15 September 2009

Cryo-Save Group NV

Revenues up 52%, profits up 17%

Cryo-Save Group N.V. (AIM: CRYO, "Cryo-Save" or the "Group"), Europe's leading adult stem cell storage bank, has published interim results for the six months ended 30 June 2009.

Financial highlights

- Revenue up 52% to €18.6 million (1HY 2008: €12.2 million), reflecting strong organic and acquisitive growth
- Gross margin increased to 71.1% (1HY 2008: 68.0%)
- Underlying* EBITA up 123% to €2.9 million (1HY 2008: €1.3 million)
- Underlying profit before taxation up 17% to €2.1 million (1HY 2008: €1.8 million)
- Underlying earnings per share up 6% to 3.7 euro cents (1HY 2008: 3.5 cents)
- Strong cash generation from operating activities €2.6 million
- Net cash €4.5 million as at 30 June 2009 after substantial investment programme (31 December 2008: €4.5 million)
- Financial sale and lease back of new Belgium building completed (€4.3 million)

Operational highlights

- As at 30 June 2009 around 108,000 samples stored
- Number of samples stored up 6% to 13,300 (1HY 2008: 12,500)
- Three samples released for medical treatment
- All time record with second quarter storage of 7,000 samples (Q2 2008: 6,600)
- Strong organic growth in Spain, Italy and South Eastern Europe

*Underlying excludes the one-off write down of receivables on associate Cryo-Save Arabia (€0.9 million before taxation).

Marc Waeterschoot, Chief Executive, commented:

"Our investment and acquisition strategy, supported by increased prices over the last two years, is now really beginning to show good returns despite the current economic climate.

"Also notably we released three samples for use in medical treatments in the first half of this year, highlighting that the use of stem cells continues to widen.

"With the Q2 of this year showing our strongest sample storage numbers to date, our widening international spread of businesses, new products coming available plus our high operational gearing, means that we are well placed to continue to grow strongly and generate cash"

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About Cryo-Save

With more than 100,000 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).

Cryo-Save sets the highest quality standards in stem cell storage, as it aims to make an important contribution to conquer possible life-threatening diseases in the future. As a service to the public, Cryo-Save offers a Cost-free Family Donation Programme, free of charge, to families wishing to store their newborn's umbilical cord blood stem cells for a family member diagnosed with a life-threatening disease treatable by stem cells. The company is committed to further improve stem cell cryopreservation techniques, by participating in European Commission funded projects, in Universities and Hospitals.

Financial review

Revenue

Revenues for the six months ended 30 June 2009, excluding Output Pharma Services GmbH the Group's non-core German logistics operation, increased by 59% to €18.0 million (1HY 2008: €11.3 million).

Reported revenues were €18.6 million (1HY 2008: €12.2 million), up 52% as a result of a combination of the increase in storage volumes, and the full year impact of acquisitions, especially CrioCord in Spain and Cryo-Save Balcanica, and price increases in 2008.

The strong performance reported in the first quarter, which saw Q1 sales of 6,300 samples exceeding the sales in Q4 2008 (6,100 samples), continued in the second quarter. Q2 sales were 7,000, marking an all time record quarter for the Group (Q2 2008: 6,600 samples).

Overall, total sales volume for the first half year grew 6% to 13,300 samples, in comparison to the 12,500 samples stored in the first half of 2008. All of this growth was organic, achieved mainly in Spain, Italy, South Eastern European and India.

The Group also benefited from the full year impact of the price increases implemented during 2008, even though the key markets of Spain and Hungary only increased their prices in Q4 2008.

Revenue by country:

	1HY 2009 €million	**%2009 revenue**	1HY 2008 €million	%2008 revenue
Spain	**8.4**	**47**	3.0	27
Hungary	**2.1**	**12**	2.3	20
Italy	**2.9**	**16**	1.8	16
South Eastern Europe (including Greece)	**1.7**	**10**	1.7	15
Other countries	**2.9**	**15**	2.5	22
Sub-total revenue from samples stored	***18.0***	***100***	*11.3*	*100*
Other revenue	**0.6**		0.9	
Total revenue	**18.6**		12.2	

Other revenue relates to the sales from non-core German logistics operation, Output Pharma Services GmbH, acquired in January 2008, that provides services to pharmaceutical companies.

