2004 the Company increased its share in Cryo-Save Polska Sp.o.o. from 40% to 80%.

(2) In the year ended 31 December 2005 the Company disposed of 100% of its interest in Life-Sciences N.V., which was a previously 100% held subsidiary resulting in a gain of €26,000 (included in administration costs).

(3) In the year ended 31 December 2005 the Company acquired a 70% equity interest (€21,000) in Cryo-Save Italia S.r.l..

In addition to the above subsidiaries, the Group fully consolidates the financial interests of the Cryo-Save Foundation, an entity which is fully under the control (both operationally and financially) of Group management.

17. Investments in associates

Details of the Group's associates are as follows:

Name	Principal activity	Place of incorporation and operation	Ownership interest 2004	2005	2006
			%	%	%
Cryo-Save Polska Sp.o.o	Stem cells	Poland	40	80	99.9
Al-Zahrawi Life-Sciences (UAE)	Stem cells	Dubai	—	34.7	34.7

	Associates
	€'000
At 1 January 2004 and 31 December 2004	4
At 1 January 2005	4
Additions	7
Share of profit	(7)
Disposals (on becoming a subsidiary)	(4)
At 31 December 2005	—
At 1 January 2006 and 31 December 2006	—

18. Available for sale investments

	€'000
At 1 January 2004	134
Revaluation	261
Disposals	(318)
At 31 December 2004	77
Disposals	(77)
At 31 December 2005 and 31 December 2006	—

In 2005 17,750 Cryo-Cell International Inc. Shares and 5,000 Sonus Networks Inc. were disposed of. Available-for-sale investments are carried at fair value based on the stock market price index values as at each financial year end.

19. Trade and other receivables

	Current			Non-current		
	31 December 2004	31 December 2005	31 December 2006	31 December 2004	31 December 2005	31 December 2006
	€'000	€'000	€'000	€'000	€'000	€'000
Trade receivables	1,258	2,173	2,884	—	209	334
Prepayments, deposits and other receivables	199	765	357	—	—	—
Amounts due from related parties (note 27)	—	940	2,962	—	—	—
Other receivables	—	—	—	124	109	—
Corporation tax asset	29	—	—	—	—	—
	1,486	3,878	6,203	124	318	334

Accounts receivable fall due as follows:

	1–2 years	2–5 years	>5 years	Total
	€'000	€'000	€'000	€'000
Year ended 31 December 2004	124	—	—	124
Year ended 31 December 2005	183	135	—	318
Year ended 31 December 2006	107	227	—	334

20. Inventories

	As at 31 December 2004	As at 31 December 2005	As at 31 December 2006
	€'000	€'000	€'000
Laboratory kits	—	23	23
Collection kits	9	15	23
	9	38	46

21. Issued share capital and share premium

	Share capital			Share premium		
	31 December 2004	31 December 2005	31 December 2006	31 December 2004	31 December 2005	31 December 2006
	€'000	€'000	€'000	€'000	€'000	€'000
7,107,450 fully paid ordinary shares of 10 euro cents each (2005: 7,107,450 2004: 7,107,450)	711	711	711	3,585	3,585	3,585

22. Profit and loss account

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Balance at beginning of year	(3,703)	(4,076)	(1,723)
Retained (loss)/profit attributable to equity holders of the parent	(373)	2,353	2,039
Balance at end of year	(4,076)	(1,723)	316

23. Borrowings

	Current			Non-current		
	31 December 2004	31 December 2005	31 December 2006	31 December 2004	31 December 2005	31 December 2006
	€'000	€'000	€'000	€'000	€'000	€'000
Unsecured—at amortised cost[(i)]	538	—	—	—	—	—

(i) The interest rate on borrowings in 2005 and 2004 is 7% per annum. The borrowings as at 31 December 2004 were fully repaid in 2005.

24. Other liabilities

	Current			Non-current		
	31 December 2004	31 December 2005	31 December 2006	31 December 2004	31 December 2005	31 December 2006
	€'000	€'000	€'000	€'000	€'000	€'000
Accruals and deferred revenue	335	572	935	1,384	2,136	3,039
Social security and other taxes	64	170	229	—	—	—
	399	742	1,164	1,384	2,136	3,039

25. Trade and other payables

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Trade payables	339	786	528

26. Financial risk management objectives and policies

Fair values

Management have considered the fair values of all financial assets and liabilities at each year end and consider fair value to be materially equivalent to carrying value.

27. Related party transactions

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. Detail of transactions between the Group and other related parties are disclosed below.

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Consultancy transactions:			
Medlog International GmbH*	60	78	73
Contra N.V.*	—	75	91
Pharmaceutical Enterprises S. A.*	—	—	77
Juma N.V.*	—	85	—
Medicom bvba*	108	149	157
Hof te Bayghem S.A.*	—	—	100
	168	387	498
Trading transactions:			
Life-Science N.V. (B)			
Provision of laboratory supplies	—	—	417
Purchase of cars under vehicles	—	—	63
	—	—	480

* Relates to provision of consultancy services

	Amounts owed by related parties			Amounts owed to related parties		
	31 December 2004	31 December 2005	31 December 2006	31 December 2004	31 December 2005	31 December 2006
	€'000	€'000	€'000	€'000	€'000	€'000
Medlog International GmbH	—	—	—	60	78	73
Contra N.V.	—	—	—	—	75	91
Juma S.A.	—	—	—	—	85	—
Medicom bvba	—	—	—	108	149	157
Hof te Bayghem S.A.	—	—	—	—	—	100
Life-Science N.V. (B)	—	940	1,034	—	—	—
HTB N.V.	—	—	964	—	—	—
Pharmaceutical Enterprises S.A.	—	—	964	—	—	—
Al-Zahrawi Life Sciences	—	—	—	—	7	7

Contra N.V.	is a related party as it is a company controlled by Jan de Visscher, a director of the Company
Medlog International GmbH Pharmaceutical Enterprises SA (L)	are related parties as they are controlled by Marc Waeterschoot, a director of the Company
Medicom bvba Life-Sciences N.V. (B)	are related parties as they are controlled by Marc Waeterschoot, a director of the Company
Juma N.V. Hof te Bayghem (HtB) N.V.	are related parties as they are controlled by Johan Goossens, a director of the Company

28. Acquisition of subsidiaries

Subsidiaries acquired

The Cryo-Save Group acquired Cryo-Save Polska Sp.z.o.o. on 1 July 2006. The principal activity of subsidiary is the marketing for the collection, isolation, processing and storage of adult human stem cells from cord blood use for treating numerous life threatening disease.

This entity was acquired in three stages: 40% in 2004, 40% in 2005 and 19% in 2006.

	Book-value	Fair value adjustments	Fair value on acquisition
	€'000	€'000	€'000
Current assets			
Cash and cash equivalents	5	—	5
Trade and other receivables	3	—	3
Inventories	1	—	1
Non current liabilities			
Long term liabilities	(136)	128	(8)
Current liabilities			
Trade creditors	—	—	—
Taxation and social security	(1)	—	(1)
	(128)	128	—
Fair value of net assets acquired			—
Consideration paid			—
Goodwill			—
			—

29. Disposal of business

On 29 December 2005, the Group disposed of Life-Sciences N.V. Belgium to M. Waeterschoot. Details of this disposal are as follows:

	Year ended 31 December 2005
	€'000
Net assets/liabilities disposed of:	
Non current assets	774
Current assets	234
Non current liabilities	(940)
Current liabilities	(94)
Net liabilities on disposal	(26)
Total consideration	—
Gain on disposal	26

30. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Cash and bank balances	984	1,874	3,185

31. Operating lease agreements

The Group has obligations under non-cancellable operating leases as follows:

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Minimum lease payments under operating leases recognised in income for the year			
Rent	100	102	150
Motor vehicles	4	4	1

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:

	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006
	€'000	€'000	€'000
Within one year	81	61	152
In the second to fifth years inclusive	28	108	111
After five years	—	—	—
	109	169	263

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of four years and rentals are fixed for an average of five years.

32. Commitments for expenditure

The Group has two property rent contracts for an amount of €42,000 p.a.. One contract has been entered into for an indefinite period, starting on 1 January 2007, the other contract has been entered into for a definite period, starting on 1 February 2007.

Cryo-Save Group N.V. has several consultancy-agreements with an undetermined period. At the end of the year 2006 the Group has the following four obligations:

a. A consultancy agreement with 31 December 2008 for a monthly amount of €7,000.

b. A software services agreement until 31 July 2008 for a monthly amount of €6,400.

c. A consultancy agreement until 30 November 2007 for a monthly amount of €7,602.

d. A professional medical services agreement until 31 July 2008 for a monthly amount of €7,500 and in case of termination of the contract by the Group the consultant will receive a fee of €180,000.

33. Financial risk management

The Group's major financial instruments include borrowings, trade receivables and trade payables. Details of these financial instruments are disclosed in the respective notes. 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.

Currency risk

The Group currently does not have a policy to manage foreign currency risk as the majority of its transactions are denominated in Euros, the functional and presentational currency of the Group.

33. Financial risk management (Continued)

Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amounts of those assets as statement in the consolidated balance sheet. The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, management reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

Interest rate risk

The Group's interest rate risk relates primarily to fixed-rate bank and other borrowings. The Group intends to maintain the bank and other borrowings in short-term to mitigate the interest rate risk. The Group does not use any derivative contract to manage its exposure to interest rate risk.

34. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2007.

35. Result appropriation

The Board of Directors do not recommend payment of a dividend and the loss/profit in each year will be added to suggest adding the result to the retained earnings. This is reflected in the Company's financial statements.

36. Subsequent events

On 16 May 2007, the Company changed its name to Cryo-Save Group N.V.

SECTION C: INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDED JUNE 2007 (UNAUDITED)

1. CONSOLIDATED INCOME STATEMENTS

	Note	6 months ended 30 June 2007	Year ended 31 December 2006	6 months ended 30 June 2006
		€'000	€'000	€'000
Turnover: continuing operations				
Revenue	1	7,177	10,923	5,098
Cost of sales	2	(2,695)	(3,957)	(1,910)
Gross profit		**4,482**	**6,966**	**3,188**
Other gains and losses		(28)	14	(9)
Distribution expenses		(155)	(149)	(81)
Employment benefit expenses		(1,158)	(1,568)	(727)
Administration expenses		(1,484)	(2,478)	(886)
Investment revenue		28	136	29
Finance costs		(13)	(11)	(9)
Share of profits of associates		—	—	—
		(2,810)	(4,056)	(1,683)
Profit before taxation		**1,672**	**2,910**	**1,505**
Income tax expense	4	(200)	(865)	(492)
Profit for the year from continuing operations and profit for the year		**1,472**	**2,045**	**1,013**
Attributable to:				
Equity holders of the parent		1,507	2,039	1,001
Minority interest	5	(35)	6	12
		1,472	2,045	1,013
Earnings per share				
From continuing and discontinued operations:				
Basic (cents per share)	5	21.2	28.7	14.1
Diluted (cents per share)		—	—	—
From continuing operations:				
Basic (cents per share)		21.2	28.7	14.1
Diluted (cents per share)		—	—	—

2. CONSOLIDATED BALANCE SHEETS

	As at 30 June 2007	As at 31 December 2006	As at 30 June 2006
	€'000	€'000	€'000
Assets			
Non-current assets			
Fixtures and equipment	716	481	299
Investment in associates	—	—	—
Other assets	—	—	—
Other receivables	480	334	371
	1,196	815	670
Current assets			
Inventories	39	46	64
Trade and other receivables	6,481	6,203	4,850
Cash and cash equivalents	6,212	3,185	2,757
Total current assets	12,732	9,434	7,671
Total assets	**13,928**	**10,249**	**8,341**
Equity and liabilities			
Capital and reserves			
Share capital	711	711	711
Share premium	3,585	3,585	3,585
Accumulated gains	1,823	316	(721)
	6,119	4,612	3,575
Minority interest	1	35	32
Total equity	6,120	4,647	3,607
Non-current liabilities			
Other liabilities	3,807	3,039	2,635
Total non-current liabilities	3,807	3,039	2,635
Current liabilities			
Trade and other payables	2,090	528	620
Current tax liabilities	687	871	357
Other liabilities	1,224	1,164	1,122
Total current liabilities	4,001	2,563	2,099
Total liabilities	7,808	5,602	4,734
Total equity and liabilities	**13,928**	**10,249**	**8,341**

