Cryosite Limited

ABN 86 090 919 476

Appendix 4D

Six months ended 31 December 2015 ('current period')
and 31 December 2014 ('previous corresponding period')

Results for announcement to the market

1. Details of Reporting Period

The financial information contained in this report is for the half year ended 31 December 2015. Comparative amounts (unless otherwise indicated) relate to the year ended 31 December 2014.

2. Results for Announcement to the Market

				$A'000
2.1 Revenue from ordinary activities:	Down	2.6%	to	4,956
2.2 Profit from ordinary activities after tax attributable to members:	Down	42.3%	to	207
2.3 Net profit for the period attributable to members:	Down	42.3%	to	207

2.4 Dividends

The Board of Cryosite has on the 23rd February 2016 determined and is pleased to announce the payment of an interim unfranked dividend of 0.5 cent (half cent) per ordinary share.

2.5 Key Dates:

Ex Dividend Date - 11th March 2016
Record Date - 15th March 2016
Dividend payment Date - 31st March 2016

2.6 Commentary on the results to the market:

An explanation of the result of the current period is set out in the Directors Report contained in the attached audit reviewed half-yearly Financial Report.

9. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	6.6 cents	7.3 cents

CRYOSITE LIMITED

ABN 86 090 919 476

Half-Year Financial Report

31 December 2015

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2015.

Directors

The directors of Cryosite Limited and its controlled entities (the "Company") in office during the half year, and until the date of this Report are set out below. Directors were in office for this entire period unless otherwise stated.

Andrew Kroger	Chairman	Appointed 17 November 2011
Christina Boyce	Non-Executive Director	Resigned 8 December 2015
Stephen Roberts	Non-Executive Director	Appointed 8 December 2015
Graeme Allen Moore	Executive Director	Appointed 22 September 2008

Principal Activities

Since it was established in 2000, Cryosite has evolved into a company that has successfully developed and integrated a portfolio of specialised services including family cord blood and tissue banking, biorepository management, specialised clinical trials logistics and commercial drug distribution and contract manufacturing of biologics and therapeutics.

The services are grouped into two market segments, Biological Services and Warehousing and Distribution.

Review of Operations

Group revenue for the half-year was $4,956,231 which was a 2.6% decrease over the same period last year ($5,087,633) and a 4.2% increase over the six months to June 2015 ($4,756,222). Profit before tax for the period was $287,477, a decrease of 42.9% over the corresponding period in 2014.
While the overall revenue figure was marginally less than the December 2014 comparatives, there have been several significant longer term positive revenue gains recorded in key services areas in both biological and warehousing and distribution segments during the current period.

The Company generated a positive $418,372 cash flow from operations during the period. Overall net cash decreased by $60,343 during the period after payment of a $234,298 final dividend for the June 2015 year and capital equipment outlays. The lower overall cash flow reflects our current longer term repayment plan offerings in responding to strong competitor activity in the Biological Services sector. While shorter term cash intake from operations is lower, the variance is recoverable over a longer period and comparable in timing difference terms. This is evidenced in the higher current period trade and other accounts receivable balance sheet comparatives.

The Company recorded an income tax expense of $80,762 though no tax is payable due to the availability of carried forward tax losses. While the Company will record a tax expense going forward it will remain a non-cash expense until such time as the remaining $360,857 recognised tax losses will be progressively utilised.

Directors' Report

The decrease in pre-tax profit of $215,794 over the corresponding period was the result of a combination of marginally lower revenues generated ($131,402 or 2.6%) plus increased costs associated with the Company's investment in marketing ($106,125 or 36%) plus increased Administration expenses ($273,821 or 24.4%). The major increase in expenditure generally relates to web site enhancement, investment in digital marketing and the expense related to the employment of a former CEO not in the expense comparatives for the prior period.

These additional expenditures and the widespread introduction of more flexible and attractive payment plans for family banking are amongst several other initiatives introduced designed to grow the Biological Services business sector going forward.

The warehousing and distribution services business has generally improved its relative performance despite the lower comparatives to the December 2014 numbers which included two specialised revenue streams absent in the current period. Revenues recorded from this segment have improved on those recorded for the six months to June 2015.