The significant growth in revenues of Spain was a result of a combination of higher sales volumes, the price increase implemented in Q4 2008, and the impact from the acquisition of CrioCord on 1 July 2008. Prior to this acquisition, CrioCord was the Group's agent in Spain.

The decrease in revenues of Hungary was mainly caused by a weaker Hungarian Forint in the first half of 2009 compared to the first half of 2008. The impact of a slight decrease of the storage volume was offset by the impact of the higher prices since Q4 2008.

Growth in sales volume triggered the significant growth in revenues of Italy.

Increase in revenues of the South Eastern European countries was offset by lower revenues in Greece.

The growth of revenues of the other countries, from €2.5 million to €2.9 million, was mainly caused by growth in India.

Gross profit and gross margin

Gross profit, excluding the Group's non-core logistics operation, increased by 70% to €12.6 million (1HY 2008: €7.4 million). Reported gross margin increased to 71.1% (1HY 2008: 68.0%).

Operating expenses

The Group maintained tight control of its operating expenses and despite a new marketing campaign and a larger infrastructure following last year's investment programme, only increased operating costs, excluding depreciation and amortization, by 5% compared to 2HY 2008. Operating expenses, excluding depreciation and amortization, were €9.9 million (1HY 2008: €6.8 million) and €9.4 million in 2HY 2008.

In the first half year of 2009, the Group continued to invest in its India operation, which is expected to be break even on a monthly basis by the end of 2009, and in France, where Cryo-Save France launched its sales activities in September 2009.

The number of employees, expressed in full-time equivalents, increased to 219, from 196 at 31 December 2008 (30 June 2008: 118), mainly as a result of growth in India where 59 FTEs were employed as of 30 June 2009 (31 December 2008: 34).

Write down

The Group's associate Cryo-Save Arabia, which operates in the United Arab Emirates, saw a significant decrease in sales during 1HY. As a result, the Board has decided to write down €0.9 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 cash fee of €0.2 million for samples processed and stored in the Belgium processing and storage facility from UAE customers. The receivables comprise of €0.5 million relating to 2007, €0.3 million to 2008 and €0.1 million to the first half year of 2009.

Profitability

Underlying EBITA (excluding the €0.9 million write down) significantly increased, up 123% to €2.9 million (1HY 2008: €1.3 million) as a result of higher gross profit and tight cost control.

Underlying operating profit more than doubled, to €2.3 million (1HY 2008: €1.0 million) reflecting the Group's high operational gearing. Operating profit, excluding the Group's non-core German logistics operation, was €1.3 million (1HY 2008: €0.9 million). Reported operating profit was €1.4 million (1HY 2008: €1.0 million).

Net finance costs of €0.2 million in 1HY 2009 were caused by the non-cash IFRS-EU expenses of unwinding discounted earn out liabilities, which exceeded interest income from cash deposits. The significant change compared to the net finance income of €0.8 million in the first half year of 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.

Underlying profit before taxation was up 17% to €2.1 million (1HY 2008: €1.8 million). Reported profit before taxation was €1.2 million (1HY 2008: €1.8 million).

Taxation

The effective tax rate for the six months ended 30 June 2009 increased to 22% compared to 9% in the first half of 2008. Interim period income tax expense is accrued using the tax rate (22%) that would be applicable to expected total annual profit before taxation. The increase is caused by the non-recurring impact of the estimated costs regarding the listing on Euronext (see below), which will be incurred in the second half of 2009 by the Dutch holding company, that does not capitalise its losses carried forward. Furthermore, the effective tax rate increased due to increased profits in countries with a relatively high tax rate, like Spain, compared to the historically low effective tax rate of the Group.