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and share premium	Revaluation reserve	Accumulated gains	Attributable to equity holders of the parent	Minority interests	Total
	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January 2007 . .	4,296	—	316	4,612	35	4,647
Issued share capital .	—	—	—	—	1	1
Total gains for this period	—	—	1,507	1,507	(35)	1,472
At 30 June 2007	4,296	—	1,823	6,119	1	6,120

4. CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 June 2007	Year ended 31 December 2006	6 months ended 30 June 2006
Cash flow from operating activities			
Profit for the year	1,472	2,045	1,013
Depreciation and amortization	97	155	53
Income tax expense	200	865	491
Finance costs	13	11	9
Operating cash flow before movements in working capital	1,782	3,076	1,566
Increase in trade and other receivables	(3,239)	(2,717)	(981)
Decrease in inventories	7	(8)	(26)
Decrease/(increase) in other assets	2,962	283	—
(Decrease)/increase in trade and other payables	1,562	(258)	(166)
Movement in deferred revenue	718	903	465
Decrease in other liabilities	110	422	413
Investment revenue	(20)	(136)	(48)
Net cash generated from operations	3,882	1,565	1,223
Interest paid	13	(11)	9
Income taxes paid	(384)	(111)	(250)
Net cash generated by operating activities	3,511	1,443	982
Cash flow from investing activities			
Interest received	28	136	29
Increase minority interest	(35)	9	12
Purchase of fixtures and equipment	(331)	(377)	(89)
Payments for property	(146)	109	(51)
Proceeds from disposal of property, plant and equipment	—	7	—
Net cash used in investing activities	(484)	(116)	(99)
Cash flow from financing activities			
Loan proceeds	—	(16)	—
Loan repayments	—	—	—
Net cash used in financing activities	0	(16)	0
Net increase in cash and cash equivalents	3,027	1,311	883
Cash and cash equivalents at the beginning of the financial period	3,185	1,874	1,874
Cash and cash equivalents at the end of the financial period	**6,212**	**3,185**	**2,757**

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Revenue

A analysis of the Group's income for the period, for both continuing and discontinued operations, is as follows:

	6 months ended 30 June 2007	Year ended 31 December 2006	6 months ended 30 June 2006
	€'000	€'000	€'000
Sales revenues			
Stem cell extraction and storage	7,177	10,923	5,098
Interest received	28	136	29
Total income	7,205	11,059	5,127

2. Cost of sales

	6 months ended 30 June 2007	Year ended 31 December 2006	6 months ended 30 June 2006
	€'000	€'000	€'000
Direct fees			
Collection costs	59	444	113
Sales commission	1,099	828	494
Direct cost of sales	1,537	2,685	1,303
Total cost of sales	2,695	3,957	1,910

3. Business and geographical segments

The Company's and its subsidiaries' principal activity is the collection, isolation, processing and storage of adult human stem cells from cord blood, bone marrow and other sources for autologeous use for treating numerous life threatening diseases. The company operates in nearly all of the European countries through its subsidiaries and sales partners.

Business segments

For the management purposes, the Group is currently organised into a single operating division, being the collection, isolation and storage of stem cells. Management considers this to be the primary reporting segment.

Geographical segments

The Group's geographical segments (the secondary reporting segment) are determined by the location of Group's assets and operations. Management consider that the Group operates in 2 geographical segments.

Business and geographical segments

The following tables present revenues, profit and certain asset and liability information relating to the Group's geographical segments.

	6 months ended 30 June 2007		
	Europe	Africa	Total
	€'000	€'000	€'000
Revenue			
Segment revenue	7,031	146	7,177
Other segment information			
Segment assets	13,695	233	13,928
Segment liabilities	7,710	98	7,808
Tangible fixed assets	716	—	716

4. Income taxes

Income tax recognised in profit or loss:

	6 months ended 30 June 2007	Year ended 31 December 2006
	€'000	€'000
Tax expense comprises:		
Total tax expense/(income)	200	865
Attributable to:		
Continuing operations	200	865
Discontinued operations	—	—
	200	865
The total charge for the year can be reconciled to the accounting profit as follows:		
Profit from continuing operations	1,672	2,910
Profit from discontinuing operations	—	—
Profit from operations	1,672	2,910
Income tax expense calculated at the standard Netherlands tax rate of 25.56% (2006: 29.6%)	371	861
Effect of tax rates in other countries	(257)	191
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	86	(187)
Income tax expense	200	865
Current tax liabilities	687	871
Corporate tax	687	871

Unused tax losses and credits

The calculated unused tax losses in the Group amount to €4,268,546. Due to the uncertainty of realising these unused tax losses in the future management have decided not to recognise a deferred tax asset in respect of these losses.

At the balance sheet date, the aggregate amount of post-acquisition undistributed earnings for which deferred tax liabilities have not been recognised was nil. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the revenue of the temporary differences and it is probable that such differences will not reserve in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

5. (Losses)/earnings per share

	6 months ended 30 June 2007	Year ended 31 December 2006
	€'000	€'000
Profit for the year		
Group income	1,472	2,045
Minority Interests:		
Cryo-Save AG (CH)	(35)	6
(Losses)/profit attributable to equity holders of the parent	1,507	2,039

	2007 Cents per share	2006 Cents per share
Basic (losses)/earnings per share		
From continuing operations	21.2	28.7
From discontinuing operations	—	—
Total basic earning/(losses) per share	21.2	28.7

Basic (losses)/earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings/(losses) per share are as follows:

Profit for the year attributable to equity holders of the parent	1,507	2,039
Earnings used in the calculation of total basic (losses)/earnings per share	1,507	2,039
Profit for the year from discontinued operations used in the calculation of basic (losses)/earnings from discontinued operations	—	—
Earnings used in the calculation of total basic (losses)/earnings per share from continuing operations	1,507	2,039
The weighted average number of ordinary shares for the purposes of calculating basic losses per share (all measures) is	7,107,450	7,107,450

6. Accumulated gains

	6 months ended 30 June 2007	Year ended 31 December 2006
	€'000	€'000
Balance at the beginning of year	316	(1,723)
Net profit attributable to members of the parent entity	1,507	2,039
Balance at end of year	1,823	316

7. Subsequent events

At the date of 30 June 2007, there are no subsequent events.

PART 6
ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names appear on page 2 of this Document, both collectively and individually accept responsibility for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. NAME

2.1 The Company was incorporated in The Netherlands on 8 March 2000, by a notarial deed of incorporation as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under 2:175 of the Dutch Civil Code, with the name of Coltec B.V.. The Company was first registered in the trade register on 13 March 2000 with registration number 27187482.

2.2 By notarial deed dated 29 August 2000, the Company changed its name to Cryo-Cell Europe B.V. Subsequently, Cryo-Cell Europe B.V. was converted to a public limited company (*naamloze vennootschap*). To that effect, the Company's Articles were amended and restated in their entirety by a notarial deed dated 18 May 2001. On 25 September 2003 Cryo-Cell Europe N.V. changed its name to Life-Sciences Group N.V. and to that effect the Articles were amended. By an amendment of the Articles dated 16 May 2007 the Company changed its name to Cryo-Save Group N.V.

2.3 The principal legislation under which the Company operates is Book 2 of the Dutch Civil Code. The liability of the Company's shareholders is limited. A summary of certain applicable provisions of Dutch company law is set out in Part 8 of this document.

2.4 The head office of the Company is IJsselkade 8, 7201 HB, Zutphen, The Netherlands. The telephone number of the principal place of business is +31 575 509 100. The statutory seat is at Zutphen, The Netherlands.

2.5 The Company is the holding company of the Group and has the following significant subsidiary undertakings. Save as expressly stated, each of these companies is beneficially wholly-owned by a member of the Group and the issued share capital is fully paid.

Name	Country of incorporation	% of issued share capital held directly or indirectly by the Company
Cryo-Save GmbH	Germany	100
Cryo-Save Stammzeltechnologie GmbH	Austria	100
Cryo-Care GmbH[1]	Germany	100
Cryo-Save AG	Switzerland	99
Cryo-Save Polska Sp zoo	Poland	99.9
Cryo-Save Italia Srl	Italy	70
Cryo-Save (UK) Limited	England	98
Cryo-Save España SA	Spain	98

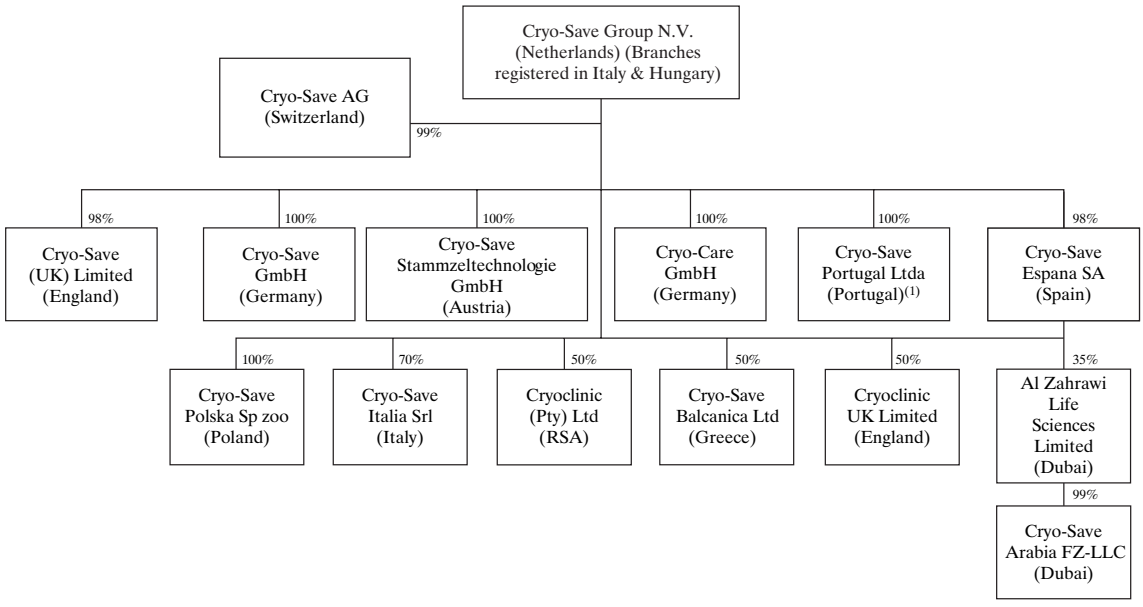
Name	Country of incorporation	% of issued share capital held directly or indirectly by the Company
Cryoclinic (Pty) Ltd	RSA	50
Cryo-Save Balcanica Ltd	Greece	50
Cryoclinic U.K. Limited	England	50
Al Zahrawi Life Sciences Limited[2]	Dubai	35
Cryo-Save Arabia FZ-LLC	Dubai	99
Stichting Cryo-Save[3]	The Netherlands	N/A

(1) The shares are held legally by Dr. Schwindling, economic interest held by the Company.

(2) Subsidiary of Al Zahrawi Life Sciences Limited.

(3) Stichting Cryo-Save is a Dutch foundation (*stichting*). It does not have any shareholders. It acts as a distributor in The Netherlands because such activities are to be carried out by quasi-charitable entities in The Netherlands. Mr. Waeterschoot is the sole member of the board of Stichting Cryo-Save.

The Group structure is set out in the diagram below.



(1) It is intended that Cryo-Save Portugal Ltda will be transferred into the Group after Admission.

3. SHARE CAPITAL

3.1 As at 31 December 2004, the authorised share capital of the Company was €2,600,000 divided into 26,000,000 Ordinary Shares of €0.10 each, of which 710,745 shares had been issued and fully paid.

3.2 On 16 May 2007, each Ordinary Share of €0.10 was subdivided into five Ordinary Shares of €0.02 each.

3.3 Save as set out above, during the 3 years prior to the date of this document no changes have been made to the authorised and issued share capital of the Company.

3.4 As at the date of this document, the authorised share capital of the Company is €3,553,725 divided into 177,686,250 Ordinary Shares of €0.02 each of which 35,537,250 Ordinary Shares have been issued and fully paid.

3.5 Save for the Warrants issued to Kaupthing as set out in paragraph 10.1 below and any Ordinary Shares to be allotted under the Option Scheme as set out in paragraph 6 below, the Company does not have in issue any securities representing the share capital, and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.

3.6 At the meeting of Shareholders held on 3 October 2007, it was resolved (i) that the authority to grant rights to subscribe for 1.5% of the Company's fully diluted issued and outstanding share capital immediately after admission to AIM (in connection with the warrants), up to a maximum of 953,058 new Ordinary Shares and to restrict and/or exclude pre-emption rights upon the granting of rights to subscribe for such number of Ordinary Shares, be delegated to the Board for a period until 31 December 2007, and (ii) that the authority to issue 27,046,942 new Ordinary Shares and to restrict and/or exclude pre-emption rights upon issue of such number of new Ordinary Shares, be delegated to the Board until 30 June 2008.

