Cryosite Limited

ABN 86 090 919 476

Appendix 4E

Full year report

Results for announcement to the market

1. Details of Reporting Period

The financial information contained in this report is for the year ended 30 June 2017. Comparative amounts (unless otherwise indicated) relate to the year ended 30 June 2016.

2. Results for Announcement to the Market

				$A'000
2.1 Revenue from ordinary activities:	Up	0.3%	to	10,163
2.2 Profit from ordinary activities after tax attributable to members:	Down	25.5%	to	225
2.3 Net profit for the period attributable to members:	Down	25.5%	to	225

3. Dividends

The Board of Cryosite has recommended that no dividends be paid.

4. Commentary on the results to the market

The audited annual accounts are attached. Please refer to these for full results and commentary.

5. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	5.6 cents	6.0 cents

CRYOSITE LIMITED

ABN 86 090 919 476

Annual Report

for the year ended 30 June 2017

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Corporate Information

ABN 86 090 919 476

DIRECTORS

Mr. Stephen Roberts (Non-Executive Chair)
Mr. Andrew Kroger (Non-Executive Director)
Mrs Nicola Swift (Non-Executive Director)

COMPANY SECRETARY

Mr. Bryan Dulhunty (CoSA Life Science - Corporate)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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SOUTH GRANVILLE NSW 2142
Telephone: +61 2 8865 2000
Fax: +61 2 8865 2090

Email: corporate@cryosite.com

SHARE REGISTER

Link Market Services Limited
Level 8, 580 George Street
SYDNEY NSW, 2000
Telephone: +61 2 8260 7111

AUDITORS

Mazars Risk & Assurance Pty Limited
Level 12, 90 Arthur Street
NORTH SYDNEY NSW, 2060
Telephone: +61 2 9922 1166

INTERNET ADDRESS

www.cryosite.com
www.cryositeservices.com

Directors' Report

The directors present their report together with the financial statements on the consolidated entity (the Group) consisting of Cryosite Limited (the Company) and the entity it controlled for the year ended 30 June 2017.

DIRECTORS

The following people held the office of director during the year

Mr. Stephen Roberts (Non-Executive Chair) – appointed 8/12/2015
Mr. Andrew Kroger (Non-Executive Director) - appointed 21/11/2011
Mr. Graeme Moore (Executive Director) - resigned 6/10/2016
Mrs Nicola Swift (Non-Executive Director) – appointed 3/11/2016

Names, qualifications, experience and special responsibilities

Mr. Stephen Robert, B. Business, Executive MBA (INSEAD), GAICD, Non-Executive Chair
Mr. Roberts has over 25 year's business, management and consulting experience in highly successful international companies. Stephen is currently Chair of Growth Farms Australia Ltd and a number of private and unlisted companies. He was on the boards of Cancer Council Australia and New South Wales for nearly a decade and remains on the Social Ventures Leadership Council. His past roles include CEO & Senior partner of Mercer Investments Asia Pacific, Managing Director of Russell Investments Australasia and Senior Vice President of BT Funds Management. Mr Roberts is a Fellow and Graduate of the Institute of Company Directors and is trained as a Chartered Accountant. Mr Roberts was appointed to the Board on 8 December 2015 and become Non-Executive Chair on 8 April 2016. Mr Roberts is the Chair of the Nominations and Remuneration committee.

Mr. Andrew Kroger, BEc. LLB, Non-Executive Director
Mr. Kroger has had a career in stockbroking, law and general management including two years running Forsayth Group in 1990 which was Australia's ninth largest gold producer at that time. Mr Kroger is the owner of Process Wastewater Technologies LLC, a company with its major business being in wastewater in the United States. Mr. Kroger has a Bachelor of Economics and a Bachelor of Laws from Monash University. Mr. Kroger was appointed to the Cryosite Limited board in November 2011.

Mrs Nicola Swift, BA (Mod) Legal Science, MA, CFA, GAICD, Non-Executive Director
Mrs Swift has an extensive background in the international investment management and securities industry as a research director, portfolio manager and equity analyst. She has over 16 years of experience gained in London, Sydney and Boston with global institutional investors such as Alliance Capital, AMP, and John Hancock's, International Investment Associates. Her career has been spent rigorously analysing and investing in a range of both listed and private companies at varying stages in their development. Mrs Swift is a Chartered Financial Analyst, a graduate of the Australian Institute of Corporate Directors and holds an Honours Law degree and a Masters of Arts from Trinity College Dublin. She is also a Director of Ascham Foundation Ltd and Ascham School Ltd. Mrs Swift was appointed to the Board on 3 November 2016. Mrs Swift is the Chair of the Audit and Risk committee.

COMPANY SECRETARY

Bryan Dulhunty, BEc, CA
Company Secretarial Services for Cryosite Limited are provided by CoSA Life Science - Corporate, an independent Company Secretarial firm specialising in the Life science industry.

Mr Dulhunty founded CoSA in 2001 after extensive experience in a major international accounting firm and both large and small publicly listed entities. Mr. Dulhunty is has been Executive Chairman, Managing Director non-executive director and company secretary of a number of listed and unlisted biotechnology companies

As at the date of this report the relevant interests of the directors in the shares and options of Cryosite Limited were:

Director	Ordinary shares
Mr. Andrew Kroger	16,016,906
Mr. Stephen Roberts	669,519

EARNINGS PER SHARE

Basic earnings per share	0.48 cents (2016: 0.64 cents)
Diluted earnings per share	0.48 cents (2016: 0.64 cents)

DIVIDENDS

A final unfranked dividend for the year ended 30 June 2016 of 0.5 cents per ordinary share was declared and paid during the financial year. An interim unfranked dividend of 0.5 cents per ordinary share in respect of the 2017 financial year was declared and paid during the financial year.

The total dividends declared were $468,567 (2016: $468,596).

CORPORATE INFORMATION

Corporate structure

Cryosite Limited is a company limited by shares that is incorporated and domiciled in Australia. Cryosite Limited is the ultimate parent company. Cryosite Limited has prepared a consolidated financial report which incorporates Cryosite Distribution Pty Limited, a company incorporated and domiciled in Australia that it controlled during the financial year.

Nature of operations and principal activities

Cryosite (ASX: CTE) is a unique Australian biotech and biologics logistics company. The company's highly specialised biologics based services are grouped into two business lines – Individualised Consumer Biologics and Scientific Processing and Logistics.

Cryosite pioneered private autologous Cord Blood Banking in 2002, directed allogeneic Family Banking in 2011, and in 2014 has developed and commercialised methods for the cryopreservation of Mesenchymal Stem Cells (MCS's) from umbilical cord tissue.

Cryosite also provides specialised Bio-repository, Clinical Trials Logistics, Commercial Drug Distribution, contract Cellular Therapies manufacturing and associated consultancy services to commercial clients both within Australia and internationally. Cryosite's facilities are NATA accredited (ISO15189) and its Cord Blood Stem Cell cryopreservation and storage laboratories are fully licensed by the TGA.

Individualised Consumer Biologics (formerly known as Biological Services)

Biological Services included the private cord blood and tissue banking service, adult stem cell storage, bioarchive & biorepository services and contract GMP manufacturing service.

Scientific Processing and Logistics (formerly known as Warehousing and Distribution)

These services included the clinical trials logistics service and the other storage and distribution based services including the importation and distribution of laboratory diagnostic products.

Directors' Report continued

Employees

The consolidated entity has 37 full-time equivalent employees as at 30 June 2017 (2016: 39 employees).

Cryosite recognises the value of diversity in the workplace and is committed to providing equal opportunity for all its staff. Over 57% of current employees are female. Of its 37 employees, there are numerous religions and cultures and where possible offer flexible work practices and work life balance as a key retention tool. Cryosite is also committed to providing a workplace free from any form of harassment, bullying and discrimination.

OPERATING RESULTS FOR THE YEAR

The Directors have pleasure in reporting to shareholders the results for the last year's operations. Revenue increased to $10,163,028 up 0.3% from 2016 revenue of $10,136,503. Profit for the year after income tax declined to $225,100 (2016: $302,466), impacted, particularly in the second half of the year, by increased marketing costs to support the Individualised Consumer Biologics business

During the year the Company continue the programs of IT and operating systems upgrades as for foreshadowed in the 2016 annual report. Additive to this, the South Granville home of Cryosite required some renovations. A proposal to upgrade and increase specific support facilities for the Scientific Processing Logistics group were approved and work begun. The Company plans continued investments in this area in 2018 to generate more capacity and efficiencies in its operations.