Earnings per share

Underlying earnings per share were up 6% at 3.7 euro cents (1HY 2008: 3.5 cents). Reported earnings per share were 2.0 euro cents (1HY 2008: 3.5 euro cents). The Group is not paying an interim dividend.

Cash flow

Net cash from operating activities was €2.6 million (1HY 2008: €1.5 million). The Group invested €2.3 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.

Operating review

Spain

Spain, where Cryo-Save operates with two subsidiaries CrioCord and Cryo-Save Espana, continued to be the Group's main market. Revenues increased by 180% to €8.4 million (1HY 2008 €3.0m), with an overall volume growth of 26%. CrioCord further strengthened its market position and benefited from contracts it has with several private insurance companies.

Hungary

The Hungarian subsidiary Sejtbank faced challenging circumstances. The country has been hit very hard by the economic crisis and there is a strong competition in the market. Despite this, revenues only slightly decreased to €2.1 million from €2.3 million in the same period last year. With the strong marketing campaign focused on potential customers, the Group is confident that it will remain the market leader in Hungary.

Italy

Italy achieved a growth in revenues of 61% to €2.9 million (1HY 2008: €1.8 million), which is the result of a higher volume. Both Cryo-Save Italy and our local partners significantly increased their sales during the first half reflecting a growth of the market..

South Eastern European countries (including Greece)

Sales significantly increased in the South Eastern European countries (excluding Greece), particularly in Serbia. Sales in Greece were in line with the second half year of 2008, but below the first half year of 2008, as a result of the previously reported termination of a major contract with a maternity hospital in Athens as at 30 June 2008. Overall this region reported revenues of €1.7 million (1HY 2008: €1.7 million).

Geographic expansion into new markets

Cryo-Save India has introduced its services successfully to the Indian market, in six key metropolitan cities. The business signed contracts with several leading hospitals that support Cryo-Save's services and high quality standards. Cryo-Save India successfully obtained the ISO9001:2008 certificate, which underlines the Group's commitment to rigorously adhere to the same high standards and procedures in processing and storage facility in Bangalore, as in the Belgium operation. Sales in the first half year of 2009 grew month over month.

Cryo-Save France further developed its market opportunities. Although the formal approval to start its processing and storage activities in Lyon is still pending, the Group visited many stakeholders in this period, including hospitals, clinics, and regional regulators. After being recruited and trained in July and August this year, sales staff became operational as of September 2009.

In the first half year of 2009 the Group entered into partner agreements in Latvia, Pakistan, Kosovo, Albania, and Bosnia Herzegovina without any material investment.

Samples delivered for medical treatment

The importance of cord blood storage continues to be proven with recent Cryo-Save samples being released in the first half of 2009 for medical treatments of children in Spain, Switzerland and the United Kingdom. The treatment of children affected by diseases such as leukemia or cerebral palsy, provides a profound demonstration of both the benefits of storing cord blood and the new advances in transplants and stem cell therapy. Cryo-Save continues to play an increasing part in the healthcare of such families, and expects a significant increase of samples released for medical treatment over time as the average age of the children whose stem cells are stored with the Group will increase. The average age of these children is currently around 3, where several diseases that can be treated with stem cells only appear at a later age, e.g. around 7 years of age.

Applied Research & Development of new products

The Group introduced a new added feature (previously called Cryo-Cord Gold or Cryo-Cord+) to its Cryo-Cord service - the collection, processing, preservation and storage of the umbilical cord tissue containing mesenchymal stem cells (MSCs) -, in several countries, among them India, Greece and Hungary. During the introduction period the added feature to the Cryo-Cord service was free of costs, except for the Spanish market. A price increase is foreseen in Q4 2009.

Validation and development of Cryo-Lip, which the Group plans to introduce in the first half year of 2010, is progressing well. Cryo-Lip involves the collection and storage of fat tissue containing MSCs obtained via liposuction from adults. In the first half of 2009 the Group further tested the collection and processing procedures which are now all validated.

