

22 March 2010

Cryo-Save Group N.V.

Revenue up 30%, underlying profit up 38%

Cryo-Save Group N.V. (AIM/Euronext: CRYO, "Cryo-Save", or "the Group"), Europe's leading adult stem cell storage bank, has published its full year results for the year to 31 December 2009.

Financial highlights

- Revenue up 30% to €38.4 million (2008: €29.5 million)
- Gross margin increased to 71% (2008: 69%)
- Underlying* EBITA up 76% to €6.0 million (2008: €3.4 million)
- Underlying* profit before taxation up 38% to €5.4 million (2008: €3.9 million)
- Underlying* earnings per share up 34% to 48.4 euro cents (2008: 36.0 euro cents)
- Proposed dividend of 6 euro cent per share (2008: 5 euro cent)
- Net cash from operating activities €4.8 million (2008: €2.0 million)

- Operating profit €2.3 million (2008: €2.3 million)
- Profit before taxation €1.8 million (2008: €2.9 million)
- Net profit €1.4 million (2008: €2.6 million)
- Earnings per share 14.6 euro cents (2008: 27.3 euro cents)

Operational highlights

- Leading market position maintained or strengthened in all key markets
- Number of new samples stored up 11% to 27,900 (2008: 25,200)
- Over 120,000 samples stored by the end of 2009
- Several samples released for stem cell transplantation and blood testing
- Strong organic growth in Europe

Outlook 2010

- Combined service of cord blood and cord tissue storage expected to result in higher revenue
- Launch of the new service Cryo-Lip in first half of 2010
- Higher operational gearing due to restructuring and cost savings in 2009

*Underlying results are adjusted for amortisation of identified intangible assets, write down of the receivable from the Group's associate, Euronext listing costs and restructuring costs.

Marc Waeterschoot, Chief Executive, commented:

"2009 was a very strong year for us. Not only did we see good returns and benefits from our investment programme over the previous few years, but we continued to invest in developing new products and moving into new countries. Hence our proposed 20% increase in dividend.

"The strategic rationale for stem cell storage continues to strengthen as medical advances widen the potential usages for stored cells, whilst our geographical reach, product range and operational gearing, are enabling us to maintain our rapid growth."

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About Cryo-Save

With more than 120,000 samples saved, Cryo-Save is the leading stem cell bank in Europe and one of the fastest growing in the world. Driven by its international business strategy, Cryo-Save is now represented in 38 countries on three continents and has state-of-the-art processing facilities in Belgium, Germany, Dubai, India and France (under construction).

Highlights

In March 2009, Cryo-Save announced that it had 100,000 stem cell samples under storage, underpinning its market leading position in Europe. Quarter on quarter the Group achieved a storage record, resulting in slightly over 120,000 samples stored as at 31 December 2009.

During 2009 Cryo-Save completed the development of its new state-of-the art processing and storage facility in Niel, Belgium. This facility was self-funded and has been operational since the beginning of September 2009. Cryo-Save completed the sale and lease back of the Niel facility in April 2009 for €4.3 million.

In July 2009, Cryo-Save signed an exclusive distribution agreement with a leading pan European medical diagnostic labs network. This has further strengthened the Group's leading position.

Also in July 2009, Cryo-Save acquired Salus Futura in Italy for an initial consideration of €0.4 million in cash and a deferred performance related payment. Salus Futura is an Italian stem cell storage marketing and distribution company which concentrates primarily on customer acquisition through diagnostic centres and private clinics.

Since 22 October 2009, the Group has been listed on NYSE Euronext Amsterdam, in addition to its listing on the London Stock Exchange Alternative Investment Market (AIM).

Financial review

Revenue

Group revenue increased sharply to €38.4 million (2008: €29.5 million), up 30% as a result of a combination of the increase in storage volumes, the full year impact of acquisitions, especially Crio Cord in Spain and Cryo-Save Balcanica, and the full year impact of price increases from late 2008.

Revenue includes the impact of the change of discount rate on the net present value of deferred revenue amounting to €0.2 million (2008: €0.2 million).

Overall, total storage of new samples grew 11% to 27,900 samples, in comparison to the 25,200 new samples stored in 2008. All of this growth was organic and mainly achieved in Europe and Asia.

Total sales volume for the second half of the year grew 10% to 14,600 new samples (2HY 2008: 12,700) in comparison to the 13,300 new samples stored in the first half of 2009 (1HY 2008: 12,500).

Geographical breakdown of revenue

<i>€ in millions</i>	2009	2008
Europe	36.5	28.5
Asia	1.2	0.4
Africa	0.7	0.6
Total	38.4	29.5

Europe remains Cryo-Save's main market, underpinning its leading position in Europe. Revenue growth in Europe was a result of a combination of higher sales volume, the introduction of the combined service storing stem cells from umbilical cord blood as well as the cord tissue, and the full year impact from 2008 acquisitions.

The growth in Asia is all organic mainly from the Indian business.

Gross profit and gross margin

Gross profit increased by 35% to €27.2 million (2008: €20.2 million). The gross margin increased to 71% (2008: 69%). The impact from acquisitions, the late 2008 price increase, and cost savings particularly in terms of logistics, were the main drivers for the margin improvement.