The Directors have no present intention to use such authorities save in connection with the Placing, the issues of options under the Option Scheme and the issue of warrants pursuant to the Warrant Instrument and have agreed not to do so, save with the prior written consent of Kaupthing not to be unreasonably withheld or delayed.

3.7 Following the Placing and Admission, the authorised share capital of the Company will be €3,553,725 divided into 177,686,250 Ordinary Shares of €0.02 each, of which 48,176,250 will have been issued.

3.8 Save as disclosed in this paragraph 3 of this Part 6;

(A) no share or loan capital of the Company or any Group Company is under option or is agreed conditionally or unconditionally to be put under option; and

(B) there are no acquisition rights or obligations over authorised but unissued share capital of the Company and there is no undertaking to increase the share capital.

3.9 Save in respect of the Placing, none of the Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.

3.10 No shares in the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.11 The legislation under which the Ordinary Shares have been created is Book 2 of the Dutch Civil Code.

3.12 The Company's ISIN number is NL0006091969. The Company's SEDOL is B27Z1G4.

3.13 The Ordinary Shares are in registered form and the Depositary Interests representing them are capable of being held in uncertificated form and will be admitted to CREST with effect from Admission.

3.14 The Ordinary Shares once admitted to AIM will have a nominal value expressed in euros, but will be traded with reference to a pound sterling value.

3.15 Save as disclosed in paragraph 3.5 and paragraph 10.1 of this Part 6 there are no restrictions on the free transferability of the New Ordinary Shares.

3.16 There have been no public takeover bids by third parties in respect of the Ordinary Shares since incorporation.

3.17 Save as disclosed in paragraph 4 of this part 6 there are no mandatory provisions in relation to takeover bids in existence in relation to the share capital of the Company and there are no squeeze out and sell-out rules in relation to the Ordinary Shares.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

4.1 The Company's bylaws are contained in its Articles. There is no separate memorandum of association or equivalent under Dutch law. In the extraordinary shareholders meeting on 3 October 2007, the shareholders have resolved to amend the Articles of the Company. The Articles were changed by notarial deed dated 16 October 2007 and contain, inter alia, provisions to the following effect:

Objects of the Company

4.2 Pursuant to article 3 of the Company's Articles, the objects of the Company are:

(A) to carry on a commercial enterprise as well as to import and export moveable property;

(B) either alone or jointly with others to acquire and dispose of affiliations or other interests in legal entities, companies and enterprises, and to collaborate with and to manage such legal entities, companies or enterprises;

(C) to acquire, manage, turn to account, encumber and dispose of any property, including intellectual property rights, and to invest capital;

(D) to supply or procure the supply of loans, particularly, but not exclusively, to subsidiaries, group companies and/or affiliates, as well as to draw or to procure the drawing of loans;

(E) to enter into agreements whereby the Company commits itself as guarantor or severally liable co-debtor, or grants security or declares itself jointly or severally liable with or for others, particularly, but not exclusively, to the benefit of companies as referred to above under (d), all this subject to the fact that the Company may not grant security, give price guarantees, commit itself in any other way or declare itself jointly or severally liable with or for others with a view to enabling third parties to take or acquire Shares or depositary receipts issued therefore, except as set out in Section 98c of Book 2 of the Dutch Civil Code;

(F) to do all such things as are incidental or may be conducive to the above objects or any of them.

4.3 There are no restrictions, either under Dutch law or in the Articles, on the right of non-residents of The Netherlands or foreign owners to hold or vote the shares, other than also imposed on residents.

4.4 The Articles do not impose further constraints or restrictions to shareholders other than provided by Dutch law. The Articles do not contain provisions regarding actions that may be necessary to change the rights of the shareholders, except for the possibility to amend the Articles.

4.5 The shares in the capital of the Company are registered shares. Each share carries the right to cast one vote. The shares may be pledged as security or encumbered with usufruct. In case of a pledge or usufruct the holder of the shares shall in principle have the right to vote, unless otherwise provided at the creation of the pledge or usufruct.

4.6 Subject to Dutch law and the Articles, the Company must keep a shareholders' register. The shareholders' register must be regularly kept up-to-date. The Board can choose to keep the register either wholly or partially in more than one register at more than one address. Parts of the shareholders' register may be kept outside The Netherlands, provided that it is necessary to do so to comply with local law or applicable stock exchange regulations. The register must record the names, addresses and all other legally required information of all shareholders and such other information which is desirable in the view of the Board, either at its or a shareholder's request. The requirements apply similarly to holders of a right of pledge and holders of a right of usufruct on shares. Shareholders, holders of a right of pledge on shares and holders of usufruct on shares will at their request be provided with a written statement of the recording in the register with respect to shares entered in their name free of charge.

4.7 Shares can only be issued or transferred by a deed executed before a Dutch civil law notary. The same applies to the creation of a pledge or usufruct. No notarial deed is required in relation to shares that have been admitted to trade on a market in financial instruments as referred to in Section 1:1 of the Dutch Financial Supervision Act (*Wet Financieel Toezicht*). AIM qualifies as such a market in financial instruments, as referred to in Section 1:1 of the Dutch Financial Supervision Act (*Wet Financieel Toezicht*).

4.8 The issue of new shares requires a resolution of the general meeting or of the Board of Directors in case the authority to do so has been delegated to the Board of Directors by a resolution of the general meeting which resolution can be made effective for a fixed period, not exceeding five years.

4.9 When shares are issued, each shareholder shall have a right of pre-emption pro rata to the total amount of the shares held by him on the date of the resolution to issue shares. The general meeting may, in respect of any particular issuance of shares, resolve to limit or to exclude the pre-emptive right to subscribe for shares. The right of pre-emption may also be limited or excluded by the Board if the Board, by resolution of the general meeting, has been authorised for a period not exceeding five years as having the power to limit or exclude pre-emptive subscription rights. An issue of shares in relation to which shareholders may exercise their right of pre-emption, and the period during which said right is to be exercised, shall be announced by the Company by means of an advertisement in a Dutch national newspaper.

4.10 The Company, provided that the general meeting has given the Board of Directors authorisation for this purpose, may acquire fully paid-up shares in its own capital. Such an acquisition can only take place if: (i) the acquisition price for the shares can be paid out of the freely distributable reserves of the Company; (ii) no more than 6 months have passed without the annual accounts having been adopted; and (iii) the par value of the shares to be acquired which are already held by the Company or held by the Company as pledgee or held by its subsidiaries, does not exceed one-tenth of the issued capital.

4.11 By resolution of the general meeting of shareholders of the Company a resolution may be passed to reduce the issued capital by cancelling shares or reducing the par value of the shares by amending the Articles. A resolution for reduction of capital shall require a majority of at least two thirds of the votes cast, provided that less than one half of the issued capital is represented at the meeting.

4.12 The business and affairs of the Company shall be managed by the Board consisting of at least one executive director and at least one non-executive director. The number of directors shall be determined by the general meeting of shareholders.

4.13 Directors shall be appointed, suspended and removed from the office by the general meeting of shareholders.

4.14 Resolutions of the Board of Directors shall require an absolute majority of the votes cast in a meeting in which an equal number of executive directors and non-executive directors are present or represented.

4.15 The Company shall be represented by the entire Board and by each of the executive directors. The Board may also give power of attorney to one or several persons to represent the Company. This power can be limited.

4.16 In the event of a conflict of interests the director involved shall not take part in decision-making and may not represent the Company in relation to legal acts or litigation (in which case the Company may be represented by one of the other directors). The general meeting of shareholders shall always have the power to designate one or more other persons for such purpose.

4.17 The prior approval of the general meeting of shareholders will be 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:

(A) the transfer of the entire or almost the entire, enterprise to a third party;

(B) the conclusion or severance of the permanent cooperation of the Company or a subsidiary with another legal entity or company, either as fully liable partner in a general partnership, where the said cooperation or severance will be of far-reaching importance to the Company; and

(C) taking or disposing of a participation in the capital of the Company worth at least one third of the value of the assets in accordance with the balance sheet, including an explanatory memorandum or, in the case where the Company draws up a consolidated balance sheet, in accordance with the consolidated balance sheet with explanatory memorandum thereto in accordance with the latest adopted annual accounts.

The absence of this approval shall not affect the power of representation of the Board of Directors or any of the executive directors.

4.18 The Articles provide for an indemnity and hold harmless clause in relation to (former) directors, which provides for the indemnification of each of the (former) directors for any and all liability, claim, suit, action, fine, penalty and civil, administrative, criminal and arbitration proceedings as a result of the manner in which the relevant (former) director has fulfilled his function, provided: (i) the director concerned has not committed an act of fraud, bad faith or wilful misconduct; and (ii) that it is not finally determined that a director has not acted in good faith and in the reasonable assumption that determined that the relevant (former) director, in fulfilling his function, did not act in good faith and in the reasonable belief that the manner of fulfilment of his function was in the interest of the Company.

4.19 General meetings shall be held in the municipality where the Company's registered office is situated, being Zutphen, or in Amsterdam, Rotterdam, the Hague or at Schiphol Airport in the municipality of Haarlemmermeer. Any resolution passed at a general meeting held elsewhere shall be valid only if the entire issued capital is represented, provided such resolution is adopted in The Netherlands.

4.20 The term of notice for general meetings of Shareholders must be at least fifteen clear days before the date on which the meeting is held. Notice shall be given by means of an advertisement, which shall be placed in at least one Dutch national newspaper and, to the extent the shares or depositary receipts will have been admitted to a stock exchange abroad and if required according to the local stock exchange rules, in a newspaper abroad.

4.21 The Board can provide for a registration date which means that the persons who are registered as shareholders in one or more registers designated by the Board at the time fixed by the Board will be deemed to have the right to cast votes or to attend meetings, regardless of who is entitled to the relevant shares at the time of the general meeting of shareholders.

4.22 The Company must convene its annual general meeting within six months after the end of the financial year. The agenda for the annual general meeting must contain, amongst other items placed on the agenda in accordance with Dutch law and the Articles, the discussion of the Board

annual report, the adoption of the annual accounts, the allocation of profits or determination of the manner whereby any loss sustained in that financial year is to be cleared.

4.23 Unless the law or the Articles stipulate a larger majority (such as resolutions regarding reduction of capital and amendment of the Articles), all resolutions of the general meeting of shareholders shall be passed by an absolute majority of the votes cast.

4.24 The financial year of the Company shall be the calendar year. Each year within five months after the end of the Company's financial year, save where this term is extended by a maximum of six months by the general meeting of shareholders on account of special circumstances, the board of directors shall draw up annual accounts and an annual report for that financial year. The annual accounts shall be signed by each of the directors. The annual accounts shall be adopted by the general meeting of shareholders (after an auditor has issued an auditor's certificate with respect to the annual accounts).

4.25 The profits of the Company shall be at the disposal of the general meeting of shareholders. 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. Dividends may be paid only after adoption of the annual accounts which show that they are justified.

4.26 A resolution to amend the Articles or a resolution for a merger, division or dissolution of the Company may be passed by the general meeting of shareholders only by a majority of at least two thirds of the votes cast.

4.27 Furthermore a shareholder (or a group of shareholders acting in concert) is required to disclose its holdings to the Company as soon as a threshold of 3% is exceeded, or as soon as its holdings are diminished below this threshold. The Board may, by notice in writing, require any shareholder or holder of depositary receipts or other person appearing to be interested, or appearing to have been interested, in any shares in the Company to disclose to the Company in writing such information as the Board reasonably requires relating to interests in the shares in question.

4.28 In the event of a change above three percent to a shareholder's interest in admitted securities which at any time increases or decreases such interest through one percentage point or more, the shareholder is obliged to notify the Company of such change.

4.29 In the event a shareholder as a result of (i) his own acquisition or (ii) the acquisition by persons acting in concert with him, becomes the holder of more than 30% of the voting rights in the Company (the "Threshold"), whereby the holdings of shares of persons acting in concert with him shall be added to his own holdings in order to determine whether the Threshold is exceeded, such Shareholder is required to make an offer forthwith to all the shareholders for all their shares at an equitable price, being the highest price offered by such shareholder or persons acting in concert with him within the twelve (12) month period prior to the date on which the Threshold was exceeded.