Euronext listing

As stated on 3 September 2009, the Group plans to seek an additional listing, without issuing any additional shares, on Euronext Amsterdam in Q4 of the current financial year. This will complement the Group's shares being traded on AIM in London and will increase its visibility in the continental markets, where it principally trades and is expected to enhance liquidity. The Group expects to incur one off cost from the listing of around €0.8 million.

Current trading and outlook

The further roll out of the new added feature, storing stem cells from the umbilical cord itself, in the second half of 2009, should further support the growth of revenue, and will strengthen Cryo-Save's market leader position in Europe.

Despite the current economic climate, the Group has completed the integration of businesses acquired last year, continued to growth businesses organically and maintained its investment program in France and India. With its geographic spread and the new countries India and France coming on stream, the Group has a strong basis for further growth.

Condensed consolidated interim financial statements

These condensed consolidated interim financial statements are unaudited.

Condensed consolidated statement of income

in thousands of euro

For the six months ended 30 June

	Notes	2009	2008
Revenue	7	18,622	12,235
Cost of sales		(5,375)	(3,919)
Gross profit		**13,247**	**8,316**
Marketing and sales expenses		4,880	3,059
Research and development expenses		170	59
General and administrative expenses	8	6,772	4,207
Total operating expenses		11,822	7,325
Operating profit		**1,425**	**991**
Finance income		41	1,037
Finance costs		(276)	(213)
Net finance (costs)/income		**(235)**	**824**
Results relating to equity-accounted investees		0	0
Profit before taxation		**1,190**	**1,815**
Income tax expense	9	262	159
Profit for the period		**928**	**1,656**
Attributable to:			
- Equity holders of the Company		928	1,656
- Non-controlling interest		-	-
Profit for the period		**928**	**1,656**
Earnings per share (in euro cents)	10		
- Basic		2.0	3.5
- Diluted		2.0	3.5

Condensed consolidated statement of comprehensive income
in thousands of euro

For the six months ended 30 June

	2009	2008
Profit for the period	**928**	**1,656**
Other comprehensive income		
Foreign currency translation differences	(76)	27
Income tax on other comprehensive income	-	-
Other comprehensive income for the period	(76)	27
Total comprehensive income for the period	**852**	**1,683**
Attributable to:		
- Equity holders of the Company	852	1,683
- Non-controlling interest	-	-
Total comprehensive income for the period	**852**	**1,683**

Condensed consolidated statement of financial position
in thousands of euro

	Notes	30 June 2009	30 December 2009
Assets			
Intangible assets		39,078	37,438
Property, plant and equipment		12,190	10,421
Investments in equity accounted investees		0	0
Deferred tax assets		830	640
Trade and other receivables		956	1,304
Total non-current assets		**53,054**	**49,803**
Inventories		318	287
Trade and other receivables		8,419	8,156
Current tax assets		770	1,205
Cash and cash equivalents	11	8,953	4,697
Total current assets		**18,460**	**14,345**
Total assets		**71,514**	**64,148**
Equity	12		
Issued share capital		964	964
Share premium reserve		38,178	38,178
Revaluation reserve		719	769
Legal reserve		108	108
Translation reserve		-524	-448
Treasury shares		-3,603	-3,497
Retained earnings		7,622	6,979
Equity attributable to equity holders of the Company		**43,464**	**43,053**
Non-controlling interest		-	-
Total equity		**43,464**	**43,053**
Liabilities			
Borrowings		3,862	111
Deferred revenue		5,160	4,885
Deferred tax liabilities		2,738	2,827
Other liabilities		6,738	5,830
Total non-current liabilities		**18,498**	**13,653**
Borrowings		542	38
Deferred revenue		520	389
Trade and other payables		6,734	5,052
Current tax liabilities		1,756	1,963
Total current liabilities		**9,552**	**7,442**
Total liabilities		**28,050**	**21,095**
Total equity and liabilities		**71,514**	**64,148**