Operating expenses

Reported operating expenses, excluding depreciation and amortisation, amounted to €22.6 million (2008: €16.3 million), but included €2.4 million exceptional non-recurring expenses, resulting in underlying operating expenses of €20.2 million (2008: €16.3 million). The increase was mainly caused by the impact from the 2008 acquisitions and the additional investments in the Indian and French operations, partly offset by cost savings.

In 2009, Cryo-Save continued to invest in its Indian operation, and in France. The operating expenses of the Group's Indian operations were €0.5 million (2008: €0.4 million), and the operating expenses of the French operations were €1.1 million higher (2008: €0.2 million).

Underlying marketing and sales expenses amounted to €10.2 million (2008: €7.8 million). Reported marketing and sales expenses increased to €10.6 million (2008: €7.8 million), including €0.4 million of exceptional non-recurring restructuring expenses of the Italian subsidiary as a result of the integration of the Italian subsidiary and the acquired entity Salus Futura.

Research and development costs of €0.4 million (2008: €0.1 million) relate to: the new services added to the Cryo-Cord service in June 2008 (the collection, processing, preservation and storage of the umbilical cord tissue containing MSCs); the development of Cryo-Lip, a new service of the collection, processing, preservation and storage of fat tissue containing MSCs obtained via liposuction from adults (proposed launch in the first half year of 2010) and; funding applied research.

Underlying general and administrative expenses, excluding the exceptional non-recurring write down of the receivables from the Arabian associate (€1.0 million), the non-recurring Euronext listing costs (€1.0 million) and depreciation and amortisation amounted €9.6 million (2008: €8.3 million). Reported general and administrative expenses excluding depreciation and amortisation amounted €11.6 million (2008: €8.3 million).

Cryo-Save's associate Cryo-Save Arabia, which operates in the United Arab Emirates, saw a significant decrease in sales during 2009. As a result, the Group wrote down €1.0 million of receivables due from Cryo-Save Arabia. This relates to non-cash fees of €0.5 million for services regarding the construction of the processing and storage facility, a non-cash royalty fee of €0.2 million for samples processed and stored in Dubai, and a fee of €0.3 million for samples processed and stored in the Belgium processing and storage facility from UAE customers. The receivables comprise €0.5 million relating to 2007, €0.3 million to 2008 and €0.2 million to 2009.

The non-recurring Euronext listing costs mainly relate to advisers fees.

EBITA and operating profit

Underlying Earnings Before Interest, Taxation and Amortisation of identified intangible assets (EBITA before Arabia write down, Euronext listing costs and Italian restructuring costs) increased significantly by 76% to €6.0 million (2008: €3.4 million), as a result of higher gross profit and tight cost control, partly offset by higher investments in India and France, and higher depreciation. This EBITA improvement reflects the Group's high operational gearing. Reported EBITA was €3.6 million (2008: €3.4 million).

Underlying operating profit was up 76% to €6.0 million (2008: €3.4 million). Reported operating profit was €2.3 million (2008: €2.3 million).

Depreciation was €1.0 million (2008: €0.6 million), and amortisation €1.3 million (2008: €1.0 million). The increase of depreciation is mainly caused by the start of depreciating the Belgium and French building including its new equipment. Amortisation mainly increased due to the identified intangible assets of Salus Futura and the start of amortisation of the capitalised costs of Cryo-CordPlus and the Group's new website.

Net finance costs/income

Net finance costs of €0.5 million included €0.3 million of non-cash IFRS expenses from unwinding discounted earn out liabilities.

The change compared to the net finance income of €0.6 million in 2008 was mainly caused by the high interest income in the first half year of 2008 on cash deposits which were spent on acquisitions in the second half of 2008.

Profit before taxation

Underlying profit before taxation was up 38% to €5.4 million (2008: €3.9 million). Reported profit before taxation was €1.8 million (2008: €2.9 million).

Taxation

The underlying effective tax rate (ETR) amounted 17% (2008: 14%), the reported ETR 24%. The ETR increased compared to 2008 mainly due to losses carried forward that were not capitalised due to the uncertainty of future profits to offset these losses. Furthermore, the effective tax rate increased due to increased profits in countries with a relatively high tax rate compared to the historically low effective tax rate.

Profit for the period

Underlying profit after taxation for 2009 was up 32% to €4.5 million (2008: €3.4 million). Reported profit after taxation amounted €1.4 million (2008: €2.6 million).

Earnings per share

Underlying earnings per share were up 34% at 48.4 euro cents per share (2008: 36.0 euro cents).

Reported earnings per share were 14.6 euro cents per share (2008: 27.3 euro cents per share, adjusted for the 5:1 Share Consolidation exercised in October 2009).

Dividend

The Board is recommending a dividend of 6 euro cent per share for the year ended 31 December 2009, this represents an increase of 20% from the previous year's dividend of 5 euro cent per share. If approved at the Annual General Meeting on 19 May 2010, the dividend will be paid on 17 June 2010 to shareholders on the register at 21 May 2010. The ex-dividend date will be 19 May 2010.

Cash flow

Net cash from operating activities was €4.8 million (2008: €2.0 million). The Group invested €4.6 million in property, plant and equipment, mainly related to the new processing and storage facility in Niel, Belgium, which was financed by the sale and lease back transaction with ING Lease Belgium N.V. of €4.3 million.