The company maintains a positive outlook over the medium term and the executive team believes the current strategies of building marketing capabilities is essential in achieving sustainable growth in the medium to longer term.

The company will also continue to upgrade systems and facilities to support anticipated growth of both the biological services and warehousing business. These investments should allow the company to operate more efficiently and capture greater benefits from scale.

Events Subsequent to Balance Date

The directors are unaware of any other event or transaction that has occurred between the reporting date and the date of this financial report that may have a significant effect on the Company.

Auditor's Independence Declaration

A statement of independence has been provided by our auditors, Duncan Dovico Risk & Assurance Pty Limited, and follows this Director's Report on page 5.

Signed in accordance with a resolution of the directors made pursuant to s.306 (3) of the Corporations Act 2001



Graeme Moore
Director

Sydney
23rd February 2016

DUNCAN DOVICO

Auditors' Independence Declaration

In relation to our review of the financial report of Cryosite Limited and its controlled entity for the half-year ended 31 December 2015, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cryosite Limited and its controlled entity during the half-year ended 31 December 2015.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED



Rosemary Megale
Director

Dated in Sydney, this 23rd day of February 2016.

Directors' Declaration

The Directors of Cryosite Limited declare that:

- The financial statements and notes of Cryosite Limited and its controlled entities for the half-year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including:

    - giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
    - complying with Accounting Standards AASB 134 Interim Financial Reporting.

- There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Graeme Moore
Director

Sydney
23rd February 2016

Interim Consolidated Statement of Comprehensive Income

For The Half-Year Ended 31 December 2015

	Notes	31 Dec 2015 $	31 Dec 2014 $
Revenues	3	**4,956,231**	5,087,633
Expenses			
Costs of providing services	3	**(2,281,523)**	(2,525,403)
Depreciation expense		**(325,271)**	(323,550)
Finance costs		**-**	(2,420)
Marketing expenses		**(399,595)**	(293,470)
Occupancy expenses		**(265,503)**	(319,928)
Administration expenses	3	**(1,396,862)**	(1,119,591)
Profit from operations before tax		**287,477**	503,271
Income tax (expense) benefit	4	**(80,762)**	(144,973)
Profit after tax from continuing operations		**206,715**	358,298
Net Profit attributable to members of the parent		**206,715**	358,298
Other comprehensive income for the half -year		**-**	-
Items that may be reclassified subsequently to profit or loss		**-**	-
Items that will not be reclassified subsequently to profit or loss		**-**	-
Total other comprehensive income for the half-year, net of tax		**-**	-
Total comprehensive income for the half-year, net of tax		**206,715**	358,298
Earnings per share (cents per share)			
Basic EPS for the half-year		**0.44**	0.77
Diluted EPS for the half-year		**0.44**	0.76

The above interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Interim Consolidated Statement of Financial Position
As at 31 December 2015

	Notes	31 Dec 2015 $	30 June 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	**4,106,959**	4,167,302
Trade and other receivables		**2,351,031**	1,752,492
Inventories		**106,922**	90,459
Prepayments		**163,241**	255,688
Total Current Assets		**6,728,153**	6,265,941
Non-current Assets			
Trade and other receivables		**616,147**	560,502
Deferred income tax asset		**369,014**	449,776
Plant and equipment	10	**1,379,144**	1,456,641
Intangible assets	12	**417,163**	389,895
Total Non-current Assets		**2,781,468**	2,856,814
TOTAL ASSETS		**9,509,621**	9,122,755
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,039,640**	882,308
Unearned income		**361,722**	347,165
Provisions		**541,434**	532,344
Total Current Liabilities		**1,942,796**	1,761,817
Non-current Liabilities			
Trade and other payables		**442,000**	442,350
Unearned income		**3,347,684**	3,108,217
Provisions		**260,289**	265,936
Total Non-current Liabilities		**4,049,973**	3,816,503
TOTAL LIABILITIES		**5,992,769**	5,578,320
NET ASSETS		**3,516,852**	3,544,435
EQUITY			
Contributed capital		**5,861,788**	5,861,788
Share option reserve		**239,118**	239,118
Accumulated losses		**(2,584,054)**	(2,556,471)
TOTAL EQUITY		**3,516,852**	3,544,435