Condensed consolidated statement of changes in equity
in thousands of euro

For the six months ended 30 June 2008

	Issued share capital	Treasury shares	Other reserves	Share-holders' equity	Non-controlling interest	Total equity
1 January 2008	**964**	**(435)**	**42,392**	**42,921**	**-**	**42,921**
Exchange differences on translating foreign operations	-	-	27	27	-	27
Net income recognized directly in equity	-	-	27	27	-	27
Profit for the period	-	-	1,656	1,656		1,656
Total recognized income and expense for the	-		1,683	1,683	-	1,683
Share-based payments	-	-	185	185	-	185
Repurchased shares	-	(3,016)	-	(3,016)	-	(3,016)
30 June 2008	**964**	**(3,451)**	**44,260**	**41,773**	**-**	**41,773**

For the six months ended 30 June 2009

	Issued share capital	Treasury shares	Other reserves	Share-holders' equity	Non-controlling interest	Total equity
1 January 2009	**964**	**(3,497)**	**45,586**	**43,053**	**-**	**43,053**
Exchange differences on translating foreign operations	-	-	(76)	(76)	-	(76)
Net income recognised directly in equity	-	-	(76)	(76)	-	(76)
Profit for the period	-	-	928	928		928
Total recognized income and expense for the	-		852	852	-	852
Share-based payments	-	-	127	127	-	127
Dividend distributed	-	-	(462)	(462)	-	(462)
Repurchased shares	-	(106)	-	(106)	-	(106)
30 June 2009	**964**	**(3,603)**	**46,103**	**43,464**	**-**	**43,464**

Condensed consolidated statement of cash flows
in thousands of euro

	2009	2008
Cash flows from operating activities		
Profit for the period	928	1,656
Adjustments for:		
Income tax expense	262	159
Finance costs	276	213
Finance income	(41)	(1,037)
Depreciation and amortization	1,051	478
Equity settled share-based payment transactions	127	69
	2,603	**1,538**
Organic movements in working capital		
(Increase)/decrease in (non)current trade and other receivables	185	(1,508)
(Increase)/decrease in inventories	(31)	(99)
(Increase)/decrease (non)current tax assets	408	(166)
Increase/(decrease) in (non)current liabilities	214	1,219
Increase/(decrease) in current tax liabilities	(16)	(210)
Net cash from operations	**3,363**	**774**
Interest (paid)/received	(72)	965
Income taxes (paid)/received	(705)	(215)
Net cash from operating activities	**2,586**	**1,524**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,296)	(2,865)
Purchase of intangible assets	(164)	(78)
Disposals of non-current assets	81	-
Acquisitions spending	-	(20,130)
Net cash (used in)/generated by investing activities	**(2,379)**	**(23,073)**
Cash flows from financing activities		
Repurchase of own shares	(106)	(3,016)
Redemption of borrowings	(58)	-
Proceeds from borrowings	4,200	-
Net cash generated by/(used in) financing activities	**4,036**	**(3,016)**
Net increase/(decrease) in cash and cash equivalents	**4,243**	**(24,565)**
Cash and cash equivalents at the beginning of the period	4,697	39,465
Exchange differences	13	8
Cash and cash equivalents at the end of the period	**8,953**	**14,908**

Notes to the condensed consolidated interim financial statements
(in thousands of euro, unless indicated otherwise)

1. Company information

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

2. Statement of compliance

The Group's condensed consolidated interim financial statements as at and for the six months ended 30 June 2009 were approved for publication by the Board of Directors on 14 September 2009.

The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 Interim Financial Reporting. As permitted by IAS 34, these statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2008. In addition, the notes to the condensed consolidated financial statements are presented in a condensed format.

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

3. Significant accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended 31 December 2008.

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)
This new standard will become mandatory for the Group's 2010 financial statements, if the standard is EU endorsed. 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 any re-measurement is recognized via the profit or loss; and
- Acquisition-related costs are to be expensed.

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

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2008.

5. Seasonality

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

6. 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.