The executive team continues to see opportunities in the Scientific Processing Logistics business through the building of closer relationships with key customers as well as exploring new areas with this segment. To that end, the company is adding direct resources to support the client service and sales of this group. This adds to the infrastructure investment made during the year.

During the year within the Individualised Consumer Biologics business the Company continued its marketing investment across various media areas, aiming to refocus marketing efforts to address the long-term decline in collection volumes which have fallen at an average rate of -4% per annum since FY13. This continued investment in marketing was an attempt to build consumer awareness of private cord blood and tissue banking and the Cryosite brand name as well as counter the deterrent to private cord blood and tissue banking provided by the public cord blood bank AusCord and its offer of autologous banking for at risk families. The Company's investment in online media were expanded while investments in the traditional areas of marketing such as exhibitions, conventions and advertising were continued as were our partnerships with doctors and hospitals. The Board however remained watchful to ensure that the company was investing wisely as collection volumes continued to decline notwithstanding the marketing focus.

The Company believes that the market for private cord blood and tissue collection, processing and banking has been static, if not declining, over the past few years and that this reflects a long term.trend. Marketing, collection and processing has become a challenging business. In these circumstances, the board reviewed the company's direct investment in this service. This led to the decision in June 2017, to cease the processing, collection and banking of future cord blood and tissue for clients and to license Cell Care Pty Ltd to undertake this activity on our behalf. Cryosite received an upfront cash payment in June 2017 and subject to shareholder and regulatory approval within the next few months will receive an equity allocation from Cell Care in consideration for the Cryosite license and will additionally receive a royalty payment for every sale made by Cell Care for the next five years. Cryosite continues to securely bank the genetic material of existing cord blood and tissue clients for the term of those contracts.

Should the proposed transaction not proceed, the Board shall consider all options. However, any decision to re-enter the market would entail a substantial re-investment and therefore the Board would need to see significant improvement in market dynamics to warrant such a decision.

In June, in line with the new more focused business strategy, Cryosite's CEO, Andrew Shine, left the company. There remains a number of risks and opportunities that continue to face the business moving forward and we envisage 2018 financial year to be one of investment and ongoing consolidation.

The Company generated a positive $1,626,789 operating cash flow and maintained a healthy cash balance of $5,089,110 at June 30 notwithstanding a $468,567 dividend payment during the year.

REVIEW OF OPERATIONS

During 2017 the Company continued to make significant investments across the business. This has resulted in an 0.3% (2016: 3%) increase revenue for the Company. EBITDA has come in at $852,741 (2016: $1,010,921). 2017 results include a $500,000 non-refundable income within the Individualised Consumer Biologics business relating to the company entering a binding agreement, subject to shareholder and regulatory, to license, under the Cryosite brand, the collection, processing and storage of umbilical cord blood and tissue and to sell certain of its Cord Blood and Tissue Banking assets to Cell Care Australia Pty Ltd.

Individualised Consumer Biologics

In 2017 Cryosite managed three different services within the Individualised Consumer Biologics business.

Cord Blood & Tissue

Cryosite pioneered private banking of cord blood to treat a range of haematological conditions in Australia in 2002. In 2011 Cryosite consolidated its reputation as the industry market leader in 2011 when it obtained the first TGA license for the directed allogeneic release of cord blood ("Family Banking"), and again in 2014 when Cryosite offered patent protected methodology for banking umbilical cord tissue.

The introduction of umbilical cord tissue banking has benefitted results in recent years and while continuing to favourably impact 2017 revenue it was not sufficient to offset volume decline and price competition in the private cord blood and tissue banking category. Higher investment in marketing, particularly online marketing, failed to yield the anticipated revenue growth and led to further margin compression.

This led to the decision by the Company in June 2017, to cease the processing, collection and banking of future cord blood and tissue for clients .and to enter into a binding agreement, subject to shareholder and regulatory approval, to license, under the Cryosite brand, the collection, processing and storage of umbilical cord blood and tissue and to sell certain of its Cord Blood and Tissue Banking assets to Cell Care Australia Pty Ltd. All clients who have banked to date remain under our care for the term of their contracts.

Contract GMP Manufacturing

Cryosite's expertise in the storage and distribution of temperature controlled biologics and medicines, clinical trials logistics and the Australian regulatory environment, enables the Company to also provide clients with contracted sophisticated storage and distribution options for their manufactured products. These services include contract Good Manufacturing Practice (GMP), manufacturing of specialised cell therapy products and the provision of associated consultancy services.

Revenue from contract GMP manufacturing and associated services were slightly down to prior year with volumes of work from a key client mixed through our client's Australian business.

Biorepository

Biorepository services offers specialised GMP level storage, distribution and traceability to clients who have specific material requirements around quality and commercial value which could potentially by compromised by loss of environment control or failure. In additional to a comprehensive range storage options, Cryosite also offers segregation by risk category and value added services including assistance with risk assessment, import, export and containment requirements, temperature controlled distribution and regulatory advice.

Biorepository revenue was down on prior year by 17% (2016: 11% increase). The revenue decrease has been primarily driven through the change in mix within clients and the loss of business from a key client who had changed their operations.

Segment Summary

In summary, Individualised Consumer Biologics revenue results were $5,497,999 (2016: $5,292,738) representing a positive 3.8% increase. Overall EBITDA came in at $219,044 (2016: $420,321) down to increased competition and marketing investment in the cord blood and tissue services. This segment result includes a $500,000 non-refundable income relating to the company entering a binding agreement, subject to shareholder and regulatory approval, to license, under the Cryosite brand, the collection, processing and storage of umbilical cord blood and tissue and to sell certain of its Cord Blood and Tissue Banking assets to Cell Care Australia Pty Ltd.

Scientific Processing and Logistics

Cryosite manages two services within the Scientific Processing and Logistics business.

Clinical Trials

Cryosite's Clinical Trials Logistics service has established itself over many years as a high quality and cost effective partner for local and international clinical trial sponsors (pharmaceutical and biopharmaceutical companies) and Contract Research Organisations (CROs) for the warehousing and distribution of investigational drugs. Cryosite's expertise in cold, frozen and cryogenic storage and distribution has enabled the Company to successfully support client's changing needs for management of biologic based drugs, and for these services to comply with applicable international standards.

In 2017, this service grew marginally over 2016 driven by the small increase in the number of individual clinical trials under management. A number of large phase four drug trials concluded over the year which has also impacted on this group's results.

The ability to identify and meet client's demands to support highly customised trials of increasing complexity, and the provision of value added services, that has enabled Clinical Trials operations to maintain their profitability over the last 12 months. We continue to invest in this business adding specific client service and sales resources. We have built out additive logistical support facilities, some of which is client specific. We are in the processing of launching a "green packaging" solution for our clients. We are in final stages of negotiations to implement a new IT system, an ERP system for this business which should be in place by calendar year end.

Commercial Drug Distribution

This business was severely affected by the discontinuation of several major client contracts in specific personal biologics segment of adult stem processing and storage. Cryosite is engaging in market wide consultation to support the re-emergence of this service. We remain a preferred supplier of high value drug logistical services to the world's major pharmaceutical companies.

Segment Summary

The overall segment revenue for 2017 was $4,665,029 (2016: $4,843,765) and EBITDA of $633,697 (2016: $590,600).

BUSINESS GROWTH AND OUTLOOK

Cryosite is in a unique position offering the following services within their segments -

Individualised Consumer Biologics business

- Cord Blood and Tissue Banking
- Contract GMP Manufacturing
- Biorepository Services

Scientific Processing and Logistics business

- Clinical Trial Logistics
- Commercial Drug Distribution

And biological scientific and logistical consulting services

No other company in our segments offers the same array of services under the one roof.

Individualised Consumer Biologics

Our Cord Blood and Tissue business includes the marketing, collection and processing of cord blood and tissue as well as the long term storage of cord blood and tissue for existing clients. In June 2017, the Company ceased to collect, process and store for new clients and as a result has actively reduced sales and marketing personnel as well as laboratory capacity to reflect this decision. However, the Company will continue to securely store for all existing cord blood and tissue clients for the term of their contracts. The terms of the proposed transaction with Cell Care Pty Ltd allows the Company to retain exposure to the private cord blood and tissue market for a period of five years and receive cashflows in the form of royalty payments which will be unencumbered with high marketing and operating costs.