Strategy

During 2009 the Group delivered on its strategic objectives: organic growth in existing markets, geographic growth into new markets, growth by acquisitions and development of new services. The Group strengthened or maintained its leading market position in all key markets. Cryo-Save will continue to pursue these strategic objectives also in 2010 to maintain the rapid growth.

Operating review

Cryo-Save is Europe's leading stem cell bank with a market share of around 50%, having stored over 120,000 samples by the year end 2009. The Group is present in almost all European countries, by means of its own subsidiary or via a marketing and sales partnership. There is no stem cell bank that can match Cryo-Save's geographic spread.

In 2009 there have been several new entrants to the market. Despite this, in almost all countries the Group maintained or even strengthened its leading position. Cryo-Save was the first Company that introduced the storage of cord tissue in several European countries.

In 2009 the Group continued its marketing and sales approach concentrating on customer acquisition through diagnostic centres and private clinics. Also some contracts with leading private insurers that support this service towards their clients were renewed.

In Asia, the main market for Cryo-Save is currently India. The Group has introduced its services successfully to the market, in several key metropolitan cities. The concept of banking umbilical cord blood and the cord tissue is rapidly developing across the country but particularly in urban centres. Public banking has yet to take off, partly because donation to a public bank is hampered by the fact that there is a high human leukocyte antigen (HLA) diversity in the country, which makes a perfect HLA match between donor and patient difficult to achieve. In slightly over a year Cryo-Save has already gained a strong market position.

Applied research & development of new services

In the last four months of 2009, after a long period of development and validation, the Group rolled out its new combined service of storing stem cells from both the cord blood and umbilical cord itself, in the largest markets Hungary, Italy and Spain. The uptake by customers has been ahead of expectations.

The development and validation of the new Cryo-Lip service, which is scheduled to be launched during the first half year of 2010, progressed well in 2009. Cryo-Lip involves the collection and storage of fat tissue containing mesenchymal stem cells obtained via liposuction from adults. In the first half year of 2009 the Group undertook a detailed validation of the collection and processing procedures. During the second half of 2009 Cryo-Save further optimised all of the procedures, including the devices to be used, in order to improve the quality and lower the cost of the service. A detailed business plan to introduce Cryo-Lip to the market was developed and first contacts with Europe's premium cosmetic and plastic surgery clinics were made. These clinics will be the primary point of contact and sale for this innovative new service offering.

The three year long CRYSTAL project which was funded by the European Commission's 6th Framework programme for Research and Development (FP6), completed during 2009. In 2007 Cryo-Save was selected to work alongside five European universities, two SMEs and one research institute to collaborate under the auspices of the University of Cologne, in a major project to develop tools and procedures to enable cryo-preservation of different types of stem cells in order to generate sufficient amounts of high-quality stem cells for therapeutic use. The objectives of the research revolved around three axes: preparation and cultivation methods, preservation methods, and validation methods. As a result of its participation in this project Cryo-Save is now at the leading edge of freezing cells for therapeutic use.

Following the completion of CRYSTAL, the European Commission Framework 7 has now funded and launched the HYPERLAB project. Cryo-Save is one of eight institutions which will collaborate under the coordination of Prof. Dr. Heiko Zimmermann. This three years project, which was launched on 1 February 2010, aims to develop new and improved culture methods, media, and protocols for stem cell cultivation and differentiation.

Cryo-Save is the only cord blood bank in Europe to take part in these advanced projects – reflecting both its market leading position and its commitment to the development of stem cell research.

Delisting from London Stock Exchange/AIM

The Group is currently listed on the NYSE Euronext Amsterdam Stock Exchange and the non-regulated London Stock Exchange AIM market. Following examination of the Company's shareholder base, the costs involved in maintaining its listings, and shareholder liquidity, the Board has decided to delist from AIM in order to increase liquidity of its shares on NYSE Euronext Amsterdam Stock Exchange and to save the costs from two listings. A further announcement will be made in due course outlining the delisting process and the implications for shareholders.

Current trading and outlook

In the second half of 2009 Cryo-Save strengthened its strategic position and operational capabilities. The combined service of cord blood and cord tissue storage has been well accepted by the market and is expected to result in higher revenue in 2010. In the first half of 2010 the new service Cryo-Lip is planned for launch whilst restructurings and cost savings in 2009 will also result in a higher operational gearing in 2010.

With the Group's increased geographic spread, and new services, the Board is confident that Cryo-Save will continue to maintain its rapid growth.

Consolidated statement of income

in thousands of euros

	Notes	2009	2008
Revenue	9	38,391	29,485
Cost of sales		(11,168)	(9,278)
Gross profit		27,223	20,207
Marketing and sales expenses	10		
– Other marketing and sales expenses		10,147	7,817
– Non-recurring restructuring expenses		421	-
Research and development expenses	11	403	97
General and administrative expenses	12		
– Other general and administrative expenses		11,945	9,986
– Non-recurring write-down on equity accounted investees		1,027	-
– Non-recurring listing expenses		952	-
Total operating expenses		24,895	17,900
Operating profit		2,328	2,307
Finance income	15	118	988
Finance costs	16	(663)	(434)
Net finance (costs)/income		(545)	554
Results relating to equity-accounted investees		0	0
Profit before taxation		1,783	2,861
Income tax expense	17	431	293
Profit for the year		1,352	2,568
Attributable to:			
– Equity holders of the Company		1,352	2,568
– Non-controlling interest		-	-
Profit for the year		1,352	2,568
Earnings per share (in euro cents)	18		
– Basic*		14.6	27.3
– Diluted*		14.6	27.3

* The comparative figures have been restated for the 5:1 share consolidation.