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes

Interim Consolidated Statement of Changes in Equity
For The Half-Year Ended 31 December 2015

	Notes	Contributed capital $	Accumulated losses $	Reserves $	Total equity $
At 1 July 2015		**5,861,788**	**(2,556,471)**	**239,118**	**3,544,435**
Profit for the period		**-**	**206,175**	**-**	**206,715**
Other Comprehensive Income					
Proceeds from shares issued (Options exercised)		**-**	**-**	**-**	**-**
Transactions with Owners in their capacity as owners:					
Equity dividends declared and paid		**-**	**(234,298)**	**-**	**(234,298)**
Return of Capital		**-**	**-**	**-**	**-**
At 31 December 2015		**5,861,788**	**2,584,054**	**239,118**	**3,516,852**
At 1 July 2014		8,204,766	(2,308,747)	239,118	6,135,137
Profit for the period		-	358,298	-	358,298
Other Comprehensive Income					
Proceeds from shares issued (Options exercised)		-	-	-	-
Transactions with Owners in their capacity as owners:					
Equity dividends declared and paid		-	(468,596)	-	(468,596)
Return of Capital		(2,342,978)	-	-	(2,342,978)
At 31 December 2014		5,861,788	(2,419,045)	239,118	3,681,861

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Interim Consolidated Statement of Cash Flow
For The Half-Year Ended 31 December 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		**4,387,406**	5,124,594
Payments to suppliers and employees		**(3,998,168)**	(4,048,742)
Finance income		**29,134**	31,765
Net cash flows from operating activities		**418,372**	1,107,617
Cash flows from investing activities			
Purchase of plant and equipment		**(236,841)**	(303,509)
Interest received – term deposits		**47,494**	92,068
Intangible-Capitalised software implemented or in development phase		**(38,202)**	(131,199)
Net cash flows (used in) from investing activities		**(227,549)**	(342,640)
Cash flows from financing activities			
Return of Capital		**-**	(2,342,978)
Equity dividend paid		**(251,166)**	(468,596)
Net cash flows (used in) financing activities		**(251,166)**	(2,811,574)
Net increase in cash and cash equivalents		**(60,343)**	(2,046,597)
Cash and cash equivalents at beginning of period		**4,167,302**	6,252,193
Cash and cash equivalents at end of period	**9**	**4,106,959**	4,205,596

The above interim consolidated statement of cash flow should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

1. CORPORATE INFORMATION

The financial report of Cryosite Limited and the controlled entity (the Group) for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 23rd February 2016.

Cryosite Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.Compliance with AASB 134 *Interim Financial Reporting* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Cryosite Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(a) Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy, accounting standards and interpretations

(i) Amendments to AASBs and the new Interpretation that are mandatorily effective for the current period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective the current half-year.

- AASB 2015-3 – Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2014-1 Part A – Amendments to Australian Accounting Standards [Part A – Annual Improvements 2010-2012 and 2011-2013 Cycles].
- AASB 2014-1 Part B – Amendment to Australian Accounting Standards [Part B – Defined Benefit Plans: Employee Contributions]
- AASB 2014-2 – Amendments to AASB 1053.

The adoption of amending Standards does not have any impact on the disclosures or the amount recognised in the Group's interim consolidated financial statements.

Accounting standards issued but not yet effective and adopted

The following accounting standards have been issued by the AASB but are not yet effective:

AASB 9 Financial Instruments. Revised principles for accounting for financial assets and liabilities: recognition and derecognition, classification, measurement, hedge accounting and impairment. The standards will be effective from 1 January 2018 and available for early adoption.

The group has determined not to early adopt this standard and will assess the impact of the standard within the required time frame.

IFRS 15 Revenue from Contracts with Customers. Introduces a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received for that transfer. The standard will be effective from 1 January 2018.

The group has determined not to early adopt this standard and will assess the impact of the standard within the required time frame.

IFRS 16 Leases. Recognise right of use assets and liabilities arising from all leases, with exceptions for low value and short term leases. The standard will be effective from 1 January 2019.