4.30 A shareholder shall not be under the obligation to make a Mandatory Offer, in the event the Threshold is exceeded as a result of one of the following situations:

(A) exceeding the Threshold as a result of exercising pro rata pre-emptive rights;

(B) exceeding the Threshold as a result of a share buy-back; and

(C) exceeding the Threshold as a result of reduction of issued capital.

4.31 The prior approval of the General Meeting will be 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. The Articles do not contain further provisions which would have the effect of delaying, deferring or preventing a change of control of the Company.

5. CREST AND DEPOSITARY ARRANGEMENTS

5.1 Depositary Interests

The Ordinary Shares are in registered form. It is proposed that, with effect from Admission, Ordinary Shares may be delivered, held and settled in CREST by means of the creation of dematerialised depositary interests representing such Ordinary Shares. Pursuant to a method under

which transactions in international securities may be settled through the CREST system, the Depositary will issue DIs. The DIs will be independent securities constituted under English law which may be held and transferred through the CREST system.

The DIs will be created pursuant to, and issued on the terms of a deed poll executed by, the Depositary on 29 October 2007 in favour of the holders of the DIs from time to time (the "Deed Poll"). The Deed Poll is summarised below. Prospective holders of DIs should note that they will have no rights in respect of the underlying Ordinary Shares or the DIs representing them against Euroclear UK & Ireland Limited or its subsidiaries.

Ordinary Shares will be transferred or issued to the Depositary or to a custodian appointed by the Depositary (the "Custodian"). The Depositary shall pass on, or shall ensure that the Custodian passes on, to the holder of DIs all rights and entitlements which the Depositary or Custodian receives in respect of the Ordinary Shares such as any such rights or entitlements to cash distributions, to information to make choices and elections, and to attend and vote at general meetings.

The DIs will have the same security code (ISIN) as the underlying Ordinary Shares and will not require a separate application for admission to trading on AIM.

5.2 Depositary Interests — Terms of the Deed Poll constituting the DIs

Prospective subscribers for and purchasers of the Ordinary Shares are referred to the Deed Poll available for inspection at the offices of Simmons & Simmons. In summary, the Deed Poll contains, among other things, provisions to the following effect which are binding on holders of DIs.

The Depositary will hold (itself or through the Custodian), as bare trustee, Ordinary Shares and all and any rights and other securities, property and cash attributable to the Ordinary Shares and pertaining to the DIs for the benefit of the holders of the relevant DIs.

Holders of the DIs warrant, among other things, that the Ordinary Shares in the Company transferred or issued to the Custodian on behalf of the Depositary and for the account of the holders of DIs are free and clear from all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's Articles of Association nor any contractual obligation, law or regulation. The holder of DIs indemnifies the Depositary for any losses it incurs as a result of breach of this warranty.

The Depositary and the Custodian must pass on to DI holders, and so far as it is reasonably able, exercise on behalf of DI holders all rights and entitlements received or to which they are entitled in respect of the Ordinary Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on to the holders of DIs upon being received by the Custodian and in the form in which they are received by the Custodian together with any amendments and additional documentation necessary to effect such passing-on.

The Depositary shall re-allocate any Ordinary Shares or distributions which are allocated to the Custodian and which arise automatically out of any right or entitlement of Ordinary Shares already held by the Custodian to holders of DIs pro rata to the Ordinary Shares held for their respective accounts provided that the Depositary shall not be required to account for any fractional entitlements arising from such re-allocation and shall donate the aggregate fractional entitlements to charity.

The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not incur any liability to any holder of DIs or to any other person for any loss suffered or incurred arising out of or in connection with the performance or non-performance of its obligations and duties whether arising under the Deed Poll or otherwise save to the extent that such loss results from its negligence, wilful default or fraud or that of any person to whom the Depositary is vicariously liable provided that the Depositary shall not incur any such liability as a result of the negligence, wilful default or fraud of any custodian or agent which is not a member of the same group of companies as the Depositary unless the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such custodian or agent. Nor shall the Depositary incur any such liability if any loss suffered or incurred by the holders of DIs is attributable to or results from the negligence, wilful default or fraud of CREST or the Company or the acts or omissions of any person who provides banking services in connection with the CREST system. Furthermore, except in the case of personal injury or death, the Depositary's liability to a holder of

DIs will be limited to the value of the Ordinary Shares and other deposited property to which the liability relates (on the basis that the relevant act or omission had not occurred); or if less, that proportion of £10m which corresponds to the proportion of the amounts the Depositary would otherwise be liable to pay the DI holder bears to the amount payable to all DI holders, or if there are no such other amounts, £10m.

The Depositary is entitled to charge holders of DIs fees and expenses for the provision of its services under the Deed Poll. The Depositary shall not be liable for taxes, duties, charges, costs or expenses which may become payable in respect of the Ordinary Shares or other deposited property or the DIs and the Depositary shall be entitled to deduct from the deposited property (or the proceeds of sale thereof, such sale may be effected by the Depositary) as may be required to satisfy any such liability.

Each holder of DIs is liable to indemnify the Depositary and any Custodian (and their officers and employees) against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of DIs held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depositary or the Custodian (or, if the Custodian is not a member of the same group as the Depositary, if the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent). The Depositary is entitled to make deductions from the deposited property (or the proceeds of sale thereof, such sale may be effected by the Depositary) as may be required to discharge the liability of the holder of DIs.

The Depositary may terminate the Deed Poll by giving 30 days' prior notice to DI holders. During such period, holders may cancel their DIs and, subject to compliance with transfer formalities, withdraw their deposited property and, if any DIs remain outstanding after termination, the Depositary shall, amongst other things, deliver the deposited property in respect of the DIs to the relevant DI holder or, at its discretion, sell all or part of such deposited property and request the removal of the DIs from the CREST system. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to holders of DIs in respect of their DIs.

The Depositary or the Custodian may require from any holder of DIs information as to the capacity in which DIs are owned or held and the identity of any other person with any interest of any kind in such DIs or the underlying Ordinary Shares and the holders are bound to provide such information requested. Furthermore, to the extent that, among other things, the Articles of Association require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever, in the Company's securities, the holders of DIs are to comply with such provisions and with the Company's instructions with respect thereto.

The Deed Poll sets out the mechanics for the transfer of Ordinary Shares into the Depositary and the issue of DIs and also the cancellation of DIs and the consequent transfer of Ordinary Shares. A transfer of the Ordinary Shares is effected by way of private deed of transfer and prospective holders of DIs and Ordinary Shares should refer to the terms of the Deed Poll and the Articles of Association to ensure compliance with the relevant provisions.

The Depositary may compulsorily withdraw the DIs (and the holders of DIs shall be deemed to have requested their cancellation) if certain events occur. These events include where the Depositary believes that ownership of the DIs may result in a pecuniary disadvantage to the Depositary or the Custodian or where the DIs are held by a person in breach of the law. If these events occur the Depositary shall make such arrangements for the deposited property as it sees fit, including sale of the deposited property and delivery of the net proceeds thereof to the holder of the DIs in question.

Holders of DIs are responsible for the payment of any tax, including stamp duty reserve tax ("SDRT") on the transfer of their DIs.

5.3 Depositary Agreement

On 29 October 2007, the Company entered into a depositary agreement with the Depositary.

The Depositary Agreement may be terminated on 30 days' notice in the event of material breach by the other party; or otherwise on at least 45 days' written notice.

The depositary services include the issue and cancellation of depositary interests, maintaining the DI register, receiving and registering dividend payment instructions issued by holders of DIs, and other services described or provided for in the Deed Poll. It is anticipated that the Depositary may appoint a Custodian. The Company is obliged to pay an annual fee of £3,500 per annum in respect of the depositary services in addition to certain transactional fees in relation to the DIs and a set up fee of £5,000.

The Company indemnifies the Depositary on demand against all loss suffered or incurred by the Depositary as a result of or in connection with the performance by the Depositary of its obligations under the agreement save for any loss arising as a result of fraud, negligence, wilful default or as a result of a breach by the Depositary of the terms of the agreement.

Subject to certain limitations, the Depositary agrees to indemnify the Company and its Directors, officers and employees from and against any loss which they may incur as a result of or in connection with any claim by a DI holder or person having an interest in the DIs arising out of a breach of the Deed Poll's terms, save where this arises out of the fraud, negligence or wilful default of the Company. The aggregate liability of the Depositary to the Company shall not exceed the lesser of £1,000,000 or ten times the annual fee payable to the Depositary.

5.4 Offshore Registrar's Agreement

On 29 October 2007, the Company entered into an agreement with the Registrar in relation to the provision of offshore registrar services to the Company.

The Registrar will perform various services in its capacity as Registrar, including maintenance of the register in Jersey; maintenance of divided instruction records; registration of share transfers; preparation and dispatch of dividend warrants; supplying to the Company, as soon as reasonably practicable, all necessary information so that the DI register be open for inspection at the registered office of the Company; and arranging for the provision of facilities for the holding of general meetings of Shareholders.

The Registrar's appointment may be terminated on three months' written notice, not to expire earlier than the second anniversary of the date of the Registrar's agreement; or immediately for material breach, bankruptcy events or loss of the Registrar's regulatory permits.

For the provision of its services, the Company will pay the Registrar fees per transaction, subject to an annual minimum charge, plus out-of-pocket expenses, in addition to other related expenses.

The Company agrees to indemnify the Registrar in respect of losses arising out of or in connection with the performance of its duties save to the extent they are attributable to the fraud, negligence or wilful default of the Registrar. The Registrar's liability under the agreement is limited to the lesser of £1,000,000 and ten times the total annual fee.

6. SHARE OPTION SCHEME

On 30 October 2007, the Company established a share based incentive scheme. The Cryo-Save Group 2007 Share Option Scheme (the "Option Scheme") will be administered by the Board. The main features of the Option Scheme may be summarised as follows:

6.1 Eligibility

All employees of the Company and/or its subsidiaries and executive and non-executive directors who are nominated by the Board are eligible to participate. Certain third parties selected by the Board are also eligible to participate. For further details on the number of options granted to the executive and non-executive directors, please see paragraph 7.1 of this Part 6.

6.2 Grant of options

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 Board to be exceptional. No options may be granted more than 5 years after the date the Option Scheme was approved by the Company.

6.3 Option Price

(A) While the Ordinary Shares are not traded on AIM, the option price per Ordinary Share is the amount determined as the greater of (1) the nominal value of an Ordinary Share; or (2) the amount specified by the Board to be the option price.

(B) While the Shares are traded on AIM, 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 for an Ordinary Share (as derived from the London Stock Exchange Daily Official List) 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 Board to be the option price.

(C) In the event of any variation in the share capital of the Company, the option price and the number of Ordinary Shares comprised in each option may be adjusted as the Board confirms in writing to be fair and reasonable. No adjustment may be made which will reduce the option price below the nominal value of an Ordinary Share.

6.4 Rights and restrictions

(A) 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 circumstances referred to below.

(B) 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 Committee, for any other reason. In the case of a management company, the option is so exercisable if the Board so decide. The personal representatives of an option holder may exercise an option within a limited period of the death of the option holder.

(C) Options are exercisable within a limited period in the event of a takeover of the Company or in the event that an offeror becomes entitled or bound to acquire any Ordinary Shares and will in certain circumstances lapse if not so exercised.

(D) Options are exercisable within a limited period in the event that the Company is placed in liquidation.

6.5 Allotment of Shares

The Ordinary Shares allotted under the Option Scheme shall have the rights pertaining to Ordinary Shares pursuant to the Articles.

6.6 Scheme limits

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 ten 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.

6.7 Alteration

The Board may alter the Option Scheme except that (apart from minor amendments to benefit the administration of the Option Scheme, to correct typographical or other errors, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for eligible employees, participants or the Group) no alteration to the advantage of participants can be made to various defined terms and certain provisions relating to selection of eligible employees, grant of options, limitations on grant, option period, variation of capital, takeover or the like and rights of Ordinary Shares issued under options without the prior approval of the Shareholders in General Meeting. In particular, the Board has concluded that it intends to apply a policy of performance criteria being applied to the exercisability of options.