Consolidated statement of comprehensive income
in thousands of euros

	2009	2008
Profit for the year	1,352	2,568
Other comprehensive income		
Foreign currency translation differences	<u>(235)</u>	<u>(428)</u>
Other comprehensive income for the year	<u>(235)</u>	<u>(428)</u>
Total comprehensive income for the year	1,117	2,140
Attributable to:		
– Equity holders of the Company	1,117	2,140
– Non-controlling interest	-	-
Total comprehensive income for the year	<u>1,117</u>	<u>2,140</u>

Consolidated statement of financial position

in thousands of euros
at 31 December

	Notes	2009	2008
Assets			
Intangible assets	19	35,366	37,438
Property, plant and equipment		13,964	10,421
Investments in equity accounted investees		0	0
Deferred tax assets		1,121	640
Trade and other receivables		1,054	1,304
Total non-current assets		51,505	49,803
Inventories		251	287
Trade and other receivables		8,907	8,156
Current tax assets		687	1,205
Cash and cash equivalents		7,485	4,697
Total current assets		17,330	14,345
Total assets		68,835	64,148
Equity	20		
Issued share capital		964	964
Share premium reserve		38,178	38,178
Revaluation reserve		669	769
Legal reserve		134	108
Translation reserve		(683)	(448)
Treasury shares		(3,664)	(3,497)
Retained earnings		8,209	6,979
Equity attributable to equity holders of the Company		43,807	43,053
Non-controlling interest		-	-
Total equity		43,807	43,053
Liabilities			
Borrowings	21	3,795	111
Deferred revenue	22	6,090	4,885
Deferred considerations	23	2,080	5,777
Deferred tax liabilities		2,656	2,827
Other liabilities	23	84	53
Total non-current liabilities		14,705	13,653
Borrowings	21	180	38
Trade and other payables		6,533	4,193
Deferred revenue	22	471	389
Deferred considerations		1,264	859
Current tax liabilities		1,875	1,963
Total current liabilities		10,323	7,442
Total liabilities		25,028	21,095
Total equity and liabilities		68,835	64,148

Consolidated statement of changes in equity

in thousands of euros

	Issued share capital	Treasury shares	Other reserves	Non- controlling interest	Total equity
At 1 January 2008	964	(435)	42,392	-	42,921
Exchange differences on translating foreign operations			(428)		(428)
Other comprehensive income			(428)		(428)
Profit for the year			2,568		2,568
Comprehensive income for the year			2,140		2,140
Share-based payments			211		211
Repurchased shares		(3,062)			(3,062)
Acquisitions			843		843
At 31 December 2008	964	(3,497)	45,586	-	43,053
Exchange differences on translating foreign operations			(235)		(235)
Other comprehensive income			(235)		(235)
Profit for the year			1,352		1,352
Comprehensive income for the year			1,117		1,117
Share-based payments			266		266
Repurchased shares		(167)			(167)
Dividend distributed			(462)		(462)
At 31 December 2009	964	(3,664)	46,507	-	43,807

Consolidated statement of cash flows

in thousands of euros

	2009	2008
Cash flows from operating activities		
Profit for the year	1,352	2,568
Adjustments for:		
Income tax expense	431	293
Finance costs	663	434
Finance income	(118)	(988)
Gain on sale of disposals	(16)	(27)
Depreciation and amortization	2,319	1,644
Equity settled share-based payments transactions	266	211
	4,897	4,135
Organic movements in working capital		
(Increase)/decrease in (non)current trade and other receivables	(501)	(1,105)
(Increase)/decrease in inventories	36	(67)
(Increase)/decrease in (non)current tax assets	222	(1,024)
Increase/(decrease) in (non)current liabilities	2,263	227
Increase/(decrease) in (non)current tax liabilities	(213)	(290)
Net cash from operations	6,704	1,876
Interest paid	(370)	(192)
Interest received	118	980
Income taxes paid	(1,671)	(628)
Net cash from operating activities	4,781	2,036
Cash flows from investing activities		
Net acquisition spending	(428)	(24,445)
Purchase of property, plant and equipment	(4,644)	(9,006)
Purchase of intangible assets	(217)	(400)
Disposals of non-current assets	118	123
Net cash (used in)/generated by investing activities	(5,171)	(33,728)
Cash flows from financing activities		
Repurchase of own shares	(167)	(3,062)
Dividend distributed	(462)	-
Redemption of borrowings	(474)	(15)
Proceeds from borrowings	4,300	15
Net cash generated by/(used in) financing activities	3,197	(3,062)
Net increase/(decrease) in cash and cash equivalents	2,807	(34,754)
Cash and cash equivalents at 1 January	4,697	39,465
Exchange differences on cash and cash equivalents	(19)	(14)
Cash and cash equivalents at 31 December	7,485	4,697

Notes to the consolidated financial information

(in thousands of euro, unless indicated otherwise)

1. Reporting entity

Cryo-Save Group N.V. ('the Company' or 'the Group') is a limited liability company domiciled in The Netherlands. The address of its registered office and principal place of business is IJsselkade 8, 7201 HB Zutphen, The Netherlands.