The group has determined not to early adopt this standard and will assess the impact of the standard within the required time frame.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy, accounting standards and interpretations (continued)

A number of amending standards have also been issued by the AASB but are not yet effective. Some are available for early adoption although most are expected to have minimal impact.

(ii) Cash flow classification

During the half-year a component of interest received from long term contracts was reclassified from investing activities to operating activities. The classification of this component of interest received more appropriately reflects the nature of the interest income. This change was first implemented during the year ended 30 June 2015.

(iii) Receivable and unearned revenue

The accounting policies previously adopted in respect of the accounting of implied interest on long term contracts resulted in an accrual reflecting the present value of this component being recorded as a receivable with an offsetting amount recorded as unearned revenue (liabilities). This accounting policy was altered during the financial year ended 30 June 2015 such that the amounts are no longer accounted for. This change in accounting policy more appropriately reflects the principles that govern the group's revenue recognition policies.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cryosite Limited and its subsidiary ('the Group') as at the half-year ended 31 December 2015.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.
All inter-company balances and transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Cryosite Limited are accounted for at cost in the separate financial statements of the parent entity, less any impairment charges.

(d) Foreign currency translation

Both the functional and presentation currency of Cryosite Limited and its Australian subsidiary is Australian dollars (A$). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

(e) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant & equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Plant and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Major depreciation rates are:	**2015**	2014
- Leasehold improvements:	Lease term	Lease term
Plant and equipment:		
- Fixtures and fittings	5 – 10 years	5 – 10 years
- Information technology	2 - 2.5 years	2 - 2.5 years
- Warehouse equipment	4 - 10 years	4 - 10 years
- Office furniture & equipment	2.5 – 8 years	2.5 – 8 years
Plant & equipment under lease	5 years	5 years

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

(g) Intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

Licence fees

Where licences are acquired for the purposes of assisting in research and development or for the entity's use of patented techniques or processes in conducting operations, the costs are capitalised. Licenses acquired during the financial year have been initially assessed as having a useful life in line with that of the underlying patent and associated methodologies.

The assessment of useful life is reviewed annually by the Board to determine whether the assumptions made continue to be appropriate and supportable. If not, the useful life assessment is changed on a prospective basis.

(h) Inventories

Inventories consist of consumables used in the provision of services. Inventories are valued at the lower of cost and net realisable value. Cost is determined by actual purchase price. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(i) Trade and other receivables

Trade receivables (current), which generally have 30 day terms, are recognised initially at fair value less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis and individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the group may not be able to collect the receivable.

Trade receivables (non-current), which generally have terms in excess of 12 months, are carried at their net present value. The expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate assessed as appropriate by management.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other payables

Trade and other payables are carried at amortised costs and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee leave benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Unused sick leave on termination of employment is forfeited.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal, or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Share-based payment transactions

The group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby the employees render services in exchange for rights over shares ('equity-settled transactions') under the Employee Share Option Plan (ESOP) or individually negotiated share based payment arrangements.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial model.

(o) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue from the archival storage of biological samples is recognised over the period that storage occurs.
- Revenue from the rendering of non-storage services, such as collection or distribution of biological samples, is recognised upon the delivery of the service to the customers.
- Revenue from cord blood services is recognised in the accounting period in which the services are rendered. Where the Group has a long term contract with its customers to provide cord blood services, a receivable is recognised at its net present value with a corresponding amount recognised as unearned income in the statement of financial position.
- Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.
- Dividends: revenue is recognised when the Company's right to receive the payment is established.

(q) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax and other taxes (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future tax profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax and other taxes (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Contributed equity

Contributed capital bears no special terms or conditions affecting income or capital entitlements of the shareholders. Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(s) Share options reserve

The share options reserve captures the equity component of the company's equity settled transactions of the share based payments schemes.

(t) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(u) Earnings per share

Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares.