7. DIRECTORS' AND OTHER INTERESTS

7.1 The interests of each Director, including the interests of their immediate families and any other persons connected with them which would be disclosable under Chapter 3 of the DTRs, if the DTRs applied to the Company, all of which, unless otherwise stated, are beneficial, in the issued share capital of the Company which (i) have been notified to the Company pursuant to its Articles of Association, or (ii) are interests of a person connected with a Director which would, if the connected person were a Director, be required to be disclosed under (i) above, and the existence of which is known to, or could with reasonable diligence be ascertained by, the Director, (a) as at the date of this document and (b) as they are expected to be immediately following Admission, are as follows:

	As at date of this document		Immediately following Admission	
Name	**No of shares**	**% issued share capital**	**No of shares**	**% issued share capital**
Marc Jan Waeterschoot[1]	8,753,590	24.63	5,853,170	12.15
Robert Koremans	121,186	0.34	121,186	0.25
Arnoldus Paulus van Tulder	15,000	0.04	15,000	0.03
Johan Paul Georges Goossens[2]	9,400,635	26.45	6,410,635	13.31
Werner Spinner	—	—	—	—
Walter Alfons Agnes van Pottelberge	46,186	0.13	46,186	0.10

(1) Includes 1,000,000 Ordinary Shares owned by B.M.P Derycke, Marc Waeterschoot's wife and 500,000 Ordinary Shares owned by Life Sciences N.V. a company of which Marc Waeterschoot is a controlling shareholder.

(2) Includes 990,000 Ordinary Shares owned by I. M. Heynderickx, Johan Goossens' wife, 2,000,000 Ordinary Shares owned by Juma Invest N.V. and 1,450,000 Ordinary Shares owned by HTB N.V., companies of which Johan Goossens is a controlling shareholder.

7.2 Save as disclosed in paragraph 7 and paragraph 6, no share or loan capital of the Company or any of its subsidiaries is under option or immediately following Admission is or will be agreed conditionally or unconditionally to be put under option and no convertible or exchangeable securities of the Company are or will be in issue.

7.3 The Articles require Shareholders to disclose their holdings in the Company as soon as a threshold of 3% is exceeded or as soon as its/their holding falls below this level. Save as set out in paragraph 7.1 above, and as set out below, the Company is not aware of any person who, at the date of this document, is directly or indirectly interested in 3% or more of the Company's issued share capital or voting rights at the date of this document, other than:

Name	**Shares**	**%**
M.J Waeterschoot[1]	8,753,590	24.63%
J.P.G. Goossens[2]	9,400,635	26.45%
Pharmaceutical Enterprises S.A.	2,977,500	8.38%
Perenco Finvest Limited	1,600,000	4.30%
Dalby Corp	1,203,000	3.39%

(1) Includes 1,000,000 Ordinary Shares owned by B.M.P Derycke, Marc Waeterschoot's wife and 500,000 Ordinary Shares owned by Life Sciences N.V. a company of which Marc Waeterschoot is a controlling shareholder.

(2) Includes 990,000 Ordinary Shares owned by I. M. Heynderickx, Johan Goossens' wife, 2,000,000 Ordinary Shares owned by Juma Invest N.V. and 1,450,000 Ordinary Shares owned by HTB N.V., companies of which Johan Goossens is a controlling shareholder.

None of the Company's major shareholders listed above has voting rights which are different from other holders of Ordinary Shares.

7.4 Save as disclosed in this paragraph 7, the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercise at the date of this document, or could immediately following Admission exercise, control over the Company.

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

8. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

8.1 Marc Waeterschoot has entered into a service agreement with the Company effective 1 October 2007 for an indefinite period, subject to termination upon six month's notice should the Company terminate and three month's notice should Mr. Waeterschoot terminate. The agreement provides for an annual salary of €120,000 plus an annual discretionary bonus to be determined by the Board, a business expenses allowance of €250 per month, a company car, entitlement to membership of the Company's collective pension scheme and 30 days paid holiday per annum. He is subject to non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment.

8.2 Robert Koremans has entered into a service agreement with the Company effective 1 October 2007 for an indefinite period, subject to termination upon six month's notice should the Company terminate and three month's notice should Mr. Koremans terminate. The agreement provides for an annual salary of €250,000 plus an annual discretionary bonus to be determined by the Board, a business expenses allowance of €250 per month, a company car, 25 days paid holiday per annum and membership of the Company's pension scheme. He is also entitled to participate in the option scheme, grant of options being determined by the non-executive directors in accordance with the rules of the option scheme. He is subject to non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment.

8.3 Arnoud van Tulder has entered into a service agreement with the Company effective 1 October 2007 for an indefinite period, subject to termination upon six month's notice should the Company terminate and three month's notice should Mr. van Tulder terminate. The agreement provides for an annual salary of €130,000 plus an annual discretionary bonus to be determined by the Board, a business expenses allowance of €200 per month, a company car, entitlement to membership of the Company's collective pension scheme and 25 days paid holiday per annum. He is also entitled to participate in the option scheme, grant of options being determined by the non-executive directors in accordance with the rules of the option scheme. He is subject to non-competition and non-solicitation covenants for a period of 12 months following the termination of his employment.

8.4 Johan Goossens is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 18 September 2007 for an initial fixed term of three years commencing on 1 October 2007 and terminable on three months' notice from either party. Mr. Goossens receives a fee of €30,000 per annum and a daily fee of €3,000 for special assignments.

8.5 Werner Spinner is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 25 September 2007 for an initial fixed term of three years commencing on 1 October 2007 and terminable on three months' notice from either party. Mr. Spinner receives a fee of €30,000 per annum.

8.6 Walter van Pottelberge is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 25 September 2007 for an initial fixed term of three years commencing on 1 October 2007 and terminable on three months' notice from either party Mr. van Pottelberge receives a fee of €30,000 per annum.

8.7 Save as set out above, there are no existing or proposed service agreements between any of the Directors and the Company or any of its subsidiaries.

8.8 In addition to being a Director of the Company, the Directors have held or hold the following directorships (excluding subsidiaries of any company of which he or she is also a director) and/or have been/are a partner in the following partnerships within the five years immediately prior to the date of this document:

Director	Current Directorships	Former Directorships
Marc Waeterschoot	Life-Sciences NV Pharmaceutical Enterprises NV	Medicom bvba
Rob Koremans	R Koremans BV	Grünenthal GmbH
Arnoud van Tulder	—	—
Johan Goossens	JUMA Invest N.V. H.T.B. n.v.	nv J.M.C.

Director	Current Directorships	Former Directorships
Werner Spinner	Altana AG Celerant plc CSM n.v.	Bayer AG BIOTEST AG GFK AG Grünenthal/Dalli-Group Hülsta Group GmbH Merz KGaA
Walter van Pottelberge	ARTAS nv DELA Investment Belgium DELA Ré Luxemburg nv Flanders Fashion Institute Goffin Bank nv Gudrun nv Royal Philharmonic Orchestra of Flanders UBCA NV VNBS VOKA	Advisory Board Generale Bank Antwerpen Belgian Insurers Federation Belpan Holding EDC Holding Egemin Oleon Recticel Royal Circle of Belgian Insurers The American European Community Association

8.9 From 1 April 1989 until 9 September 1989, Johan Goossens was a director of Kopra N.V., a company involved with meat processing. This company was declared the subject of a fraudulent bankruptcy on 30 September 1989, the fraud being perpetrated by the major shareholder/founder.

8.10 Save as disclosed in paragraph 8.9 above, no Director:

(A) has any unspent convictions in relation to indictable offences;

(B) has been bankrupt or the subject of an individual voluntary arrangement or has had a receiver appointed to any asset of such director; or

(C) has been a director of any company which, while he was a director or within twelve months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or made any composition or arrangement with its creditors generally or with any class of its creditors; or

(D) has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement or has had a receiver appointed to any partnership asset; or

(E) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

(F) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company; or

(G) has been a partner in a partnership where any assets were subject to a receivership during last 12 months.

8.11 Save as disclosed below, none of the Directors is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding year, or during any earlier financial year and which remains in any respect outstanding or unperformed:

The Group purchases sepax kits from Life-Sciences NV, a former Group Company owned by Marc Waeterschoot, which in turn purchases these kits from Biosafe AG.

HTB NV and Juma Invest NV, companies controlled by Johan Goossens, performed consultancy services for the Group in the current financial year. This arrangement will cease following Admission.

9. PREMISES

The Group's principal establishments are as follows:

Location	Country	Freehold/ leasehold	Current Term and Annual Rent	Approximate Size
Office Zutphen	Netherlands	Leasehold	01/05/2007-30/05/2010(1) €64,510	728m^2
Office Pfäffikon	Switzerland	Leasehold	Commenced 01/01/2004 Indefinite period (terminates on 3 months' notice) €10,000	150m^2
Office Mechelen	Belgium	Leasehold	01/05/2006-30/04/2008(2) €113,050	657m^2

(1) Initial term of lease from 1/06/2005–30/04/2007 was extended on 01/05/2007.

(2) Initial term of lease from 1/11/2000–30/04/2006 was extended on 01/05/2006.

10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group during the two years preceding the date of this document and are, or may be material:

10.1 Placing Agreement

On 31 October 2007, the Company, the Selling Shareholders and the Directors entered into the Placing Agreement with Kaupthing as nominated adviser and broker. Pursuant to the Placing Agreement, Kaupthing has agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price. The Placing Agreement is conditional, inter alia, upon Admission taking place on or before 20 November 2007.

The Company has agreed to pay a corporate finance fee of £250,000 (exclusive of VAT), together with VAT and expenses and a commission of 4.0 per cent of the gross proceeds of the issue of the New Shares; and the Selling Shareholders have agreed to pay commission of 4.0 per cent of the gross proceeds of the Sale Shares at the Placing Price.

In addition the Company has agreed to issue warrants ("Warrants") to Kaupthing over 733,649 Ordinary Shares, being equal to 1.5% of the Company's share capital on a fully diluted basis at Admission, at the Placing Price pursuant to a warrant instrument ("Warrant Instrument"). The Warrants are exercisable for 5 years after Admission.

The Placing Agreement also provides for the Company to pay all expenses of and incidental to the Placing and application for Admission.

The Placing Agreement contains warranties given by the Company, the Directors of the Company and the Selling Shareholders as to the accuracy of the information in this Admission Document. The Company, the Selling Shareholders and the Directors have also agreed to indemnify Kaupthing in connection with certain liabilities they may incur in respect of the Placing and the Admission or this document. The liability of Marc Waeterschoot and Johan Goossens in respect of those warranties is limited to the proceeds of the Placing received by them plus three times their annual remuneration. In respect on Juma Invest N.V. and I.M. Heynderickx, Johan Goossens will be liable in respect of those warranties up to the value of the proceeds of the Placing received by them (as his related parties). The liability of Dr. F. Ingels in respect of those warranties is limited to the proceeds of the Placing received by him. The liability of the other Directors in respect of those warranties is limited to three times their annual remuneration. The Company's liability in respect of those warranties is limited to the Company's gross proceeds of the Placing.

The Directors have agreed (subject to certain limited exceptions) not to dispose of any interests in the Company's shares until the date 12 months from Admission and for the 12 months thereafter only to sell shares with the consent of (and through) with Kaupthing.

The parties may terminate the Placing Agreement in specified circumstances before Admission, principally in the event of a material breach of the Placing Agreement, or the warranties or where an event occurs which is prejudicial to the Placing or a change in national, international, financial, political, military or market condition is reasonably likely to be prejudicial to the Placing. In the

event of such termination, the Company remains liable for Kaupthing's costs and expenses and for the corporate finance fee.

10.2 Forward rate

In order that the Company receives the net proceeds of the Placing in Euro, the Company entered into a forward rate contract with Kaupthing Singer & Friedlander Limited pursuant to which the net proceeds of the issue of the New Ordinary Shares (being approximately £23.76 million) will be exchanged into € at an exchange rate of £0.69845:€1, when those net proceeds are remitted by Kaupthing to the Company following Admission.

10.3 Nominated Adviser and Broker Agreement

On 31 October 2007, the Company entered into a Nominated Adviser and Broker Agreement with Kaupthing, pursuant to which the Company has appointed Kaupthing as its nominated adviser and broker for the purposes of the AIM Rules, with effect from Admission.

Pursuant to the Nominated Adviser and Broker Agreement, the Company has agreed to pay Kaupthing a fee of £45,000 per year plus VAT and disbursements, quarterly in advance, with the first payment being made on the appointment becoming effective.

The Nominated Adviser and Broker Agreement contains an indemnity in favour of Kaupthing in connection with certain liabilities they may incur in connection with their appointment. Either party may terminate the appointment on not less than 30 days' notice in writing and immediately in certain limited circumstances such as material breach of the provisions of the Nominated Adviser and Broker Agreement.