The decision to retreat from directly marketing, collecting, processing cord blood and tissue has been driven in a large part by low public awareness and uptake of private cord blood and tissue banking. It remains a highly discretionary product, as potential customers have the alternative solution offered by AusCord and favoured by most major public hospitals. Under this free public service, cord blood and tissue is donated and is made available to all Australians as required. Directed banking is also offered via AusCord to at risk families. And whilst this solution, we would suggest, is sub optimal, it goes a long way to explaining the internationally low and static penetration of private cord blood and tissue banking in Australia at around 1% of the annual birth rate.

The Company believes that the private cord blood and tissue market has been relatively static, if not declining, over the past 10 years. Outside of peaks in the birth rate driven by Government incentives such as the baby bonus, the category has been relatively stable and inherently linked to the national birth rate. Discounting, significant investment in marketing, the introduction of tissue banking and family banking has resulted in market share movement from one player to the other but has not resulted in real category growth. Against this competitive background, participants in the private cord blood and tissue market are consolidating to achieve the necessary scale to remain commercially viable. Stemlife went into liquidation in 2016. The current remaining providers of cord blood banking, other than Auscord,are now looking to address the challenging market through the proposed licensing and sale agreement.

Should the proposed transaction not proceed, the Board shall consider all options. However, any decision to re-enter the market would entail a substantial re-investment and therefore the Board would need to see significant improvement in market dynamics to warrant such a decision.

Scientific Processing and Logistics

On completion of the proposed transaction with Cell Care Pty Ltd, subject to shareholder and regulatory approval, the Company will focus investment on the Clinical Trials and Commercial Drug distribution businesses. As detailed in the Review of Operations, the Company plans to invest in enhanced client engagement and service, offer an expanded product offering and utilize technology to generate operating efficiencies.

PERFORMANCE RIGHTS PLAN

In February 2017, the Cryosite Employee Incentive Plan (CEIP) was introduced to assist with the attraction, retention and motivation of Key Management Personnel to strengthen their alignment with shareholder interests. At the next AGM, the Directors will seek approval for the CEIP and will seek exemption for any issuance under the CEIP. On invitation, the CEIP provides Key Management Personnel with the opportunity to receive a long-term equity based incentive in each financial year). As at the date of this report, there were 211,002 (2016: nil) unissued ordinary shares under the CEIP. Please refer to the remuneration report for further details. The circumstances under which a Key Management Personnel is entitled to retain these performance rights if he or she should leave the company before the vesting date is controlled by the terms of the CEIP and is at the discretion of the Board.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than detailed in the above there were no significant changes in the state of affairs of the Group during the year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Cryosite announced on 4 August that the Australian Competition & Consumer Commission (ACCC) had notified the Company that it will publicly review the proposed transaction to license the future collection, processing and storage of umbilical cord and tissue and to sell certain assets of its Cord Blood and Tissue Banking Business to Cell Care Australia Pty Ltd, Cryosite is considering its position in light of this notification. In the meantime, the Company is continuing to meet its obligation under its agreement with Cell Care Pty Ltd, including seeking shareholder approval, subject to regulatory approval. The Company has given an undertaking to the ACCC not to complete the proposed transaction before the ACCC has completed a public review and confirms to the Company that it does not intend to intervene in the proposed transaction.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Subject to shareholder and regulatory approval of the proposed transaction with Cell Care Pty Ltd, and subject to any unforeseen circumstances, the Board expects 2018 to be a year of transition and consolidation to allow greater focus and investment in its Scientific and division, its activities within its Biorepository and ongoing upgrades to its storage facilities for its long term clients.

ENVIRONMENTAL REGULATIONS

The Company provides a range of services that require compliance to a variety of regulatory and statutory bodies, including the Therapeutic Goods Administration (TGA), the Department of Agriculture, Fisheries and Forestry (DAFF), the NSW Department of Health, and the Office of the Gene Technology Regulator (OGTR). Additionally, the Company must comply with the quality system requirements of many of its customers. The Company has implemented a company-wide quality management system to ensure that it meets or exceeds the requirements of all these interests. Cryosite also holds accreditation for ISO 15189 (Medical Laboratories) from the Australian National Association of Testing Authorities (NATA).

There have been no significant known breaches of the consolidated entity's licence conditions or any regulations to which it is subject. The Company, to the best of its knowledge, is not subject to any specific environmental regulations.

BUSINESS RISKS

Most of the services that Cryosite provide to generate income require some form of statutory licensing or compliance authority. The failure by Cryosite to attain and maintain such licences and approvals would have a significant negative effect on the Company's ability to continue to provide such services and to maintain its viability. As referred to in other parts of this report, Cryosite is committed to mitigating risks in this area by the implementation and maintenance of a company-wide Quality Management System.

The failure to gain shareholder or regulatory approval for the proposed transaction with Cell Care Pty Ltd would require further consideration of options for and within the Cord Blood and Tissue division.

INSURANCE OF DIRECTORS AND OFFICERS

The Company has paid a premium in respect of a contract, insuring all the Directors and Officers against liability, except wilful breach of duty, of a nature that is required to be disclosed under section 300 (8) of the Corporations Act 2001. In accordance with commercial practice, further details of the nature of the liabilities insured against and the amount of the premium have not been disclosed.

In addition to the above, the Directors and certain Officers of the Company have entered into a Deed of Indemnity and Access confirming the Company's obligation to maintain an adequate Director and Officer Liability insurance policy and confirming the individual Directors' and Officers' right to access board papers and other Company documents. In return, the individual Directors and Officers have agreed to allow the Company to conduct the case for the defence should the event arise.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an Officer or Auditor of the Company or of any related body corporate against a liability incurred as such an Officer or Auditor.

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the two executives in the Parent and the Group receiving the highest remuneration.

This has been audited by Mazars Risk & Assurance Pty Limited and is included within the scope of the audit report on pages 8-14.

Key Management Personnel

Details of the nature and amount of each element of remuneration for key management personnel of the Company which includes those key management personnel receiving the highest compensation for the financial year are as

follows:-

Mr Stephen Roberts	Non-Executive Director
Mr Andrew Kroger	Non-Executive Director
Mrs Nicola Swift	Non-Executive Director (appointed 3/11/2016)
MrAndrew Shine	Chief Executive Officer (resigned 30/6/2017)
Mr Mark Byrne	Chief Financial Officer

On the 15th June 2017, Mark Byrne was appointed Interim Chief Executive Officer. Due to the relatively small number of employees, apart from Andrew Shine and Mark Byrne, there were or are no other executives having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly during the current year.

The role of the Nominations and Remuneration Committee

While the Board maintains the authority and responsibility for the oversight of the Company's remuneration policy and the principles and processes with underpins the policy, on 9 December 2016, the Board established a Nominations and Remuneration committee to provide advice and recommendations to the Board

- on the structure and level of remuneration for the directors, senior executives and company secretary
- on the design and award of all executive incentive plans

The members of the committee are independent non-executive directors, Mr Stephen Roberts (Chair) and Mrs Nicola Swift.

Use of external remuneration consultants

As necessary the Nominations and Remuneration Committee obtained independent external recommendations and advice from Crichton and Associates Pty Ltd on matters including the design of a long-term incentive plan for employees, its implementation and management. No remuneration recommendations were received from Crichton and Associates Pty Ltd during this time period as defined by section 98 of the Corporations Act 2011.

Crichton and Associates Pty Ltd were paid $15,447 for services including the development and management of the new Cryosite Employee Incentive Plan (CEIP).

Remuneration philosophy

The Company recognises the importance of structuring remuneration packages of its key management personnel so as to attract and retain people with the qualifications, skills and experience to help the Company achieve the required objectives. However, the Company understands that a prudent position must be observed in the total remuneration expense.

Non-Executive Directors

Cryosite has two non -executive directors and a non-executive Chairman. The remuneration of non-executive directors including the non-executive Chairman consists of fixed annual fees exclusive of statutory superannuation as below. Apart from reimbursement of expenses incurred on the Company's behalf, non-executive directors are not eligible for any additional payments.