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

2. Basis of preparation

Statement of compliance

The consolidated financial statements for the year ended 31 December 2009 were authorized for issue by the Board of Directors on 19 March 2010.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) prevailing per 31 December 2009, as adopted by the International Accounting Standards Board (IASB) and as endorsed for use in the European Union by the European Commission as at 31 December 2009, and are prepared on a historical cost basis unless stated otherwise.

The full year 2009 financial figures of Cryo-Save Group N.V. included in the primary statements in this report are derived from the financial statements 2009. These financial statements have been authorized for issue. The financial statements have not yet been published by law and still have to be adopted by the General Meeting of Shareholders. In accordance with section 2:393 BW, KPMG Accountants N.V. has issued an unqualified auditors opinion on these financial statements, which will be published on 19 April 2010.

3. Significant accounting policies

New standards and interpretations

The first time application of the amendments and interpretations that became effective for the year ended 31 December 2009, as listed below, did not result in substantial changes to the Group's accounting policies:

- * Revised IAS 23 Borrowing costs (effective 1 January 2009);
- * Revised IAS 1 Presentation of Financial Statements (effective 1 January 2009);
- * IAS 27 (Revised) Consolidated and Separate Financial Statements (effective 1 January 2009);
- * IFRS 2 (Amendment) Share-based payments (effective 1 January 2009).

The impact of the above standards changes on the Group's equity and result is not material.

IFRS 3 Business Combinations (Revised) (effective 1 July 2009)

The new standard will become effective for the Group's 2010 financial statements. The Group has not opted for earlier application. The following key changes within IFRS 3 Business Combinations (Revised) could have a significant impact:

- * Contingent purchase considerations initially measured at fair value, whereby and re-measurement is recognized via the statement of income.
- * Acquisition-related costs are to be expenses.

The Group opted for early application of IFRS 8 in the consolidated financial statements for the year ended 31 December 2008.

For further details on the principle accounting policies of the Group, we refer to our website, www.cryo-savegroup.com, Investor Relations.

4. Change in accounting estimates

In 2009 the Group did not change any accounting estimate.

5. Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

6. Seasonality

The operations of the Company are not impacted by seasonal or cyclical purchase patterns.

7. Acquisitions

Italy

In July 2009, Cryo-Save acquired Salus Futura Ltd, United Kingdom, which holds all shares of Salus Futura Srl, Italy ('Salus Futura'), for an initial amount of €0.4 million payable in cash and a deferred performance related payment, payable annually on the achievement of certain goals until 31 May 2012. Salus Futura is an Italian stem cell storage marketing and distribution company. Salus Futura concentrates primarily on customer acquisition through diagnostic centers and private clinics.

The Salus Futura organization was fully integrated into the Cryo-Save Italy organization, hence no separate financial information with respect to the revenue contribution for the year 2009 and contribution to the 2009 operating profit on this acquisition is available.

Breakdown

Total net acquisition spending in 2009 was €0.4 million (2008: €24.4 million). This includes an amount of €49,000 relating to costs that are directly attributable to the Salus Futura acquisition, such as legal fees and audit fees.

The acquisition during 2009 had the following effects on the assets and liabilities of the Group:

	Carrying amount	Fair value adjustments	Recognized values
Non-current assets	2	100	102
Current assets	254	-	254
Non-current liabilities	-	-	-
Current liabilities	(509)	-	(509)
Deferred tax liabilities	-	(26)	(26)
Net identifiable assets and liabilities	(253)	74	(179)
Goodwill on acquisitions			628
Consideration			449
Cash acquired			21
Deferred considerations			0
Net acquisition spending			428

The fair value adjustment of €0.1 million related to the identified intangible assets regarding contracts with diagnostic centers. With respect to these intangible assets, a deferred tax liability was recognized. The goodwill of €0.6 million is mainly attributable to the skills and talent of Salus Futura's management and the synergies expected to be achieved from integrating Salus Futura into the Group's existing stem cell storage activities. The goodwill was allocated to the 'stem cell storage' segment.

8. Operating segments

Since the acquisition of Output Pharma Services GmbH ('Output') in January 2008, the Group identified two operating segments: the extraction and storage of adult human stem cells, and other types of products and services. The latter mainly consists of Output.

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

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

Information about reportable segments

for the year ended 31 December	Stem cell storage		Other		Total	
	2009	2008	2009	2008	2009	2008
Revenue						
Segment revenue	36,962	27,698	1,429	1,787	38,391	29,485
Other segment information						
EBITA	3,459	3,164	92	220	3,551	3,384
Finance income	110	987	8	1	118	988
Finance expense	(663)	(426)	(0)	(8)	(663)	(434)
Depreciation and amortization	(2,300)	(1,621)	(19)	(23)	(2,319)	(1,644)
Profit before taxation	1,684	2,652	99	209	1,783	2,861
Income tax expense	404	227	27	66	431	293
Segment assets	68,337	63,662	498	486	68,835	64,148
Segment liabilities	24,901	20,908	127	187	25,028	21,095
Capital expenditure	4,856	9,381	5	25	4,861	9,406

Revenue from external customers attributed to the Company's country of domicile, the Netherlands, amounted to €0.3 million (2008: €0.3 million).