Information about reportable segments

for the six months ended 30 June	**Stem cell storage**		**Other**		**Total**	
	2009	2008	**2009**	2008	**2009**	2008
Revenue						
Segment revenue	**18,012**	11,338	**610**	897	**18,622**	12,235
Other segment information						
Finance income	**36**	1,037	**5**	0	**41**	1,037
Finance expense	**(276)**	(213)	**0**	0	**(276)**	(213)
Depreciation and amortization	**(1,041)**	(469)	**(10)**	(9)	**(1,051)**	(478)
Profit before taxation	**1,050**	1,706	**140**	109	**1,190**	1,815
Segment assets	**70,891**	66,179	**623**	587	**71,514**	66,766
Segment liabilities	**27,830**	24,637	**220**	356	**28,050**	24,993
Capital expenditure	**2,457**	2,932	**3**	11	**2,460**	2,943

Revenue from external customers attributed to the Company's country of domicile, The Netherlands, amounted to €0.2 million (1HY 2008: €0.2 million).

Revenue include €46,000 interest related to customer payment in instalments (1HY 2008: €30,000). Interest is charged against several interest rates applicable in the countries.

7. Revenue

for the six months ended 30 June	**2009**	2008
Stem cell extraction and storage	**18,012**	11,338
Other products and services	**610**	897
Total revenue	**18,622**	12,235

Revenue from stem cell extraction and storage also include the impact of the change of the discount rate on the net present value of deferred revenue amounting to €0.3 million additional revenue (1HY 2008: nil). The discount rate is consistently based on the 20 years AAA-rated euro area government bonds interest rate, which amounted 4.6% as at 30 June 2009 (31 December 2008: 4.0%), plus a liquidity premium of 1%.

8. Depreciation and amortization expenses

for the six months ended 30 June	**2009**	2008
Depreciation of property, plant and equipment	**424**	212
Amortization of identified intangibles assets	**608**	263
Amortization of other intangible assets	**19**	3
Total depreciation and amortization expenses	**1,051**	478

The increase of amortization expenses is due to the full year impact of amortization obtained through acquisitions, such as customer relationship, brand name and contracts.

9. Taxation

Income tax expense reported for the six month period ended 30 June 2009 is recognized based on management's best estimate of the weighted average annual effective income tax rate for the full financial year, applied to the pre-tax income of the interim period. The Group's applied consolidated effective tax rate for the six months ended 30 June 2009 was 22% (for the year ended 31 December 2008: 10%; for the six months ended 30 June 2008: 9%).

The increase to 22% is caused by the non-recurring impact of the estimated costs regarding the listing on Euronext (see below), which will be incurred in the second half of 2009 by the Dutch holding company, that does not capitalise its losses carried forward. Furthermore, the effective tax rate increased due to increased profits in countries with a relatively high tax rate, like Spain, compared to the historically low effective tax rate of the Group.

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

10. Earnings per share

	30 June 2009	30 June 2008
Basic earnings per share (in euro cents)	**2.0**	3.5
Diluted earnings per share (in euro cents)	**2.0**	3.5

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.

Adjusted for the write-down of the receivables from its associate Cryo-Save Arabia, pro forma EPS would have been 3.7 euro cents.

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 the first half of 2009 did not exceed the exercise price of the options (2007: 210 pence, 2008: 211 pence, and 2009: 55.8 pence respectively), hence the options had no dilutive effect.
Reconciliation between number of shares and weighted average number of shares:

	30 June 2009	30 June 2008
Issued ordinary shares at 1 January	**48,195,986**	48,195,986
Effect of share split	**-**	-
Shares held in treasury	**(1,788,472)**	(789,926)
Weighted average number of shares	**46,407,514**	47,406,060

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

	30 June 2009	30 June 2008
Weighted average number of shares	**46,407,514**	47,406,060
Share options	**-**	-
Diluted weighted average number of shares	**46,407,514**	47,406,060
Profit attributable to ordinary equity holders of the Company	**928**	1,656

11. Net cash

	30 June 2009	31 December 2008
Cash and cash equivalents	**8,953**	4,697
Borrowings (current and non-current)	**(4,404)**	(149)
Net cash	**4,549**	4,548