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principle market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in the highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

(w) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

3. SIGNIFICANT EVENTS AND TRANSACTIONS

- On the 1st October 2015 the Company paid to shareholders $234,298 representing an unfranked dividend (0.5 cent per ordinary share) in respect of the financial year ended 30 June 2015.
- On the 3rd September 2015 the Directors announced the resignation of Mr. Joseph Saad as Chief Executive Officer of the Company.
- On the 2nd December 2015 the Company advised the expiry of 300,000 share options.
- On the 8th of December the Directors announced the resignation of Christina Boyce and the appointment of Stephen Roberts as Directors of the Company.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

	Notes	2015 $	2014 $
3. REVENUE AND EXPENSES			
Specific items			
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:			
(i) Revenue			
Rendering of services		**4,883,039**	4,962,696
Interest income		**73,192**	124,937
		4,956,231	5,087,633
(ii) Expenses			
Major items Included within the expenses are as following:			
Employee benefits		**1,737,874**	1,574,461

	2015 $	2014 $
4. INCOME TAX EXPENSE		
Accounting profit before tax from continuing operations	**287,477**	503,271
At the statutory income tax rate of 30% (2014: 30%)	**(86,243)**	(150,982)
Share-based payments (equity settled)	**-**	-
Other items (net)	**5,481**	6,009
Recognition of previously unrecorded losses against current year taxable income	**-**	-
Income tax (expense)	**(80,762)**	(144,973)
Current income expense	**(80,762)**	(144,973)
(Applied) to unrecognised losses	**-**	-
Income tax (expense) benefit reported in the statement of comprehensive income	**(80,762)**	(144,973)

The above interim consolidated statement of cash flow should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

4. INCOME TAX EXPENSE (continued)

At 31 December 2015 the Group had tax losses arising in Australia of $360,857 (June 2015: $647,472) that are available for offset against future taxable profits of the company. The deferred income tax asset of $108,257 (June 2015: $194,247) arising from these losses have been brought to account in full at reporting date, as realisation of the benefit is now regarded as virtually certain.

5. DIVIDENDS PAID OR PROPOSED

No dividends have been provided for at the reporting date (30 June 2015: $nil).

A final unfranked dividend of $ (0.5 cent per ordinary share) declared on 25th August 2015 was paid on 1st October 2015 in respect of the year ended 30th June 2015.

6. CONTINGENT LIABILITIES

The Company is not aware of any contingent liabilities or contingent assets at reporting date.

7. SUBSEQUENT EVENTS

The directors are unaware of any other event or transaction that has occurred between the reporting date and the date of this financial report that may have a significant effect on the company.

8. SEGMENT INFORMATION

Identification of Reportable Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The segment information provided is consistent with the internal management reporting.

Two reportable segments have been identified as follows:

Biological Services	Private cord blood services, biorepository management and adult stem cell storage.
Warehousing & Distribution	Clinical trial logistics and American Type Culture Collection distribution services.

The accounting policies used by the Company in reporting segments internally are the same as those contained in note 1 to the accounts and in the 30 June 2015 annual financial report.

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

8. SEGMENT INFORMATION (continued)

Operating Segments

	Biological Services $	Warehousing & Distribution $	Total $
31 December 2015 – Consolidated			
Total segment revenue	**2,583,789**	**2,372,442**	**4,956,231**
Segment profit before ITDA	**197,483**	**261,312**	**458,795**
31 December 2014 – Consolidated			
Total segment revenue	2,541,726	2,545,907	5,087,633
Segment profit before ITDA	276,403	427,901	704,304
Total Segment assets			
31 December 2015	**5,901,207**	**3,608,414**	**9,509,621**
30 June 2015	5,466,078	3,656,676	9,122,754

A reconciliation of operating EBITDA before operating profit before income tax is provided as follows:

	31 Dec 2015 $	31 Dec 2014 $
Operating EBITDA	**539,557**	704,304
Interest revenue	**73,192**	124,937
Depreciation and amortisation	**(325,272)**	(323,550)
Finance costs	**-**	(2,420)
Profit before tax	**287,477**	503,271

9. CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2015:

	31 Dec 2015 $	30 June 2015 $
Cash at bank and in hand	**582,058**	489,605
Short-term deposits	**3,524,901**	3,677,697
	4,106,959	4,167,302

The above interim consolidated statement of cash flow should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2015, the Company acquired assets with a cost of $236,841 (2014: $303,509).