Chairman of the Board : $75,000 per annum
Non-Executive Directors: $60,000 per annum

Performance based compensation is not part of the remuneration structure offered to non-executive directors. No performance rights or options are held by any non-executive director.

Total remuneration paid to non-executive directors is determined by the Board from time to time for presentation to and resolution by shareholders at the Annual General Meeting. The current maximum aggregate remuneration paid to non-executive directors is $350,000 per year. During 2017 total aggregate remuneration paid to non-executive directors was $190,150.

Executive Remuneration

Key management personnel are employed on standard contracts which include a 3 month notice.

The Company may terminate the employee's contract without notice if serious misconduct has occurred. Where termination with cause occurs, the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause, any performance rights that have granted but not vested will be forfeited.

The Company does compare remuneration paid to key management personnel with other similar companies to ensure consistency.

Executive total remuneration consists of the following components:

Fixed Remuneration

This comprised of a fixed base salary and statutory superannuation. This is reviewed annually although there is no guaranteed increase.

Performance Based Compensation

Short Term Incentive Plan (STIP)

During 2017, the Company established a short-term incentive plan for its key executives. This plan provides the opportunity for executives to earn a short-term incentive inclusive of superannuation as an annual bonus if certain individual and company-wide key performance indicators (KPIs) are met within the financial year.

The following executives were entitled to the following % of their total fixed remuneration as a short-term incentive opportunity for 2017:

Andrew Shine	30%
Mark Byrne	20%

Each year the Board will determine the KPIs to be set. At the end of the year, upon receipt of audited financials, the board will review the results against these KPIs and approve bonuses that are appropriate. Bonuses will be paid within 1 month of the announcement to the result to the Australian Stock Exchange. Executives need to be employees at the time of payment.

In 2017, EBITDA was set as the KPI for calculation of these bonuses. It was scaled up to a maximum 100% payout if EBITDA achieved a certain target. Based on final audited results, the board has determined that no bonuses under the Short Term Incentive Plan will be paid for the 2017 year.

Long Term Incentive Plan : Cryosite Employee Incentive Plan (CEIP)

On the 23rd February 2017, the Cryosite Employee Incentive Plan (CEIP) was established by the Company. On invitation, the CEIP provides executives the opportunity to receive a long-term equity based incentive, currently a grant of performance rights, in each financial year. The issue and granting of these performance rights is governed by the CEIP Plan Rules.

The annual grant value, subject to shareholder approvals, is defined as a % of fixed remuneration or as otherwise agreed. For 2017, the following %'s of fixed remuneration were used in determining the grant value for each executive. The grant value was converted into the number of performance rights to be issued using the WVAP of Cryosite shares in the 30 trading days following the release of the 2016 Annual Report.:

Andrew Shine	30%
Mark Byrne	20%

The following components of the CEIP are as follows;

Vesting date	Up to 36 months from date of grant.
Vesting conditions	Performance rights will only vest after certain performance and conditions are met.
Performance conditions	Compound Annual Growth Rates (CAGR) of the Earnings per Share (EPS) over measurement period need to be achieved from a base year.
Service conditions	Continuous employment with Cryosite from the date of the performance rights are granted until the vesting date.
Expiry date	Performance rights will expire 1 month after the vesting date
Exercise of Rights	Any Performance rights which meet the Vesting conditions will be available for exercise up until the Expiry date.

Summary of Performance Rights granted in 2017

During 2017 the board granted performance rights to following executives:

	No
Andrew Shine	339,663
Mark Byrne	211,001
Total	500,664

	Andrew Shine Number	Mark Byrne Number	Total Number
Balance granted as at 1st July 2016	-	-	-
Performance Rights granted*	359,663	211,001	570,664
Performance Rights cancelled**	(359,663)	-	(359,663)
Balance granted as at 30th June 2017	-	**211,001**	**211,001**

**granted on the 23 February 2017

*cancelled when Andrew Shine resigned on 30 June 2017

Conditions of Performance Rights

Grant date	27 February 2017
Vesting date	1 September 2019
Expiry date	30 September 2019
Measure	Earning per Share (EPS) Compound Annual Growth Rate (CAGR)
Period	1/7/2016 to 30/6/2019
Base Year	2016 Basic EPS = 0.64 cents

Performance Targets

CAGR of EPS over measurement Period relative to base year	Percentage of Performance Rights that vest
< 20% (< 1.10592 cents)	0%
20% to 25% (1.10592 to 1.25 cents)	50-100% (pro-rata)
>25% (above 1.25 cents)	100%

As at 30 June 2017, no performance rights had vested.

Assumptions used to determine fair value of performance rights

The fair value of the performance rights granted was calculated using a Black Scholes model using the following assumptions:

Date of effective valuation:	27-Feb-17
Fair value at valuation date	$0.178
Risk-free rate:	1.93%
Standard deviation (annualised):	45%
Closing share price at Effective Date:	$0.20
Exercise price:	$0.00
Expected life of right (years)	2.51
Annualised Dividend Rate:	4.6%

There are no market conditions associated with the performance rights. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Previous Long Term Incentive Plan: Employee Share Option Plan (ESOP)

Prior to establishment of the CEIP, On 18 February 2002, Cryosite had established an Employee Share Option Plan ("the Plan") on the 18 February 2002.

On 30 November 2015, all unexercised options expired and the plan was terminated. Details are attached for prior comparison.

Under this plan options were granted to an employee or director of the Company or any of its subsidiaries, or to a person who renders services to the Company, or to any of its subsidiaries and is eligible to be a participant in the Plan under the terms of the Income Tax Assessment Act 1936 and Income Tax Assessment Act 1997 and by any instrument issued by ASIC and applicable to the Company ("eligible participant").

The Cryosite Board determined the number of share options granted to each eligible participant

The total number of share options granted under the Plan was limited to 5% of the total number of issued shares at the time the offer or grant of options is made. Options were issued for no consideration.

The Board determined the Option Exercise Price after considering the volume weighted average of the prices at which shares were traded on ASX during the one-month period before the date of the offer.

Options expired at the end of eight years from the option grant date or if the participant ceases to be an employee or director of, or render services to, the Company or any of its Subsidiaries for any reason whatsoever.

Summary of options granted under the ESOP

The following table illustrates the number (No.) and Weighted Average Exercise Prices (WAEP) of, and movements in, share options issued during the year:

	2017		2016	
	Options No.	**WAEP Cents**	Options No.	WAEP Cents
Beginning of the financial year	-	-	300,000	30
Issued during the year	-	-	-	-
Expired during the year	-	-	(300,000)	(30)
End of the financial year	-	-	-	-

All options were held by Graeme Moore.

COMPENSATION FOR KEY MANAGEMENT PERSONNEL

Year Ended 30 June 2017	Short Term Benefits		Post employment benefits	Other long term benefits	Share based payments	Termination benefits	Total	Proposition of Remuneration with share based payments	Remuneration that is performance based
	Salary & Fees	Other Cash benefits (2)	Superannuation	Long service leave	Rights (3)				
	$	$	$	$	$	$	$	%	%
Non-Executive Directors									
Andrew Kroger	60,000	-	5,700	-	-	-	65,700	-	-
Nicola Swift (1)	40,000	-	3,800	-	-	-	43,800	-	-
Stephen Roberts	73,653	-	6,997	-	-	-	80,650	-	-
Subtotal: non-executive directors	173,653	-	16,497	-	-	-	190,150	-	-
Executive directors									
Graeme Moore (1)	142,649	-	15,767	23,316	-	-	181,732	-	-
Other Key management personnel									
Andrew Shine (4)	224,657	-	22,297	-	8,677	-	255,631	3%	3%
Mark Byrne	193,185	-	18,353	-	5,091	-	216,629	2%	2%
Subtotal executive KMP	417,842	-	40,649	-	13,768	-	472,259	3%	3%
Total	**734,144**	-	**72,913**	**23,316**	**13,768**	-	**844,141**	2%	2%

(1) Where directors or key personnel resigned or were appointed during the year payments shown above are the period served.
(2) This includes payments made under the Short Term Incentive Plan (STIP) which was established on the 23rd February 2017
(3) This relates to the value of performance rights granted under the Cryosite Employee Incentive Plan (CEIP)
(4) Andrew Shine resigned on the 30th June 2017 and his performance rights were cancelled on that date.