Geographical information

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

for the year ended 31 December	Revenue		Non-current assets	
	2009	2008	2009	2008
Europe	36,525	28,521	48,617	47,071
Asia	1,193	420	711	786
Africa	673	544	2	2
Total	38,391	29,485	49,330	47,859

9. Revenue

	<u>2009</u>	2008
Stem cell extraction and storage	36,962	27,698
Other products and services	1,429	1,787
Total revenue	38,391	29,485

Revenue from stem cell extraction and storage include the impact of the change of the discount rate on the net present value of deferred revenue amounting to €0.2 million additional revenue (2008: €0.2 million additional revenue). The discount rate is consistently based on the 20 years AAA-rated euro area government bonds interest rate, which amounted to 4.4% as at 31 December 2009 (31 December 2008: 4.0%), plus a liquidity premium of 1.0%

10. Marketing and sales expenses

	<u>2009</u>	2008
Employee benefit expenses	6,439	5,465
Non-recurring restructuring expenses	421	-
Other marketing expenses	3,708	2,352
Total marketing and sales expenses	10,568	7,817

Following the acquisition of Salus Futura in July 2009, we integrated both companies and restructured top management. This resulted in material redundancy payments, but will also lead to significantly lower operating costs in the coming years.

11. Research and development expenses

	<u>2009</u>	2008
Employee benefit expenses	265	69
Other research and development costs	138	28
Total research and development expenses	403	97

Employee benefit expenses increased in 2009 due to less capitalized development costs. Number of staff did not increase. Other research and development costs included €0.1 million contribution to third parties' research projects.

12. General and administrative expenses

	<u>2009</u>	2008
Employee benefit expenses	4,392	3,455
Other general and administrative expenses	7,553	6,531
Non-recurring write-down on equity accounted investees	1,027	-
Non-recurring listing expenses	952	-
Total general and administrative expenses	13,924	9,986

Employee benefit expenses increased €0.9 million due to the full year impact of the acquired companies in 2008 and investments made in India and France. Other general and administrative expenses mainly increased due to the increase of depreciation and amortization (€+0.7 million).

The non-recurring listing expenses related to the listing of Cryo-Save Group at NYSE Euronext Amsterdam at 22 October 2009. The expenses mainly relate to advisers fees.

Cryo-Save's associate Cryo-Save Arabia, which operates in the United Arab Emirates, saw a significantly decrease in sales during 2009. As a result, the Group wrote down €1.0 million of receivables due from Cryo-Save Arabia. This relates to non-cash fees of €0.5 million services regarding the construction of the processing and storage facility, a non-cash royalty fee of €0.2 million for samples processed and stored in Dubai, and a fee of €0.3 million for samples processed and stored in Belgium processing and storage facility from UAE customers. The receivables comprise of €0.5 million relating to 2007, €0.3 million to 2008 and €0.2 million to 2009.

13. Employee benefit expenses

	2009	2008
Salaries and wages	9,665	7,308
Social security costs	1,244	1,016
Cost of defined contribution plans	119	74
Share-based payment expenses	266	211
Other personnel expenses	223	380
Total employee benefit expenses	11,517	8,989

The number of employees, expressed in full-time equivalents, is 250 as at 31 December 2009 (2008: 196). Full time equivalents (FTEs) increased organically by 54, mainly reflecting the increase of investments in sales staff in India and France.

14. Depreciation and amortization expenses

	2009	2008
Depreciation of property, plant and equipment	999	551
Amortization of intangible assets regarding acquisitions	1,223	1,077
Amortization of other intangible assets	97	16
Total depreciation and amortization expenses	2,319	1,644

The increase of depreciation expenses is mainly due to the new processing and storage facility in Belgium. The increase of amortization expenses is due to the full year impact on amortization of identified assets, such as customer relationship, brand name, contracts and order backlog.

15. Finance income

	2009	2008
Interest income bank and deposits	107	789
Currency translation differences	11	199
Total finance income	118	988

Interest income mainly comprise of interest on bank deposits. Interest income decreased significantly due to a lower cash position in 2009 following the acquisition spending in 2008 and lower interest rates.

16. Finance costs

	2009	2008
Bank charges and other finance costs	280	192
Unwinding of discounted deferred considerations	293	242
Interest expense sale and leaseback	90	-
Total finance costs	663	434

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

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

17. Income tax expense

	<u>2009</u>	2008
Income tax recognized in profit or loss	431	293
Tax expense comprises:		
Current tax expense/(income)	1,476	988
Deferred tax expense/(income)	(678)	(695)
Prior year's tax difference	(367)	-
Total tax expense	431	293
Reconciliation of the effective tax rate:		
Profit before taxation	1,783	2,861
Income tax using the Company's domestic tax rate (Dutch nominal tax rate 2009: 25.5%; 2008: 25.5%)	455	730
Tax effect of:		
Effect of tax rates in other countries	(731)	(538)
Non-deductible expenses	173	95
Profits offset with unused tax losses for which no deferred tax asset had been recognized	(17)	(128)
Unused tax losses not recognized as deferred tax assets	918	134
Prior year's tax difference	(367)	-
Income tax expense	431	293

The weighted average tax rate on profits before taxation was 24.4% (2008: 10.2%).