10.4 Agreement with Universal Hospitals Group Sanayi ve Ticaret Limited Sirketi ("UHG")

Under an agreement dated 9 November 2006 with UHG, the Company has agreed to enter into a joint venture for the purpose of establishing a company in Istanbul. The agreement sets out the "terms and conditions" of the proposed company. The object of the proposed company is to carry on and conduct the collection, transport, processing and storage of umbilical and bone marrow cells (and any and all biological materials and products that the parties may agree) and any other objects not prohibited by the laws and regulations of Turkey. It is intended that the Turkish company be held 70% by the Company and 30% by UHG (although it is intended that the parties share equally in any profits distributed by way of dividend). UHG shall provide management and administrative services. The Company will provide know-how and technological and scientific support.

The parties agreed that, in order to accelerate the start-up of the proposed company, they shall begin the preparation of the necessary administrative, commercial and financial studies. Further, the parties have irrevocably and finally agreed that the proposed company will be registered within three months of the agreement. However the Company has not yet been incorporated and will not be incorporated prior to Admission.

10.5 Agreement with Al Zahrawi Group of Companies Limited

Under a joint venture agreement with Al Zahrawi Group of Companies Limited, the parties agreed to establish the company Al Zahrawi Life Sciences Ltd ("Al Zahrawi") for the purposes of conducting the collection, transport, processing and storage of stem cells. The liability of the shareholders in Al Zahrawi is limited to the extent of their shareholdings. The parties agreed that the Company would hold 35% of the shares in Al Zahrawi with the remainder being held by Al Zahrawi Group of Companies Limited.

The parties agreed that 10% of the annual net profits of Al Zahrawi would be retained in a legal reserve account and such amount as the board of Al Zahrawi shall determine to be distributed as dividends will be paid to the shareholders in proportion to their shareholdings. The Company has the right to appoint one director to the board of Al Zahrawi and Al Zahrawi Group of Companies Limited has the right to appoint two directors.

The Company has agreed to licence to the joint venture company all of its patents and trade marks relevant to the objects of the joint venture company in the Jebel Ali Free Zone Authority. The Company is entitled to a 10% royalty payment for every trade mark or patent used by the joint venture company. The agreement envisages the execution of licensing arrangements.

10.6 Cryo-Save Balcanica Joint Venture

Cryo-Save Balcanica Ltd is a joint venture between Eleni Kondoyanni, Yakavos Sousis and the Company. The objective of the joint venture is to organise units for the provision of services in all of the Balkan countries for cryopreservation. In order to achieve the objective the Company may acquire shareholdings in, purchase or cooperate with any other businesses and conclude contracts with natural or legal persons.

11. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

12. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 30 June 2007.

13. LITIGATION

No member of the Group is or has been engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any such proceedings pending or threatened by or against the Group, which may have, or has had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability.

14. GENERAL

14.1 Expenses

The total costs of and expenses of and incidental to the Placing and Admission (save for the commissions and stamp duty payable by the Selling Shareholders), are estimated to amount to £2.78 million and are payable by the Company.

14.2 Nature of financial information

The financial information in Parts 5 of this document does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

14.3 Consents

(A) Kaupthing Singer and Friedlander Capital Markets Ltd has given and has not withdrawn its written consent to the inclusion in this document of its name and of the references to its name in the form and context in which they respectively appear.

(B) CELS Business Services Limited of Bioscience Centre, International Centre for Life, Times Square, Newcastle upon Tyne NE1 4EP has given and not withdrawn its consent to the issue of this document with the inclusion of its name and report and references thereto, in the form and context in which they appear; and has authorised the contents of the parts of this document in which their report appears for the purpose of Schedule Two to the AIM Rules for Companies.

(C) Deloitte & Touche LLP has given and have not withdrawn their written consent to the inclusion of their report in Part 5 of this document and references thereto in the form and context in which it appears and have authorised the contents of that part of this document for the purposes of the AIM Rules.

14.4 Where information in this document has been sourced from a third party the Company confirms that that information has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, and so far as the Company is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

14.5 Benefits received from the Company

Except for fees payable to professional advisers named in this document and trade suppliers, and except as set out below, no person has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission; or entered into any contractual arrangement to

receive, directly or indirectly, from the Company on or after Admission, any fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more (calculated by reference to the Placing Price) or any other benefit to a value of £10,000.

In the said period of 12 months, the Company paid to:

(A) Emerio £74,000, in respect of financial services provided by Mr. Daminet;

(B) Contra N.V., a company owned and controlled by Mr. de Visscher, a former supervisory director of the Company, £47,000, in respect of legal services provided by Mr. de Visscher;

(C) Vitae £23,000, in respect of administration services provided by Mr. Leneman in relation to the Placing.

14.6 Exchange Rate

All £/€ equivalent values given in Parts 1 and 6 of this document are given at the exchange rate of £0.69845:€1, being the rate applicable to the remission of Placing Proceeds to the Company, pursuant to the forward rate described in paragraph 10 of this Part 6.

14.7 Miscellaneous

(A) The Ordinary Shares being placed pursuant to the Placing have a nominal value of €0.02 each and will be issued at a premium of approximately €2.99 per share. The rights attaching to the new and existing Ordinary Shares will be uniform in all respects and they will form a single class for all purposes.

(B) There have not been any interruptions to the business of the Group which may have, or have had, a significant effect on the Company's financial position in the last 12 months.

(C) The Directors are not aware of any arrangement under which future dividends are waived or agreed to be waived.

(D) The ISIN number for the Ordinary Shares is NL0006091969.

15. AVAILABILITY OF DOCUMENTS

Copies of the following documents will be available, free of charge to the public, at the registered office of Simmons & Simmons, CityPoint, One Ropemaker Street, London, EC2Y 9SS during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date falling one month after the date of Admission:

(i) this Document;

(ii) the Expert's Report set out in Part 4 of this document;

(iii) the Articles, Depositary Agreement and Deed Poll; and

(iv) the report relating to the Company prepared by Deloitte & Touche LLP in Part 5 of this document.

PART 7

TAXATION

We advise investors to consult their own tax advisers regarding the tax consequences of acquiring, holding and disposing of Ordinary Shares. The comments below are of a general and non-exhaustive nature based on the understanding of the current revenue law and practice in the UK and The Netherlands which may be subject to change, in particular, this summary does not address tax considerations applicable to investors who will receive or have received these Ordinary Shares as employment income, deemed employment income or otherwise as compensation. The summary is general in nature, does not constitute legal or tax advice relating to an investment in Ordinary Shares, applies only to persons holding Ordinary Shares as an investment and who are the beneficial owners thereof, and addresses the applicable UK and Dutch legislation and regulation as interpreted by published case law on the date hereof. Therefore, the summary may be subject to change after that date, including changes that might have retroactive effect. **Prospective investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding, converting or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.**

1. DUTCH TAX ASPECTS

The following is a general summary of certain Dutch tax consequences of the holding and disposal of the Ordinary Shares.

1.1 Withholding tax

Dividends distributed by the Company generally are subject to Dutch dividend withholding tax at a rate of 15%. The expression "dividends distributed" includes, amongst others:

- distributions in cash or in kind;
- liquidation proceeds, proceeds of redemption of the Ordinary Shares, or proceeds of the repurchase of these Ordinary Shares by the Company or one of its subsidiaries or other affiliated entities to the extent such proceeds exceed the average paid-in capital of the Ordinary Shares recognised for the purposes of Dutch dividend withholding tax;
- an amount equal to the par value of the Ordinary Shares issued or an increase of the par value of the Ordinary Shares, to the extent that it does not appear that a contribution, recognised for the purposes of Dutch dividend withholding tax, has been made or will be made; and
- partial repayment of the paid-in capital, recognised for the purposes of Dutch dividend withholding tax, if and to the extent that the Company has net profits (*zuivere winst*) or can expect to derive net profits (*winstanticipatie*) unless the holders of Ordinary Shares have resolved in advance at a general meeting to make such repayment and the par value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment of the Company's Articles;
- deemed and constructive distributions.

If a holder of Ordinary Shares is resident in a country other than The Netherlands and if a double taxation convention is in effect between The Netherlands and this other country (such as the United Kingdom, Netherlands treaty, such holder may, depending on the terms of that double taxation convention, be eligible for a full or partial exemption from, or refund of, Dutch dividend withholding tax. Further the EU Parent-subsidiary directive may provide for a full exemption of Dutch dividend withholding tax if applicable conditions are met.

In addition, an exemption from Dutch dividend withholding tax applies if the holder of Ordinary Shares is an entity in The Netherlands and such holder can apply the Dutch participation exemption (*deelnemingsvrijstelling*) in respect of the dividends distributed by the Company.

Individuals and corporate entities who are resident or deemed to be resident in The Netherlands for Dutch tax purposes (either Dutch-resident individuals or Dutch-resident entities, as defined below), including individuals who have made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of The Netherlands, can generally credit the Dutch dividend withholding tax against their income tax or corporate income tax liability if the holder is the beneficial owner thereof. The same generally applies to holders of Ordinary Shares that are neither resident nor deemed to be resident of

The Netherlands if the Ordinary Shares are attributable to a Dutch permanent establishment of such non-resident holder. On request and if certain conditions are met, a refund of the Dutch dividend withholding tax applies to Dutch qualifying pension funds, certain exempt entities and Dutch investment institutions as defined in Article 28 of the Dutch corporate income tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Pursuant to legislation to counteract "dividend stripping" a reduction, exemption, credit or refund of Dutch dividend withholding tax is denied in case the recipient of the dividend is not the beneficial owner. This legislation generally targets situations in which a shareholder retains its economic interest in shares but reduces the withholding costs on dividends by a transaction with another party. It is not required for these rules to apply that the recipient of the dividends is aware that a dividend stripping transaction took place. The Dutch State Secretary of Finance has taken the position that the definition of beneficial ownership introduced by this legislation will also apply in the context of a double taxation convention.

1.2 Taxes on income and capital gains

Dutch-resident Individuals

Individuals who are resident or deemed to be resident in The Netherlands for Dutch tax purposes, including individuals who have opted to be resident in The Netherlands for the purposes of the Dutch Income Tax Act 2001, ("Dutch-resident individuals") are in general annually taxed on a deemed income in the amount of 4% of their net investment assets for the year at a flat income tax rate of 30% ("box 3 taxation").

The net investment assets for a certain year are calculated as the average of (i) the fair market value of the investment assets less the allowable liabilities at the beginning of that year, and (ii) the fair market value of the investment assets less the allowable liabilities at the end of that year. The Ordinary Shares are included as investment assets. An annual tax-free allowance of €20,014 (figure 2007) of the net investment assets is generally available for each Dutch-resident individual tax payer. Actual benefits derived from the net investment assets, including any income and capital gains realised on the disposal of the Ordinary Shares, are not subject to Dutch income tax.

However, the following exceptions apply to the above general rule:

(a) if the Ordinary Shares are attributable to an enterprise from which a Dutch-resident individual derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement (*medegerechtigde*) to the net worth of such enterprise, without being an entrepreneur or a shareholder, as defined in the Dutch Income Tax Act 2001, any benefit derived or deemed to be derived from the Ordinary Shares will generally be subject to income tax at progressive rates with a maximum of 52% ("box 1 taxation");

(b) if the holding and/or disposal of the Ordinary Shares is treated as "miscellaneous activities" (*overige werkzaamheden*), any benefit deriving from these Ordinary Shares will be subject to income tax at a progressive rate with a maximum of 52% ("box 1 taxation"). The holding and/or disposal can be treated as "miscellaneous activities" in the event that the management of the portfolio of which the Ordinary Shares are a part of exceeds regular asset management, amongst others in the event that the holder of Ordinary Shares has privileged information regarding the Ordinary Shares; and

(c) if a Dutch-resident individual or his or her partner (a statutorily defined term) has, or certain of their relatives by blood or marriage in the direct line (including foster children) have, a substantial interest or a deemed substantial interest (statutorily defined terms) in the Company, any benefit derived or deemed to be derived from the Ordinary Shares by the Dutch resident individual is subject to income tax at a flat rate of 25% ("box 2 taxation").

Please see the paragraph concerning 'Non-Dutch-resident holders' below for a description of the terms 'substantial interests' and 'deemed substantial interest'.

Dutch-resident entities

Corporate and quasi-corporate entities (including but not limited to non-transparent partnerships, associations, foundations and non-transparent mutual funds for joint account (*open fondsen voor gemene rekening*), which are taxable entities under the Dutch Corporate Income Tax Act 1969 and are resident or deemed to be resident in The Netherlands for Dutch tax purposes ('Dutch-resident entities') are, in principle, subject to Dutch corporate income tax at the statutory rate of 20.0% applying to the first €25,000

of taxable profits, 23.5% applying to taxable profits ranging between €25,000 and €60,000 and 25.5% of taxable profits exceeding €60,000 (rates and figures for 2007).