Year Ended 30 June 2016	Short Term Benefits		Post employment benefits	Other long term benefits	Share based payments	Termination benefits	Total	Proposition of Remuneration with share based payments	Remuneration that is performance based
	Salary & Fees	Other Cash benefits(4)	Superannuation	Long service leave	Options (3)				
	$	$	$	$	$	$	$	%	%
Non-Executive Directors									
Andrew Kroger	72,500	-	6,888	-	-	-	79,388	-	-
Christina Boyce	26,087	-	2,478	-	-	-	28,565	-	-
Stephen Roberts (1)	78,721	-	7,478	-	-	-	86,199	-	-
Subtotal: non-executive directors	177,308	-	16,844	-	-	-	194,152	-	-
Executive directors									
Graeme Moore	205,434	-	21,290	18,675	-	-	245,399	-	-
Other Key management personnel									
Joseph Saad (2)	53,055	-	11,175	-	-	75,962	140,191	-	-
Mark Marshall (2)	159,700	-	15,171	-	-	-	174,871	-	-
Andrew Shine (2)	10,045	-	954	-	-	-	11,000	-	-
Mark Byrne (2)	6,322	-	601	-	-	-	6,923	-	-
Subtotal executive KMP	229,122	-	27,901	-	-	75,962	332,985	-	-
Total	**611,864**	-	**66,036**	**18,675**	-	**75,962**	**772,536**	-	-

(1) Includes $46,326 (inclusive superannuation) payment made during the year for additional executive services
(2) Where directors or key personnel resigned or were appointed during the year payments shown above are the period served.
(3) This relates to the value of options granted under the Employee Share Option Plan which was terminated on the 30 November 2015.
(4) There was no Incentive plan in place during 2016

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Shares held in Cryosite Limited	Balance 1st July 2016 Ord	Balance on appointment / (resignation) Ord	On market purchases Ord	Balance 30 June 2017 Ord
Andrew Kroger	**13,316,906**	**-**	**2,700,000**	**16,016,906**
Stephen Roberts	**644,873**	**-**	**24,646**	**669,519**
	13,961,779	**-**	**2,724,646**	**16,686,425**

Shares held in Cryosite Limited	Balance 1st July 2015 Ord	Balance on appointment / (resignation) Ord	On market purchases Ord	Balance 30 June 2016 Ord
Andrew Kroger	11,975,816	-	1,341,090	13,316,906
Stephen Roberts	644,873	644,873	-	644,873
Christina Boyce*	100,637	139,830	149,202	289,032
	12,721,326	784,703	1,490,292	14,250,811

*resigned 8/12/2015

LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans to key management personnel at the beginning of the year, at any time during the year, or at the end of the year.

OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

There were no other transactions during year with key management personnel or with any key management personnel related entities.

DIRECTORS' MEETINGS

During the financial year, the following meetings incurred and were attended by directors

	Directors Meetings		Audit Risk Committee Meetings		Remuneration and Nomination Meetings	
Directors	**Eligible to attend**	**Eligible attended**	**Eligible to attend**	**Eligible attended**	**Eligible to attend**	**Eligible attended**
Andrew Kroger	12	12	0	0	0	0
Stephen Roberts	12	12	4	4	2	2
Nicola Swift	8	8	4	4	2	2
Graeme Moore	3	0	0	0	0	0

PROCEEDING ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporate Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceeding has been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

AUDITOR's INDEPENDENCE DECLARATION AND NON-AUDIT SERVICES

The directors have received the auditor's independence declaration which is included on Page 17 of this report.

No director of Cryosite Limited is currently or was formerly a partner of Mazars Risk and Assurance Pty Ltd.

Non-audit services were provided by the entity's auditor, Mazars Risk and Assurance Pty Ltd during the financial year. Details of the services provided are disclosed in Note 27 of the Financial Statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services disclosed in Note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity or objectivity of the auditor;

None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Stephen Roberts
Chair

Date: 23rd August 2017

MAZARS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CRYOSITE LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2017 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

MAZARS RISK AND ASSURANCE PTY LTD

P. A. Collins

Paul Collins
Director

Sydney, on this 23rd day of August 2017

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Corporate Governance

Cryosite is committed to implementing the highest possible standards of corporate governance. In determining what those high standards should involve, Cryosite has turned to the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (ASX Principles) and has a corporate governance framework that reflects those recommendations within the structure of the Company.

The Board of Cryosite approved an updated series of policies and charters in line with the amendments to the ASX Principles. The Company's policies and charters together form the basis of the Company's governance framework were in place for the financial year ended 30 June 2016 and to the date of signing of the directors' report.

Within this framework:

- the Board of Directors is accountable to shareholders for the performance of the Company;
- the Company's goals to achieve milestones are set and promulgated;
- the risks of the business are identified and managed, and
- the Company's established values and principles underpin the way in which it undertakes its operations.

The Company has in place an entrenched, well developed governance culture which has its foundations in the ethical values that the Board, management and staff bring to the Company and their commitment to positioning the Company as a leader in its field.

In certain instances, due to the size and stage of development of Cryosite and its operations, it may not be practicable or necessary to implement the ASX Principles in their entirety. In these instances, Cryosite has identified the areas of divergence.

In accordance with its Shareholder Communications Policy, Cryosite has made its corporate governance policies and charters publicly available on its website (www.Cryosite.com).

Directors Declaration

(1) In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(3) This declaration has been made after receiving the declarations required to be made to directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board

Stephen Roberts
Chair

Date: 23rd August 2017

Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 June 2017

	Notes	2017 $	2016 $
Sale of goods and rendering of Service		**9,593,796**	10,043,674
Other revenue	5	**569,232**	92,829
Revenues		**10,163,028**	10,136,503
Expenses			
Costs of providing services		**(5,932,207)**	(6,021,042)
Marketing expenses		**(512,291)**	(551,900)
Occupancy expenses		**(561,865)**	(552,403)
Administration expenses		**(2,822,343)**	(2,571,893)
Total expenses		**(9,828,706)**	(9,697,238)
Profit from continuing operations before income tax		**334,322**	439,265
Income tax (expense) benefit	7	**(109,222)**	(136,799)
Profit from continuing operations after income tax		**225,100**	302,466
Net Profit attributable to members of the company		**225,100**	302,466
Other comprehensive income			
Performance rights cancelled		**8,677**	-
Shares options expired		**-**	239,118
		8,677	239,118
Other comprehensive income for the year, net of tax		**8,677**	239,118
Total comprehensive income for the year		**233,777**	541,584
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic earnings per share	8	**0.48**	0.64
Diluted earnings per share	8	**0.48**	0.64

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 June 2017

	Notes	2017 $	2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	**5,089,110**	3,651,581
Trade and other receivables	12	**2,310,287**	2,875,562
Inventories	13	**81,569**	119,986
Prepayments	14	**132,433**	290,457
Total Current Assets		**7,613,399**	6,937,586
Non-Current Assets			
Trade and other receivables	15	**531,661**	636,996
Deferred tax asset	7 (c)	**203,755**	312,976
Plant and equipment	17	**919,017**	1,206,049
Intangible assets	18	**559,235**	563,672
Total Non-Current Assets		**2,213,668**	2,719,693
TOTAL ASSETS		**9,827,067**	9,657,279
LIABILITIES			
Current Liabilities			
Trade and other payables	19	**1,085,754**	1,109,743
Unearned income	20	**393,565**	369,890
Provisions	22	**432,131**	480,020
Total Current Liabilities		**1,911,450**	1,959,653
Non-Current Liabilities			
Trade and other payables	19	**441,682**	442,000
Unearned income	21	**4,090,114**	3,611,598
Provisions	22	**235,215**	265,723
Total Non-Current Liabilities		**4,767,011**	4,319,321
TOTAL LIABILITIES		**6,678,461**	6,278,974
NET ASSETS		**3,148,606**	3,378,305
EQUITY			
Contributed equity	23	**5,861,788**	5,861,788
Share rights reserves	24	**5,091**	-
Accumulated losses	23(a)	**(2,718,273)**	(2,483,483)
TOTAL EQUITY		**3,148,606**	3,378,305