The positive impact on our effective tax rate of 24.4% from the low tax rate in especially Switzerland and the over provision in prior years is almost offset by the impact from unused tax losses not recognized as deferred tax assets.

The Company's unused tax losses amount to €10.5 million including a 2007 adjustment of €3.9 million (2008: €3.9 million excluding the 2007 adjustment of €3.9 million). 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 recognized in respect of those losses. Part of the unused tax losses will expire on 31 December 2014 (€2.1 million), €8.4 million can be compensated indefinitely.

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

18. Earnings per share

	<u>2009</u>	2008
Underlying* basic earnings per share (in euro cents)	48.4	36.0
Underlying* diluted earnings per share (in euro cents)	48.4	36.0
Reported basic earnings per share (in euro cents)	14.6	27.3
Reported diluted earnings per share (in euro cents)	14.6	27.3

*Underlying results are adjusted for amortization of identified intangible assets, write down of the receivable from the the Group's associate, Euronext listing costs and restructuring costs.

Pursuant to the passing of the relevant resolution at the Extraordinary General Meeting, held on 5 October 2009, the 5:1 share consolidation became effective. The comparative 2008 basic and diluted earnings per share have been restated for the 5:1 share consolidation.

Basic earnings per share (EPS) are calculated by dividing profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The calculation of diluted earnings per share is based on the calculation of the basic earnings per share, adjusted to allow for the assumed conversion of all dilutive share options.

The average market value of ordinary shares during 2009 did exceed the exercise price of the share options granted in 2009 only. Hence, the options had a dilutive effect, which was not material.

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

	<u>2009</u>	2008
Issued ordinary shares at 1 January	48,195,986	48,195,986
Effect of share consolidation	(38,556,795)	-
Shares held in treasury	(409,833)	(1,221,335)
Weighted average number of shares	9,229,358	46,974,651

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

	<u>2009</u>	2008
Weighted average number of shares	9,229,358	46,974,651
Share options	7,478	-
Diluted weighted average number of shares	9,236,836	46,974,651
Profit attributable to ordinary equity holders of the Company	1,352	2,568

19. Intangible assets

	Goodwill	Identified intangible assets	Internally generated intangible assets	Other intangible assets	2009	2008
At 1 January						
Cost	25,947	11,978	561	45	38,531	1,943
Amortization	-	(1,077)	-	(16)	(1,093)	-
Net book value at 1 January	25,947	10,901	561	29	37,438	1,934
Movements						
Translation differences	(109)	(95)	-	-	(204)	-
Acquisitions	2,028	100	-	-	2,128	36,188
Investments	-	-	186	31	217	400
Deferred considerations adjustment	(2,893)	-	-	-	(2,893)	-
Amortization	-	(1,223)	(83)	(14)	(1,320)	(1,093)
Total movements	(974)	(1,218)	103	17	(2,072)	35,495
At 31 December						
Cost	24,973	11,983	747	76	37,779	38,531
Amortization	-	(2,300)	(83)	(30)	(2,413)	(1,093)
Net book value at 31 December	24,973	9,683	664	46	35,366	37,438

Goodwill increased to the Salus Futura acquisition (€0.6 million) and the post balance sheet date acquisition of the remaining 30% shareholding of Sejtbank and Cryo-Save CZ (€1.4 million).

The deferred considerations adjustment of goodwill of €2.9 million mainly related to the cancellation of the earn out liability to former shareholders of Sejtbank and Cryo-Save CZ, following the post balance sheet date acquisition of the remaining 30% minority shareholding.

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

The impairment test performed in 2009 showed that the recoverable amount for each cash-generating unit exceeded the carrying amount, hence no impairment of goodwill or identified intangible assets was recognized in 2009 (2008: €0).

The net book value of the identified intangible assets of €9.7 million (2008: €10.9 million) represented the value of brand name €1.0 million (2008: €1.4 million), customer relationship €5.8 million (2008: €6.1 million) and contracts €2.9 million (€3.4 million).

Identified intangible assets

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

Internally generated intangible assets

Internally generated intangible assets arose from the development of the new products CryoCordPlus, Cryo-Lip and the Company's website. The capitalized costs consist of directly attributable costs of employee benefits, as well as materials and services used. Amortization for the new products will begin when the developed products are available for sale as intended by management.

Amortization for the website and CryoCordPlus started from May and October 2009 respectively as the website was officially launched and the service CryoCordPlus was widely rolled out in the market. In 2009 and 2008 no impairment of these intangible assets was deemed necessary.

Other intangible assets

Other intangible assets relate mainly to capitalized software licences and is amortised in three years. In 2009 and 2008 no impairment of these intangibles was deemed necessary. As in previous year, no intangible assets have been pledged as security for liabilities.

20. Equity

Share capital and share premium

Authorized shares

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

At 31 December 2008, the total authorized share capital consisted of 177,686,250 shares with a par value of €3,553,725 (ordinary shares of €0.02 each).