The net cash position of €4.5 million (31 December 2008: €4.5 million) was positively impacted by the net cash from operating activities (€2.6 million), offset by the investment in property, plant and equipment (€2.3 million). Cash and cash equivalents increased to €9.0 million at 30 June 2009 from €4.7 million at 31 December 2008 due to the completion of the sale and lease back agreement with ING Lease Belgium N.V.
In March 2009 the Group entered into a sale and lease back agreement with ING Lease Belgium N.V. in relation to the Group's processing and storage facility in Niel, Belgium. Pursuant to the agreement, ING Lease Belgium N.V. purchased the facility and agreed to finance its construction for an amount of €4.3 million, resulting in a payment obligation of ING Lease Belgium N.V. to the Group of €4.3 million. Of this amount €4.2 million was received before 30 June 2009, whereas the remaining amount of €0.1 million was received in August 2009. The Group has 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 will be a down payment of €430,000 followed by quarterly payments of €92,000. The lease obligation is recognized as financial lease obligation (borrowings) and accounted for at a total amount of €4.3 million (€3.8 million non-current and €0.5 million current as per 30 June 2009). 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).

12. Share options and treasury shares

Share options
At 23 April 2009, the Company has granted 335,000 ordinary shares to staff of the Company, at an exercise price of 55.8pence per share.

The fair market value of each conditionally awarded share was 37.2pence, as determined by an outside consulting firm. The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial model.

Treasury shares
To cover the dilutive effect of the granted share options in 2007, 2008 and 2009 under the 2007 Share Option Scheme to staff and to fund acquisitions, the Group started a share buyback programme in 2007. During the first half year of 2009 the Company acquired 250,000 own shares in treasury, resulting in 2,020,000 own shares held in treasury at 30 June 2009. Treasury shares are recorded at cost, representing the market price on the acquisition date.

13. Events after the reporting period

Distribution agreement signed with leading Iberian medical services provider extends reach in Spain and Portugal

On 2 July 2009, the Group signed an exclusive distribution agreement for the Iberian market with the Spanish subsidiary of Labco, a leading pan European medical diagnostic labs network. As a result of this agreement, the Group will further strengthen its leadership position in Spain and have an additional channel to market in Portugal.

In Spain and Portugal, the laboratories of Labco will be used as a point of contact and sale for the Group's potential customers. Labco, with around 1,000 laboratories in Spain and Portugal, will train medical staff to collect the cord blood and on the Group's logistics procedures.

Cryo-Save will pay a fee for the samples successfully stored. The first samples collected via the Labco laboratories are expected to be received in October 2009.

Acquisition
On 10 July 2009, Cryo-Save acquired Salus Futura Ltd, United Kingdom, which holds all shares of Salus Futura Srl, Italy ("Salus Futura"), for an initial consideration 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. The Group expects the acquisition to be earnings enhancing on completion.

Salus Futura, established in 2007, is an Italian stem cell storage marketing and distribution company. Processing and storage will be performed by Cryo-Save. Salus Futura concentrates primarily on customer acquisition through diagnostic centres and private clinics. All of Salus Futura's business comes from Italy. In the first quarter of 2009, the number of samples stored increased by 280% over the same period last year, and was 13% up on the fourth quarter of 2008.
Following completion, key staff of Salus Futura will remain with the Group, allowing us to utilise its experience to further roll out this successful model in Italy. The Salus Futura organisation will be integrated in Cryo-Save's Italian organisation.

In the year to 31 December 2008 Salus Futura reported aggregated revenue of €0.5 million and a start up loss of €0.1 million.

Dividend
Following the resolution on 20 May 2009, the Company paid a maiden dividend of € 462,000 (€0.01 per share) for the year ended 31 December 2008 after the reporting period.

Share buy back
In August, after the reporting date, the Company purchased 100,000 ordinary shares of €0.02 in total for an average price of 52.5 pence per share, to be held in treasury. Following the purchase of these shares, the Company holds 2,120,000 of its own ordinary shares in treasury, representing approximately 4.40% of the Company's issued share capital, and has 46,075,986 ordinary shares in issue (excluding treasury shares).

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