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 June 2017

	Attributable to equity holders of the company			
	Contributed capital	**Accumulated losses**	**Share Rights reserve**	**Total equity**
CONSOLIDATED				
At 1 July 2016	**5,861,788**	**(2,483,483)**	**-**	**3,378,305**
Total comprehensive income for the year	**-**	**233,777**	**-**	**233,777**
Transactions with owners in their capacity as owners				
Performance rights granted	-	-	**13,768**	**13,768**
Performance rights cancelled			**(8,677)**	**(8,677)**
Equity dividends declared	-	**(468,567)**	-	**(468,567)**
At 30 June 2017	**5,861,788**	**(2,718,273)**	**5,091**	**3,148,606**
At 1 July 2015	5,861,788	(2,556,471)	239,118	3,544,435
Total comprehensive income for the year	-	541,584	-	541,584
Transactions with owners in their capacity as owners				
Return of Capital	-	-	(239,118)	(239,118)
Equity dividends declared	-	(468,596)	-	(468,596)
At 30 June 2016	5,861,788	(2,483,483)	-	3,378,305

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 June 2017

	Notes	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of GST		**10,829,895**	8,923,985
Payments to suppliers and employees inclusive of GST		**(9,208,286)**	(8,459,308)
Interest received		**5,180**	9,931
Net cash flows from operating activities	11	**1,626,789**	474,608
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	17	**(196,072)**	(386,426)
Purchase of Stemlife assets		**-**	(152,763)
Software Development Costs	18	**(100,073)**	(48,402)
Interest received - term deposits		**75,452**	82,897
Net cash flows (used in) investing activities		**(220,693)**	(504,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividend paid		**(468,567)**	(485,635)
Non- Refundable Receipt		**500,000**	-
Net cash flows (used in) financing activities		**31,433**	(485,635)
Net (decrease)/ increase in cash and cash equivalents		**1,437,529**	(515,721)
Cash and cash equivalents at beginning of year		**3,651,581**	4,167,302
Cash and cash equivalents at end of year	10	**5,089,110**	3,651,581

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

1 CORPORATE INFORMATION

The financial report of Cryosite Limited and the controlled entity (the Group) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 23rd August 2017.

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

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except when otherwise stated.

(a) Compliance with IFRS

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

(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 accounting policies adopted are consistent with those of the previous financial years except the following which the Group adopted from 1 July 2016:

- AASB 2016-3 Amendments to Australian Accounting Standards arising from Withdrawal of AASB 1031 Materiality
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The adoption of this standard did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(ii) Standards and Interpretations in issue not yet adopted
At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard/Interpretation	Effective date (annual periods beginning on or after)	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, AASB 2014-5, Amendments to Australian Accounting Standards arising from AASB 15 and AASB 2016-8 Amendments to Australian Accounting Standards – Effective date of AASB 15	1 January 2019	30 June 2019
AASB 16 Leases	1 January 2019	30 June 2020
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition Deferred Tax Assets for Unrealised Losses	1 January 2017	30 June 2018
AASB 2016-5 Amendments to Australia Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 June 2019
AASB 2017-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	30 June 2018
AASB 2017-1 - Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2018	30 June 2019
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	30 June 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The relevant standards for the Group follow:

AASB 9 Financial Instruments. Revised principles for accounting for financial assets and liabilities: recognition and derecognition, classification, measurement, hedge accounting and impairment. 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. On May 28, 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers" (hereinafter IFRS 15), which sets out the requirements for recognizing and measuring revenues arising from contracts with customers In particular, IFRS 15 requires that, to recognize revenue, a company shall apply the following five steps: (i) identify the contract with the customer; (ii) identify the performance obligations (that are promises in a contract to transfer to a customer goods and/or services); (iii) determine the transaction price; (iv) allocate the transaction price to each performance obligation on the basis of the relative standalone selling prices of each good or service promised in the contract; and (v) recognize revenue when a performance obligation is satisfied. Moreover, IFRS 15 includes more disclosure requirements about the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. IFRS 15 shall be applied for annual periods beginning on or after January 1, 2018; IFRS 15 shall be applied retrospectively, by providing for the possibility of recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity as July 1, 2018, having regard only to the contracts that are not completed at the date of initial application. Furthermore, on April 12, 2016, the IASB issued the document "Clarifications to IFRS 15 Revenue from Contracts with Customers" (hereinafter clarifications to IFRS 15), which provides clarifications to support implementation of the new standard. The clarifications to IFRS 15 shall be applied for annual periods beginning on or after January 1, 2018.

In early 2017, the Company undertook a review, which included obtaining independent third party advice, aimed to assess the potential effects on the financial statements and verify the need to adjust internal control system over financial reporting. The first step in this process was to review which customer contracts were impacted by the new standard. This analysis has confirmed that the Individualised Consumer Biologics segment will be impacted by IFRS 15 in respect to Cord Blood and Tissue contracts. Based on this preliminary review, it is expected that contract revenue and its associated costs will impact the profit and loss as well as adjustments to the unearned income on the balance sheet. The next steps are assessing the full financial impact of these contracts which will be completed once the outcome of the proposed asset sale to Cell Care Australia Pty Ltd as outlined in 1(p).

The Company has elected to apply a modified retrospective method in respect to implementation of AASB 1015. In this case AASB 1015 is applied retrospectively to only the most current presented in the financial statements, with the cumulative effect of initially applying AASB 1015 recognised as an adjustment to the retained earnings as at 1 July 2018 (the date of initial application). On this basis, there is no impact on retained earnings as at the 30 June 2017. The financial statements for year ending 30 June 2019 will need to fully reflect AASB 1015 with the comparatives being 30 June 2018 complying with AASB 118 and not needed to be restated.

IFRS 16 Leases. Recognise right of use assets and liabilities arising from all leases, with exceptions for low value and short term leases. The Group has determined not to early adopt this standard and will assess the impact of the standard within the required time frame.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cryosite Limited (the Company) and its subsidiary ('the Group') as at 30 June each year.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 the Company 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 the Company 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 and 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.

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

Major depreciation rates are:	**2017**	2016
Leasehold improvements	Lease term	Lease term
Plant and equipment:		
- Fixtures and fittings	5 – 10 years	5 – 10 years
- Information technology	2 - 3 years	2 - 3 years
- Warehouse equipment	4 - 10 years	4 - 10 years
- Office furniture and equipment	2.5 – 8 years	2.5 – 8 years
Plant and 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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 assessed as having a useful life in line with that of the underlying patent and associated methodologies.

Software development

Software development costs are capitalised at the direct costs and amortised on a straight line basis over the period of their expected benefit being their finite life of 3 years. Amortisation starts at the time that the technology is activated and is used by both internal and external customers. The capitalised costs of platform technology include the direct costs of external consultants and any supporting software acquired from a third party.

Intellectual Property

The costs of the Stemlife assets are capitalised and amortised on a straight line basis over the period of their expected benefit being their finite life of 9 years. Amortisation starts at the time of the acquisition. These costs include the direct costs paid to Stemlife for the assets and the legal fees incurred in the transaction.

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 24 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 of 13.9% (2016: 13.9%).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(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.

(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 provisions 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(n) Share-based payment transactions

The group provides benefits to employees including executive 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 Cryosite Employee Incentive Plan (CEIP) 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.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

In the case where outstanding equity-settled awards have expired, the relevant amounts in respect to these awards in the share reserves are transferred to retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(o) Leases

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.

(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 and tissue services is recognised in the accounting period in which the services are rendered. Where the Group has a longterm 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 (Refer Note 20 and 21).
- 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.

On the 23rd June 2017, the company has entered into a binding agreement, subject to shareholder and regulatory approval, to license, under the Cryosite brand, the collection, processing and storage of umbilical cord blood and tissue and to sell certain of its Cord Blood and Tissue Banking assets to Cell Care Australia Pty Ltd. As part of this agreement the company received an upfront non-refundable payment $500,000 prior to the 30 June 2017. This amount has been recognized as revenue as non-refundable income this year under the Individualised Consumer Biologics results.

(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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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.

(q) Contributed equity

Contributed capital bares 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.

(r) Share options reserve

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

(s) 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 a 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(t) 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.

(u) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed at Note 31.