Any benefit derived, or deemed to be derived, from the Ordinary Shares held by Dutch-resident entities, including any capital gain on the disposal thereof, will generally be subject to corporate income tax, unless the Dutch participation exemption is applicable or the benefit is deemed to be included in the cost price of the Ordinary Shares. The Dutch participation exemption is generally applicable if such entities own at least 5% of the nominal paid-up share capital of the company and that company has a capital divided into shares[14].

Non-Dutch-resident holders

A holder of Ordinary Shares will not be subject to Dutch taxes on income and capital gains deriving from Ordinary Shares, provided that:

(a) such holder is neither resident nor deemed to be resident in The Netherlands for Dutch tax purposes, and, in the event such holder is an individual, has not opted to be a resident for purposes of the Dutch Income Tax Act 2001; and

(b) such holder does not have an interest in an enterprise or a deemed enterprise which, in whole or in part, is either effectively managed in The Netherlands or is carried out through a permanent establishment, a deemed permanent establishment (statutorily defined terms) or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, or to whom Ordinary Shares are attributable or deemed to be attributable;

(c) such holder does not or did not carry out employment activities or miscellaneous activities in The Netherlands to which the holding of the shares or the income derived from the shares can be attributed; and

(d) such holder and, in the case of individuals, his/her partner (a statutorily defined term) or certain of their relatives by blood or marriage in the direct line (including foster children) do not have a substantial interest or deemed substantial interest (statutorily defined terms) in the Company.

In general, a holder of securities in a company is considered to hold a substantial interest in this company, if such holder, alone or, in the case of individuals, together with his/her partner (a statutorily defined term) or certain of their relatives by blood or marriage in the direct line, directly or indirectly, holds:

- an interest of 5% or more of the total issued and outstanding capital of that company; or
- an interest of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or
- holds rights to acquire, directly or indirectly, such interest; or
- holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds.

A deemed substantial interest arises if a substantial interest (or part thereof) has been disposed of, or is deemed to have been disposed of, on a non-recognition basis. If the non-Dutch-resident holder is taxable in The Netherlands pursuant to one of the first three eventualities mentioned above, he will, in principle, be taxed in the same way as Dutch-resident taxpayers, as set out above.

If a double tax convention is in force between The Netherlands and the state of residence of the non-Dutch resident holder of Ordinary Shares and if such holder qualifies as a resident under that tax convention, capital gains on the Ordinary Shares will, in general, not be taxable in The Netherlands, except insofar as they are attributable to a permanent establishment in The Netherlands or in case the shareholder was a resident of The Netherlands at any time during the period of time mentioned in the tax convention, before the alienation of the shares.

(14) The participation exemption does not apply in case the participation qualifies as a 'low taxed portfolio investment company.' A participation qualifies as 'low taxed portfolio investment' if (i) the assets of the subsidiary consist, directly or indirectly, for more than 50% of 'free' portfolio investments ('asset test'); and (ii) the subsidiaries are not subject to a profits tax which results in a taxation at an effective tax rate of at least 10% on taxable profits which are determined according to Dutch standards ('effective tax rate test').

Gift, Estate and inheritance tax

Dutch-resident holders

Generally gift, estate and inheritance tax will be due in The Netherlands in respect of the acquisition of Ordinary Shares by way of a gift by, or on the death of, a holder of such securities who is resident or deemed to be resident in The Netherlands at the time of the gift or his or her death. For purposes of Dutch gift, estate and inheritance tax, amongst others, an individual who has Dutch nationality will be deemed to be resident in The Netherlands if he or she has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his or her death. Additionally, for purposes of Dutch gift tax, an individual not holding Dutch nationality will, amongst others, be deemed to be resident in The Netherlands if he or she has been resident in The Netherlands at any time during the twelve months preceding the date of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of The Netherlands.

Non-Dutch-resident holders

No Dutch gift estate or inheritance tax will arise on the transfer of Ordinary Shares by way of a gift by, or on the death of, a holder who is neither resident nor deemed to be resident in The Netherlands, unless:

- such holder at the time of the gift has or at the time of his or her death had an enterprise or an interest in an enterprise that, in whole or in part, is or was carried out through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise Ordinary Shares are or were attributable, or are or were deemed to be attributable; or
- such holder at the time of the gift is, or at the time of his or her death was entitled to a share in the profits of an enterprise effectively managed in The Netherlands, other than by way of the holding of securities, or through an employment contract, to which enterprise the Ordinary Shares are or were attributable, or are or were deemed to be attributable; or
- in the case of a gift of Ordinary Shares by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies, within 180 days of the date of the gift, while being resident or deemed to be resident in The Netherlands.

Treaties

Treaties may limit The Netherlands' sovereignty to levy gift and inheritance tax.

Value added tax

In general, no Dutch Value Added Tax will arise in respect of the acquisition, ownership and disposal of the Ordinary Shares.

Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in The Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Ordinary Shares.

2. UK TAX ASPECTS

The following is a general summary of certain UK tax consequences of the holding and disposal of the Ordinary Shares.

2.1 Dividends and withholding tax

The Company will not be obliged to make any withholding on account of UK tax on payment of any dividends.

UK resident individuals who are domiciled in the UK will be liable to UK income tax on the gross dividend paid by the Company. UK resident individuals who are not domiciled in the UK will generally be subject to UK income tax only if the dividend is remitted, or deemed to be remitted, to the UK. The dividend receipt will be regarded as the top slice of the individual's income and will be subject to UK income tax at the rates set out below. Individual shareholders, who are liable to income tax at no more than the basic rate, will be subject to income tax on the dividend income received, currently at the rate of 10% of the gross dividend.

The rate of income tax applying to dividends received by an individual shareholder liable to income tax at the higher rate is currently 32.5% of the gross dividend.

A UK resident company will be liable to UK tax on the gross dividend paid by the Company (currently at a rate up to 30%, see below).

UK resident individual and corporate shareholders may be able to obtain a tax credit for all or part of any Dutch tax withheld in computing their liability to UK tax. Additionally, in certain circumstances, UK resident shareholders may obtain double tax relief for any underlying Dutch corporate income tax incurred by the company.

Changes following 2007 United Kingdom Budget

The mainstream Corporation Tax rate has been revised to 28%. The amended rate will come into force on 1 April 2008.

Individual holders of Ordinary shares may, in the future and subject to certain conditions, be entitled to receive a UK tax credit in respect of any dividend received from the Company. An individual will qualify for the tax credit if they hold less than a 10% shareholding in the Company and received dividends of less than £5,000 per annum. These changes are expected to have effect from 6 April 2008.

The value of the tax credit proposed is one ninth of the amount of the dividend received (or 10% of the aggregate of the amount of the dividend and tax credit (the "gross dividend")). The individual will be liable to income tax on the gross dividend which will be regarded as the top slice of his income for tax purposes and will be subject to UK income tax at the dividend rate of tax as described below.

Individuals who are not higher rate taxpayers will be liable to tax on the gross dividend at 10%. This means that the tax credit will satisfy such individual's liability to pay income tax in respect of the gross dividend and there will be no further tax to pay.

In the case of individuals who are liable to income tax at the higher rate, tax will be payable on dividends at the "dividend upper rate" (currently 32.5%). The 10% tax credit will be set against his liability to tax in respect of the gross dividend. Therefore, he will have to pay additional tax equal to 22.5% of the gross dividend (or 25% of the net dividend received).

As above, relief may be available for the Dutch withholding tax.

UK resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds, charities and certain individuals such as those holding Shares through a personal equity plan or an individual savings account, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company

2.2 Chargeable gains

An individual who is resident and ordinarily resident in the UK for tax purposes will be liable to capital gains tax where a gain arises on the disposal of chargeable assets situated anywhere in the world (including shares in the Company held as an investment) subject to any available exemptions or reliefs. An individual who is resident and ordinarily resident but not domiciled in the UK for tax purposes will be liable to UK capital gains tax only to the extent that chargeable gains made on the disposal of shares are remitted or deemed to be remitted to the UK. If an individual ceases to be resident or ordinarily resident in the UK and subsequently disposes of shares, in certain circumstances any gain on that disposal may be liable to UK capital gains tax upon that shareholder becoming once again resident or ordinarily resident in the UK.

Capital gains tax is charged at the rate equivalent to the rate of income tax applied to an individual's top slice of income. For disposals after 5 April 1998, "taper relief" was introduced which applies to individual investors and UK resident trustees (but not companies). Taper relief reduces the chargeable gain assessable to capital gains tax in relation to the period the shares are held and the amount of the relief is dependent on whether the shares of the Company are considered to be a "business asset" or "non-business" asset. The amount of relief available for "business" assets is higher than that for "non-business assets". Business assets currently include shares in qualifying unquoted trading purposes. For these purposes, companies admitted to trading on AIM are regarded as unquoted.

Following the Pre Budget Report on 9 October 2007, HM Revenue & Customs have announced the abolition of taper relief for individuals. Subject to consultation and the introduction of legislation, it is

proposed that with effect from 6 April 2008 there will be a single rate of capital gains tax set at 18%. This will replace the taper relief rules for all disposals after this date.

UK resident companies making a disposal of shares in the Company will be liable (after available reliefs) to corporation tax in respect of chargeable gains arising on such disposal subject to the availability of an allowance for inflation.

2.3 Anti-avoidance

Sections 714 to 751 of the Taxes Act 2007 provide that the income accruing to the Company may be attributed to individuals ordinarily resident in the UK and such income may (in certain circumstances) be subject to UK income tax in the hands of such individuals. These provisions should not apply, however, if any such individual can satisfy the UK tax authority, HM Revenue and Customs ("HMRC"), that either:

- it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose, or one of the purposes, for which the subscription for shares, or any associated transaction were effected; or
- all the relevant transactions were genuine commercial transactions, and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of those transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

2.4 Stamp duty and stamp duty reserve tax ("SDRT")

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services, who may be liable at a higher rate.

The allocation and issue of Placing Shares will not generally give rise to a liability to stamp duty or SDRT.

Stamp duty, at 0.5%, will arise on the transfer of Shares if the document of transfer is executed in the UK or in connection with any "matter or thing" to be done in the UK. The term "matter or thing" is defined widely and can include paying consideration out of a UK bank account.

If the Company maintains a share register in the UK, UK SDRT will be chargeable (at 0.5% of the purchase price) on any agreement to transfer its Shares.

UK stamp duty at a fixed rate of £5 per transfer will be payable where an investor wishes to deposit the Shares with the depositary in order that depositary interests will be issued under the depositary interest arrangements outlined in paragraph 5 of Part 6 of this admission document.

Assuming that transfers of DIs operate without any written instrument or transfer or written assignment to transfer, no stamp duty will be payable by the purchasers of such DIs. However, SDRT at 0.5% will be payable (generally by the purchaser) in respect of agreements to transfer DIs (whether electronic or written) because the DIs do not meet all the criteria set out for SDRT exemption granted in The Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999 (SI 1999/2383) as amended by SI 2000/1871 and SI 2001/3779. The Company will not be responsible for the payment of the stamp duty or SDRT in any case.

PART 8

SUMMARY OF APPLICABLE DUTCH COMPANY LAW

This summary should be read in conjunction with the summary of the terms of the Company's Articles of Association contained in paragraph 4 of Part 6 of this document.

1. MANDATORY OFFER RULES

The Dutch Act on the mandatory public offer (Wet betreffende het openbaar overnamebod) and the decrees and regulations promulgated thereunder, implementing the Takeover Directive (2004/25/EC) will, as soon as they come into force (expected in October), not be applicable to the holders of Ordinary Shares or DIs, as AIM is not a regulated market within the meaning of the Dutch Act on the Financial Supervision (*Wet op het Financieel Toezicht*). The Articles contain voluntary provisions regarding mandatory offers, as further described in paragraph 4 of Part 6 above.

2. DUTCH SQUEEZE-OUT PROCEEDINGS

If a person or company or group of companies (the "Controlling Entity") holds in total 95% or more of a company's issued share capital by nominal value for their own account, Dutch law permits the Controlling Entity to acquire the remaining shares in the company by initiating proceedings against the holders of the remaining shares. The price to be paid for such remaining shares will be determined by the Enterprise Chamber (*Ondernemingskamer*) of the Amsterdam Court of Appeal.

A shareholder who holds less than 95% of the shares, but in practice controls the general meeting of shareholders, could attempt, through a legal merger with another company or by subscribing for additional shares in the Company (for example, in exchange for a contribution of part of its own business) to increase its interest to 95%.