Cost	Leasehold improvements	Fixtures and fittings	Information technology	Warehouse equipment	Office furniture & equipment	Total
	$	$	$	$	$	$
At 30 June 2015	200,000	72,521	189,202	3,714,017	13,995	4,189,735
Additions	-	-	14,417	222,424	-	236,841
Disposals	-	-	-	-	-	-
At 31 December 2015	**200,000**	**72,521**	**203,619**	**3,936,441**	**13,995**	**4,426,576**
Accumulated Depreciation						
At 30 June 2015	(200,000)	(72,521)	(75,414)	(2,379,449)	(5,710)	(2,733,094)
Depreciation charge for the 6 months	-	-	(29,343)	(283,561)	(1,434)	(314,338)
Disposals	-	-	-	-	-	-
At 31 December 2015	**(200,000)**	**(72,521)**	**(104,757)**	**(2,663,010)**	**(7,144)**	**(3,047,432)**
Net book value – 30 June 2015	-	-	113,788	1,334,568	8,285	1,456,641
Net book value – 31 December 2015	-	-	**98,862**	**1,273,431**	**6,851**	**1,379,144**

The above interim consolidated statement of cash flow should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

11.RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties during the six month periods ending 31 December 2015 and 31 December 2014 as well as balances with related parties as at 30th June 2015:

	31Dec 2015 $	30 June 2015 $	31Dec 2014 $
Owed by Cryosite Distribution Pty Ltd	-	503,707	-
Owed to Cryosite Distribution Pty Ltd	**1,233,694**	-	1,496,549

12. NON-CURRENT ASSETS - INTANGIBLE ASSETS

Cost	**Marketing System Software**	**Licence fee**	**Software Other**	**Total**
	$	**$**	**$**	**$**
At 30 June 2015	41,780	255,310	104,359	401,449
Additions	19,542	-	18,660	38,202
Write-off	-	-		
At 31 December 2015	**61,322**	**255,310**	**123,019**	**439,651**
Amortisation and impairment				
At 30 June 2015	(4,654)	(6,900)	-	(11,554)
Amortisation for the 6 months	(7,484)	(3,450)	-	(10,934)
Write-off	-	-	-	-
At 31 December 2015	**(12,138)**	**(10,350)**	-	**(22,488)**
Net book value – 30 June 2015	37,126	248,410	104,359	389,895
Net book value – 31 December 2015	**49,184**	**244,960**	**123,019**	**417,163**

The above interim consolidated statement of cash flow should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements
For The Half-Year Ended 31 December 2015

13.NON-CURRENT ASSETS - INTANGIBLE ASSETS (continued)

- During the 2014 financial year, the Group entered into an exclusive licensing agreement within Australia and New Zealand to assist with the in-house development of new technologies to develop the range of stem cell service offerings. The Directors have assessed a finite life to the license in line with the underlying patents and associated methodologies. Amortisation of $3,450 has been charged for this period year on this basis. The assessment of useful life is reviewed annually by the Board to determine whether the assumptions made continue to be appropriate and supportable. If not, the useful life assessment is changed on a prospective basis.
- The company has during the period, incurred additional software development costs related to an operational system which was in development phase at balance date. On completion, the Directors will assess the economic life of the project and commence amortisation

DUNCAN DOVICO

Independent Auditor's Review Report to the members of Cryosite Limited

Report on the Condensed Half-year Financial Report

We have reviewed the accompanying half-year financial report of Cryosite Limited and its controlled entity, which comprises the statement of financial position as at 31 December 2015 and statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the half-year end or from time to time during the half-year ended 31 December 2015.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors' determine is necessary to enable the presentation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and *the Corporations Regulations 2001*. As the auditor of Cryosite Limited and its controlled entity during the half-year ended 31 December 2015, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DUNCAN DOVICO

Independence

In conducting our review, we have complied with independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cryosite Limited and its controlled entity is not in accordance with the *Corporations Act 2001,* including*:*

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

DUNCAN DOVICO RISK & ASSURANCE PTY LIMITED



Rosemary Megale
Director

Dated in Sydney, this 23rd day of February 2016.