Fair value is the price that would be received to sell an asset or pair 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(v) 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 12 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 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTINUED

The preparation of the financial statements requires management to make judgements, estimates that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from the source. Actual results may differ from these estimates and estimates under different assumptions and conditions.

Management has identified the following critical accounting estimates and judgements:

Capitalised Development Costs
Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefit. At 30 June 2017, the carrying amount of capitalised development costs was $163,383 (2016: $133,309).

Revenue Recognition - Long Term Cord Blood and Tissue Storage Contracts
Long term cord blood storage contracts involve the calculation of an estimate of the costs of providing the storage service over the term of the contract. As these contracts are long term in nature, estimates are required in respect of the following:

- Cost of provision of up front service;
- Cost of provision of ongoing long- term storage service; and
- Interest component in relation to deferred payment.

These calculations impact the overall balance of revenue, unearned revenue and debtors at year end. In determining these amounts, a present value calculation is performed in respect of the deferred components of the contract, which involves the determination of an appropriate discount rate. The estimate of the discount rate is reviewed on an annual basis by the directors to ensure that it is reasonable and reflective of current risks and returns.

Further, in determining the costs of providing these services, the incremental costs incurred in the storage of cord blood is assessed and reviewed annually and forms the basis upon which the amount of revenue and profit is recognised.

Taxation
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. The group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the statement of financial position. Deferred tax assets, including those arising from un recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

The Group has $44,958 unconfirmed (2016: $272,591) tax losses carried forward and recognised on the statement of financial position. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax liabilities or assets recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

Share Based Payment Transactions
The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact on expenses and equity.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTINUED

Estimated Useful Lives of Assets
The estimation of the useful lives of assets and their residual values has been based on historical experience as well as manufacturers' warranties. In addition, the condition of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary. The estimated useful life of licenses acquired has been based upon the useful life of the patents and associated methodologies underpinning the license. The assessment of useful life is reviewed annually by the Board to determine whether the assumptions made continue to be appropriate and supportable given the license conditions and underlying patents. If the useful life assessment is assessed as inappropriate, either due to a change in license conditions or patents, it is changed on a prospective basis.

As at 30 June 2017 the Board has assessed a finite life on the license fee in line with the underlying patents and associated methodologies which are reviewed on a regular basis.

Long Service Leave Provision
The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Make Good Provisions
A provision has been made for the present value of anticipated costs for future restoration of leased premises. This provision includes future cost estimates associated with dismantling, closure, decontamination and permanent storage of historical residues. The calculation of any provision requires assumptions such as application of environmental legislation, plant closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from amounts provided. Any provision recognised will be periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the statement of financial position by adjusting both the expense or asset and provision. The appropriateness of the make good provision is assessed annually.

Impairment of Receivable Balances
Included in the receivable balance at year end is an allowance for impairment loss of $40,515 (2016: $92,603). A provision is recognised when there is objective evidence that an individual receivable is impaired. The provision for impairment if receivable requires a degree of estimation and judgement. The level of the provision is regularly assessed and takes into account client activity with the group, ageing of receivables, historical collections and other specific knowledge of the individual debtor.

Impairment of Non-Financial Assets other than Indefinite Life Intangible Assets
The Company assesses impairment of non-financial assets other than indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Acquisition of Stemlife Cord Blood Storage Contracts
During 2016, the Company acquired a number of assets from a third party in liquidation, Stemlife, which included a trademark, website and customer contracts. Management has defined this as an asset acquisition due to the nature of the asset agreement with Stemlife and the fact that the Company is not acquiring an ongoing business. All future business from the customer contracts will be generated through the Company and not Stemlife which is a third party entity.

Management has reviewed these assets and determined that, for the purposes of valuation, the customer contracts acquired reflect the true value of the acquisition as to date the trademark has not been used and the website has been disconnected. These customer contracts have been valued at the original cost and amortised over 9 years based on the estimated useful life of the benefits associated with these customer contracts. This useful life was determined after taking into the length and aging of the customer contracts. An impairment test has been performed using a value-in-use calculation, which incorporated a number of key estimates and assumptions. outlined in Note 18.

4 SEGMENT INFORMATION

Identification of Reportable Segments

The consolidated entity is organised into two operating segments; Individualised Consumer Biologics (formerly known as Biological Services) and Scientific Processing and Logistics (formerly known as Warehousing & Distribution). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers "CODM") in assessing performance and in determining the allocation of resources.

There is no financial impact due to the change in name of the segments.

The CODM reviews EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is at least on a monthly basis.

	Individualised Consumer Biologics*	Scientific Processing and Logistics	Total
	$	$	$
30 June 2017 - Consolidated			
Total segment revenue	5,497,999	4,665,029	10,163,028
Segment profit before ITDA	219,044	633,697	852,741
30 June 2016 - Consolidated			
Total segment revenue	5,292,738	4,843,765	10,136,503
Segment profit before ITDA	420,322	590,600	1,010,921
Total Segment assets			
30 June 2017	6,068,701	3,749,367	9,818,067
30 June 2016	5,945,593	3,711,683	9,657,276

A reconciliation of operating EBITDA is provided as follows:

	Consolidated	
	30-Jun-17	30-Jun-16
	$	$
Operating EBITDA	852,741	1,010,921
Interest revenue	69,232	92,829
Depreciation and amortisation	(587,651)	(664,485)
Profit before tax	334,322	439,265

* 2017 results include a $500,000 non-refundable income relating to the company entering a binding agreement, subject to shareholder and regulatory, to license, under the Cryosite brand, the collection, processing and storage of umbilical cord blood and tissue and to sell certain of its Cord Blood and Tissue Banking assets to Cell Care Australia Pty Ltd.

5 REVENUE

		Consolidated	
		30-Jun-17	30-Jun-16
		$	$
Revenue			
Sale of goods and rendering of services		9,593,796	10,043,674
Other Revenue			
Non-refundable income		500,000	-
Interest income		69,232	92,829
Total other revenue		569,232	92,829
Total Revenue		10,163,028	10,136,503

6 EXPENSES

(a) Legal costs			
Legal costs		281,227	118,427
(b) Lease payments			
Lease payments-operating leases		312,093	366,710
(c) Employee benefits expense			
Wages and salaries		3,310,380	3,033,382
Superannuation costs		363,224	274,379
		3,673,604	3,307,761
(d) Depreciation- Plant & Equipment			
Depreciation – plant & equipment	17	483,140	637,017
(e) Amortisation of Intangibles			
Amortisation of Intangibles	18	104,511	27,388

7 INCOME TAX

(a) Income tax expense

The major components of income tax are:

	Consolidated	
Statement of comprehensive income	**30-Jun-17** **$**	30-Jun-16 **$**
Current income tax expense	(109,222)	(136,799)
Income tax expense reported in the statement of comprehensive income	(109,222)	(136,799)

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate follows:

Accounting profit before tax from continuing operations	334,322	439,265
Income tax calculated at 30% (2016: 30%)	(100,297)	(131,779)
Other items (net)	(8,925)	(5,020)
Income tax (expense) benefit	(109,222)	(136,799)

(c) Recognised deferred tax assets and liabilities

Deferred income tax at 30 June relates to the following

Deferred income tax assets		
Post-employment benefits	109,789	163,309
Provision for tax and audit fees	17,370	15,300
Provision for doubtful debts	12,155	27,781
Impairment and depreciation of plant & equipment for book purposes	58,326	57,898
Losses available for offset against furture taxable income	13,380	81,777
Amortisation of intangibles (Intellectual Property)	17,062	2,907
	228,082	348,972
Deferred tax liabilities		
Consumables	(24,327)	(35,996)
Net deferred tax assets	203,755	312,976

7 INCOME TAX CONTINUED

(d) Tax (expense) benefit related to items of other comprehensive income.

There were no items of comprehensive income during the year giving rise to any income expense (benefit).

(e) Tax losses

The Group has unconfirmed tax losses arising in Australia of $44,598 (2016: $272,591) that are available for offset against future taxable profits of the company. The deferred income tax asset of $13,380 (2016: $81,777) arising from these losses has been brought to account in its entirety at reporting date, as realisation of the benefit is now regarded as probable.