Issued shares

The total issued ordinary share capital consists per 31 December 2009 of 9,639,191 shares with a par value of €0.10 (31 December 2008 restated: 9,639,191 shares).

At the Annual General Meeting of Shareholders held on 20 May 2009, it was resolved to delegate to the Board of Directors the power (a) to issue shares and rights to subscribe for shares in the share capital of the Company to a maximum number of 20% of the issued share capital, and (b) to restrict or exclude the pre-emptive rights in connection with an issue of such number of shares or rights to subscribe for shares, each for a period of 18 months.

Translation reserve

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

Revaluation reserve

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

Legal reserve

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

Dividends

In July 2009, the Company distributed a maiden dividend of 1 euro cent for the year ended 31 December 2008 (5 euro cent restated for 5:1 share consolidation). The total dividend distributed amounted to €462,000.

Treasury shares

To cover the dilutive effect of the granted share options in 2007, 2008 and 2009 under the 2007 and 2009 Share Option Scheme to staff and to fund acquisitions, the Group started a share buyback programme in 2007. At 31 December 2009 the Group had acquired 424,000 of its own shares in treasury (31 December 2008: 354,000). Treasury shares are recorded at cost and amounted to €3.7 million at 31 December 2009 (31 December 2008: €3.5 million), representing the market price on the acquisition date.

At the Extraordinary General Meeting of Shareholders held on 5 October 2009, it was resolved to delegate to the Board of Directors the power (a) to repurchase shares up to a maximum of 10% of the Company's issued shares as at the date of the of the extraordinary general meeting of shareholders, (b) by acquiring shares or depository interest; (c) for a purchase price not less than ten euro cents and not higher than the highest of either (i) the average closing price over the five trading days prior to the date of acquisition on Euronext Amsterdam by NYSE Euronext plus a 10% premium or (ii) the average closing price over the five trading days prior to the date of acquisition on AIM plus a 10% premium; (d) for a period of 18 months.

	Number of shares		Purchase price	
	2009	2008	2009	2008
Balance at 1 January	354,000	31,000	3,497	435
Share buyback	70,000	323,000	167	3,062
Balance at 31 December	424,000	354,000	3,664	3,497

The purchase price of the share buyback transactions during 2009 ranged from 187.5 pence to 262.5 pence.

21. Borrowings

	2009	2008
Borrowings – non-current liabilities	3,795	111
Borrowings – current liabilities	180	38
Total borrowings	3,975	149

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

22. Deferred revenue

	2009	2008
Deferred revenue – non-current liabilities	6,090	4,885
Deferred revenue – current liabilities	471	389
Total deferred revenue	6,561	5,274

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

23. Non-current other liabilities

	2009	2008
Deferred considerations	2,080	5,777
Other non-current liabilities	84	53
Total non-current other liabilities	2,164	5,830

Deferred considerations relate to three performance plans agreed with former owners of acquired entities. The duration of the contracts is 3 years.

24. Share-based payments

In 2009 the Group recognized €0.3 million share-based payment costs, relating to three option plans issued in 2007, 2008 and 2009 respectively (2008: €0.2 million).

Share option scheme

At 23 April 2009 options were granted for 67,000 ordinary shares in Cryo-Save Group N.V. The Company granted 35,000 options to Directors of the Company and 32,000 options to certain other employees of the Company all at an exercise price of 279 pence per share.

Share options

	Share option plans for the years:			
	2009	2008	2007	Total
Outstanding at 1 January 2009	-	68,000	68,000	136,000
Conditionally awarded	67,000	-	-	67,000
Vested	-	-	-	-
Forfeited	8,000	30,000	15,000	53,000
Outstanding at 31 December 2009	59,000	38,000	53,000	150,000
End of period	2019	2018	2017	
Exercise price in pence	£2.79	£10.50	£11.05	

The former Chief Executive Officer, Rob Koremans, left the Group per 31 July 2009. Mr. Koremans held 20,000 options granted in 2009 which were exercisable until 30 January 2010. The options granted to Mr. Koremans in 2007 (15,000) and 2008 (20,000) lapsed as per 31 July 2009 when he left the Company. The remainder forfeited share options related to senior managers that left the Company.

The fair market value of each conditionally awarded share in 2009 under the Share Option Scheme was £1.86 (Share option plan 2008: £4.65, Share option plan 2007: £4.74), as determined by an outside consulting firm.

Shareholding of the Directors

The Directors hold the following interest in the Company as at 31 December 2009:

	2009	2008
M.J. Waeterschoot*	1,792,704	1,850,334
A.P. van Tulder	13,000	7,000
J.P.G. Goossens*	1,612,127	1,612,127
W.A.A. van Pottelberge	16,210	11,210

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

25. Events after the reporting period

Acquisition remaining 30% shares of Sejtbank and Cryo-Save CZ

At 25 February 2010, the Company acquired the remaining 30% minority shareholding of its Hungarian subsidiary, Sejtbank Egeszegugyi Szolgaltato Korlatolt Felelossegu Tarsasag ('Sejtbank') and Cryo-Save CZ (formerly Archiv Bunek s.r.o.), for a total cash consideration of €1.4 million.

The Annual Report 2009 will be available on the Company's website www.cryo-savegroup.com in April 2010.

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