3. IMPORTANT BOARD RESOLUTIONS TO BE APPROVED BY SHAREHOLDERS

Dutch law prescribes that resolutions of the Board leading to an important change in the identity or character of a company will require the approval of the general meeting of shareholders. This applies to resolutions in respect of, *inter alia*: (a) the transfer of most or all of the business of a company; (b) the entry into or termination of any long-term cooperation arrangement (including joint ventures); and (c) the acquisition or disposal of investments with a value of at least one third of the balance sheet total as per the most recently adopted annual accounts of a company.

4. BORROWINGS

It should be noted generally, that under the Dutch rules of corporate benefit and fraudulent preference, the validity of a legal act (such as the entering into a loan agreement) performed by a Dutch company or governed by Dutch law: (i) may be contested by creditors or a bankruptcy receiver of the Company if it is prejudicial to the interests of the creditors; and/or (ii) may be contested by the Company itself or a bankruptcy receiver of the Company in the event the Company's objects clause has been transgressed or the legal act was not otherwise in the Company's corporate benefit and the counterparty to such legal act was or should have been aware of such transgression.

Borrowings that foreseeably endanger the Company's existence or impose an unreasonable burden on the company relative to the benefit derived from the borrowings are generally not considered to be in a Company's corporate benefit.

The Company is not allowed to grant security, give price guarantees, commit itself in any other way or declare itself jointly or severally liable with or for others with a view to enabling third parties to take or acquire shares, depositary receipts or depositary interests in its own capital. This restriction also applies to the Company's subsidiaries (*dochtermaatschappijen*). The restriction does not apply in the event that shares, depositary receipts or depositary interests are acquired by employees of the Company or one or more of its group companies (*groepsmaatschappijen*).

5. GENERAL MEETINGS OF SHAREHOLDERS

General meetings of shareholders of Dutch entities must be held physically in The Netherlands. Shareholders can attend in person or by proxy.

6. REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS

It is a statutory requirement under Dutch law that a company establishes a policy in respect of the remuneration of the members of the Board of Directors (including the non-executive directors). This policy must be adopted by the general meeting of shareholders. The policy will include all aspects of remuneration (including bonuses, stock options and severance payments).

Therefore, options and share plans (including share appreciation plans) for members of the Board of Directors must be approved by the shareholders in general meeting. The plan must contain a maximum limit on the number of shares and shares under option that may be granted to members of the Board of Directors and must include all applicable criteria.

7. RIGHT TO ADD ITEMS TO THE AGENDA OF A GENERAL MEETING

Persons holding 1% or more of the issued share capital or holding shares representing a market value of at least €50 million have the right to add items to the agenda for a general meeting, provided that the company has received the request no later than the sixtieth day prior to the date of the general meeting. The Board may refuse a request to put an item on the agenda if this would prejudice an important interest of the Company.

8. RIGHT TO REQUEST FOR ENQUIRY PROCEEDINGS

Persons holding (jointly or severally) at least 10% of the issued share capital (or depositary receipts representing at least 10% of the issued share capital) of a company or entitled to shares or depositary receipts with a nominal value of at least €225,000 are entitled to start enquiry proceedings at the Enterprise Chamber of the Supreme Court in Amsterdam. These proceedings relate to investigating the policy of and the course of business within the company. Pending the Enterprise Chamber proceedings, the party or parties that initiated the proceedings are entitled to request the Enterprise Chamber to take immediate measures (*onmiddellijke voorzieningen*). In the event such a request has been made by the party or parties that initiated the proceedings, other interested parties are also entitled to request for such immediate measures.

9. BOARD STRUCTURE

Dutch company law is based on the two-tier board system. In the two tier system, the management board is responsible for the daily business of the company. The supervisory board, which does not have any executive powers, supervises the policies pursued by the management board. Unless a company qualifies as a "large company" (see below), a company is not under a statutory obligation to institute a supervisory board.

A supervisory board must be established on the basis of mandatory Dutch law if the company qualifies"as a "large company". A company qualifies as a "large company" if (together with certain affiliates): (i) the amount of its equity plus reserves value is at least equal to €16 million; (ii) it (or one or more of its affiliates) has established a Dutch works council; and (iii) it has (together with its affiliates) at least 100 employees in The Netherlands. Dutch law contains a specific definition of affiliates (*inter alia*) for the purpose of this definition.

The Company has established a one-tier board system, such that the Board consists of both executive and non-executive members. The Articles provide that the general meeting shall indicate whether a Board member is appointed as an executive or a non-executive member. Under Dutch law, a company may choose to prepare internal rules of procedure for the board, and the Company has done this.

If the Company qualifies as a "large company" at a later date it will be obliged to establish a separate supervisory board (notwithstanding the fact that it has established a one tier board).

As members of a one-tier board, the non-executive directors are in principle subject to the same liability provisions under Dutch law as the executive directors. The Articles contain an indemnity provision for the benefit of the directors. This indemnity is described in Part 6. Furthermore, the Articles require the Company to take out directors and officers liability insurance for the benefit of its directors.

Board members (both executives and non-executives) are appointed, dismissed and suspended by the shareholders in a the general meeting of shareholders. The terms of appointment of a director, including the duration of his or her term, are approved by the shareholders in the general meeting of shareholders. On expiry of that period, Directors can be reappointed with the approval of shareholders in the general

meeting of shareholders. Board members cannot appoint either executive or non-executive Directors under Dutch law.

10. SER MERGER CODE ("MERGER CODE")

If a company intends to acquire or merges with another company, or is in the process of being acquired by another company, the Merger Code may be applicable if one of the companies involved in the merger (purchaser, seller and target) employs 50 persons or more in The Netherlands or forms part of a group of companies which and as a whole employs 50 persons or more in The Netherlands. If so, the proposed transaction needs to be notified to the competent trade unions before a public notification is made. At the same time the secretary of the Dutch Social Economic Council needs to be notified. These notifications need to be made at such a stage that consultation with the competent trade unions can still be of substantial influence on the decision to enter into the proposed transaction.

11. DUTCH WORKS COUNCIL

The Dutch Works Council Act (*Wet op de Ondernemingraden*) provides that a company employing at least 50 persons should institute a works council. Works council members are elected directly, by secret ballot, from lists of candidates drawn up by employees within the company.

As the Company employs less than 50 persons in The Netherlands, the Company presently has no works council or other employee representation body.

The works council possesses various powers. The most far-reaching is the right of consent (*instemmingsrecht*). The employer must obtain the council's consent for any decision introducing, amending or withdrawing the rules on some specific labour-related matters. These include rules on working hours and holidays, remuneration and job evaluation schemes, health and safety at work and the enterprise's work rules. The council's consent is not, however, required in cases where the matter concerned is already regulated by a collective labour agreement.

Other powers are the council's right to prior consultation on economic matters (*adviesrecht*), covering circumstances such as transfer of control of the company, the expansion or significant alteration of its activities or drawing funds, together with the right to regular consultation meetings with the employer and the right to information. With respect to the prior consultation, the Works Council Act stipulates that the advice of the works council must be requested at a stage when it can still substantially influence the proposed decision. If the works council advises against the proposed decision, then the managing board has to suspend the implementation of its decision for one month. Within that period, the works council may appeal to the Enterprise Court (*Ondernemingskamer*) of the Court of Appeal in Amsterdam, on the ground that the company cannot have reasonably taken the decision contested. If this court rules in favour of the works council, it may order management to revoke its decision, in whole or in part, to reverse certain consequences of the decision or to prohibit the implementation of the decision.

A duty of secrecy may be imposed on the council in respect of certain types of information supplied to it.

DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document, unless the context requires otherwise:

"AABB"	American Association of Blood Banks
"Accountant's Report"	the report prepared by Deloitte & Touche LLP in relation to the Group which is set out in Part 5 of this document
"Admission"	admission of the issued and to be issued Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers published by London Stock Exchange
"AIM Rules for Companies"	the AIM Rules for Companies published by London Stock Exchange
"AIM Rules for Nominated Advisers"	the AIM Rules for Nominated Advisers published by London Stock Exchange
"Articles"	the articles of association of the Company
"Board", "Directors" or "Board of Directors"	the directors of the Company whose names are set out on page 2 of this document
"certificated" or "in certificated form"	not in uncertificated form
"Company"	Cryo-Save Group N.V.
"CREST"	the system of paperless settlement of trades in listed securities and holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"Cryo-Cell"	Cryo-Cell International Inc.
"cryopreservation"	the process of storing semen, ova, corneas, embryos, or body tissue at extremely low temperatures for future use
"Cryo-Save"	Cryo-Save AG, the Company's principal operating subsidiary
"DIs"	dematerialised depositary interests representing Ordinary Shares
"DNA"	a nucleic acid molecule in the form of a twisted double strand double helix that is the major component of chromosomes and carries genetic information
"DTRs"	The Financial Services Authority Disclosure and Transparency Rules
"EFSAL"	Etablissement Francais du Sang Aquitaine
"Enlarged Issued Share Capital"	together, the Existing Ordinary Shares and the New Ordinary Shares
"Euroclear" or "Euroclear UK & Ireland Limited"	Euroclear UK & Ireland Limited, the operator of the CREST system
"Existing Ordinary Shares"	the 35,537,250 Ordinary Shares in issue as at the date of this document
"FSMA"	the Financial Services and Markets Act 2000
"GMP"	Good Manufacturing Practice, a Food and Drug Administration standard

"Group"	the Company and its subsidiaries from time to time (each a "Group Company")
"Haematopoietic stem cells or HSCs"	a well-characterised population of adult stem cells, which are committed to developing into blood cells. They are relatively easy to obtain and have been used for decades to treat blood cancers and other blood disorders
"HLA"	human leucocyte antigen
"IFRS"	International Financial Reporting Standards
"Kaupthing"	Kaupthing Singer & Friedlander Capital Markets Limited, the Company's financial adviser and broker
"London Stock Exchange"	London Stock Exchange plc
"Mesenchymal stem cells or MSCs"	stem cells that are able to form a wide variety of cells in a laboratory, including fat cells, cartilage, bone, tendon and ligaments, muscle cells, skin cells and even nerve cells. The cells can be maintained and grown in culture for long periods of time, without losing their capacity to form all of part of the above cell types
"New Shares" or "New Ordinary Shares"	the new Ordinary Shares to be allotted and issued by the Company pursuant to the Placing
"Options"	options over Ordinary Shares granted pursuant to the Option Scheme described in Part 6
"Ordinary Shares"	ordinary shares of €0.02 each in the capital of the Company
"Osidea"	Osidea Association, an Italian non-profit making organisation
"PCR"	polymerase chain reaction, a technique used to replicate a fragment of DNA and produce a large amount of that sequence
"Placing"	the placing by of the Placing Shares at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional placing agreement dated 31 October 2007 between the Company, the Directors, the Selling Shareholders and Kaupthing further details of which are set out in paragraph 10.1 of Part 6 of this document
"Placing Price"	210 pence per Placing Share
"Placing Shares"	the 19,291,000 Ordinary Shares which are the subject of the Placing being, together, the Sale Shares and the New Ordinary Shares
"QCA"	Quoted Companies Alliance
"Remuneration Committee"	the remuneration committee of the Board
"Sale Shares"	the 6,652,000 existing Ordinary Shares which the Selling Shareholders are to sell in the Placing pursuant to the Placing Agreement
"Selling Shareholders"	Johan Goossens (together with I.M. Heynderickx, his wife, and Juma Invest N.V., a company controlled by him), Marc Waeterschoot and Dr. Frank Ingels the shareholders of the Company selling Sale Shares in the Placing
"Shareholder"	a holder of Ordinary Shares
"UAE"	the United Arab Emirates

"uncertificated" or "in uncertificated form"	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions
"VAT"	value added tax
"Vereniging"	Vereniging Administratiekantoor Life Sciences Group N.V.
"Warrants"	bears the meaning given in paragraph 10.1 of Part 6 of this document
"Warrant Instrument"	bears the meaning given in paragraph 10.1 of Part 6 of this document

Unless otherwise indicated, all references in this document to "pounds sterling", "sterling", "£", "pence" or "p" are to the lawful currency of the United Kingdom, all references to "$", "US$" or "US dollars" are to the lawful currency of the United States and all references to "€", "Euro", "Eur", "EUR" or "cents" are to the currency introduced at the start of the third stage of European economic or monetary union pursuant to the treaty establishing the European Community, as amended.

Dated 31 October 2007

Merrill Corporation Ltd, London
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