Tax consolidation
Effective from 1 July 2002, Cryosite Limited and its 100% owned subsidiary formed a tax consolidated group. On formation of the tax consolidated group, the entities in the tax consolidated group agreed to enter into a tax sharing deed which will, in the opinion of the directors, limit the joint and several liabilities of the wholly-owned entities in the case of default by the head entity Cryosite Limited. The tax sharing deed was signed on 12 May 2011.

The entities have also agreed to enter into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax loss, deferred tax assets and tax credits that are transferred to the Company under the tax consolidation legislation. The tax consolidated current tax liability or current year tax loss and other deferred tax assets are required to be allocated to the members of the tax consolidated group in accordance with UIG 1052. The group uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each member of the tax consolidated group is determined as if the company is a stand-alone taxpayer but modified as necessary to recognise membership of a tax consolidated group. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements which is determined having regard to membership of the tax consolidated group. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current inter-company receivables or payables.

8 EARNINGS PER SHARE

	Consolidated	
	30-Jun-17	30-Jun-16
	$	$
The following reflects the income used in the basic and diluted earnings per share computations:		
Basic earnings per share (from continuing operations)	**0.48**	0.64
Diluted earnings per share (from continuing operations)	**0.48**	0.64
Basic EPS disclosure		
Earnings used in EPS calculation	**225,100**	302,466
Net profit attributable to ordinary equity holders of the parent	**225,100**	302,466
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share	**46,859,563**	46,859,563

8 EARNINGS PER SHARE CONTINUED

Diluted EPS disclosure	Consolidated 30-Jun-17 $	30-Jun-16 $
Earnings used in diluted EPS calculation	**225,100**	302,466
Net profit attributable to ordinary equity holders of the parent	**225,100**	302,466

Diluted EPS disclosure continued

	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share	**46,859,563**	46,859,563
Shares deemed to be used for no consideration – performance rights & options	**71,105**	124,932
Weighted average number of ordinary shares used in the calculation of diluted EPS	**46,930,668**	46,984,495

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before completion of these financial statements

9 DIVIDENDS PAID OR PROPOSED ON ORDINARY SHARES

Declared and paid during the year:	Consolidated 2017 $	2016 $
Declared		
Final unfranked dividend		
0.5 cents per share for 2016 (0.5 cents per share for 2016)	**234,298**	234,298
Interim unfranked dividend		
0.5 cents per share for 2017 (0.5 cents per share for 2016)	**234,269**	234,298
Total Declared	**468,567**	468,596
Total Dividends Paid	**468,567**	468,596

No further dividends have been declared or recommended at the date of this report.

10 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**591,056**	583,913
Short-term deposits	**4,498,054**	3,067,668
	5,089,110	3,651,581

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and six months depending on the immediate cash requirements of the group and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents for the consolidated group and parent entity is $5,089,110 (2016: $3,651,581).

Reconciliation of cash

For purposes of the Statement of Cash Flow, cash and cash equivalents as at 30 June 2017 and the prior year are as shown above.

11 STATEMENT OF CASH FLOW RECONCILIATION

Reconciliation of the net profit after tax to the net cash flows from operations

	Consolidated 2017 $	2016 $
Net profit	**225,100**	302,466
Less: Transfer to investing activities	**(75,452)**	(82,899)
Less: Transfer to financing activities	**(500,000)**	
Adjustments for non-cash items		
Depreciation and amortisation of non-current assets	**587,651**	664,405
(Decrease) Increase in employee benefits – LSL	**(49,347)**	(11,132)
Grant of Performance rights	**13,768**	-
Changes in assets and liabilities		
(Increase) Decrease in trade and other receivables	**722,182**	(1,202,167)
Decrease (Increase) in inventory	**38,902**	(29,528)
Decrease(Increase) in other assets	**158,018**	(34,767)
Decrease in deferred tax asset	**109,222**	136,800
Increase (Decrease) in trade and other creditors	**(24,308)**	227,086
Increase in unearned income	**502,191**	526,107
Increase (Decrease) in allowance for impairment loss on trade receivables	**(52,088)**	2,603
Increase in employee claims provision	**130,000**	-
(Decrease) Increase in employee benefits – annual leave	**(159,050)**	(24,366)
Net cash flow from operating activities	**1,626,789**	474,608

12 TRADE AND OTHER RECEIVABLES - CURRENT

	2017	2016
Trade receivables	**2,220,279**	2,760,521
Allowance for impairment loss (a)	**(40,515)**	(92,603)
	2,179,764	2,667,918
Other receivables	**130,523**	207,644
Carrying amount of trade and other receivables	**2,310,287**	2,875,562

(a) Allowance for impairment loss

Trade receivables are non-interest bearing. Term payment plans are offered to customers under cord blood collection contracts. Customers have an option of payment in full, over 12 to 24 months or annually. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. During the financial year the allowance was decreased by $52,088 (2016: increased by $2,603) after bad debts written off during the year reflecting an improvement in collections. When there is an impairment loss, it has been included in the administration expense item. No individual debtor amount within the impairment allowance at year end is material.

Movements in the provision for impairment loss were as follows:

	2017	2016
At the beginning of the year	**92,603**	90,000
Increase/(reduction) in impairment loss during the year	**(52,088)**	2,603
At the end of the year	**40,515**	92,603

12 TRADE AND OTHER RECEIVABLES - CURRENT CONTINUED

(b) Analysis of trade receivables

At 30 June, the ageing analysis of trade receivables is as follows:

	Total	Not yet due	0-30 Days	31-60 Days	61-90 Days PDNI*	+91 Days PDNI*	+91 Days CI**
	$	$	$	$	$	$	$
2017							
Current	**2,220,279**	**1,821,490**	**237,394**	**51,752**	**3,003**	**80,685**	**25,955**
Non – Current	**531,661**	**531,661**	-	-	-	-	-
Total Consolidated	**2,751,940**	**2,353,151**	**237,394**	**51,752**	**3,003**	**80,685**	**25,955**
2016							
Current	2,760,521	1,851,833	550,046	209,094	49,334	38,252	61,962
Non-Current	636,996	636,996	-	-	-	-	-
Total Consolidated	3,397,517	2,488,829	550,046	209,094	49,334	38,252	61,962

* Past due not impaired ("PDNI") ** Past due considered impaired ("CI")

Receivables past due but not considered impaired have been reviewed and it is believed that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(c) Fair value and credit risk

Due to the nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

13 INVENTORIES

	Consolidated	
	2017	2016
	$	**$**
Consumables at cost	**81,569**	119,986
Total Inventories at cost	**81,569**	119,986

14 PREPAYMENTS

	Consolidated	
	2017	**2016**
	$	**$**
Prepayments	**132,433**	290,457

15 TRADE AND OTHER RECEIVABLES – NON CURRENT

	Consolidated	
	2017	2016
	$	$
Trade receivables	**531,661**	636,996
Carrying amount of non-current trade and other receivables	**531,661**	636,996
Trade receivables		
Trade receivables due under term payment plans	**531,661**	636,996

The maximum exposure to credit risk at the time of reporting is the carrying value of the receivables.

16 INVESTMENT IN CONTROLLED ENTITY

	Equity interest held by the consolidated entity		Investment	
Name – Cryosite Distribution Pty Limited	**2017** **%**	2016 %	**2017** **$**	2016 $
Country of incorporation – Australia	**100**	100	20	20

17 PLANT AND EQUIPMENT

	Leasehold Improvements	Fixtures and fittings	Information Technology	Warehouse Equipment	Office furniture & equipment	Total
	$	$	$	$	$	$
Cost						
At 1 July 2015	200,000	72,521	189,202	3,714,017	13,995	4,189,735
Additions	-	-	28,082	358,344	-	386,426
Disposals	-	-	-	-	-	-
At 30 June 2016	200,000	72,521	217,284	4,072,361	13,995	4,576,161
Additions	-	36,114	17,271	142,324	363	196,072
Disposals	-	-	-	-	-	-
At 30 June 2017	200,000	108,635	234,555	4,214,685	14,358	4,772,233
Depreciation and Impairment						
At 1 July 2015	(200,000)	(72,521)	(75,414)	(2,379,449)	(5,710)	(2,733,094)
Depreciation charge	-	-	(60,394)	(573,753)	(2,871)	(637,018)
Disposals	-	-	-	-	-	-
At 30 June 2016	(200,000)	(72,521)	(135,808)	(2,953,202)	(8,581)	(3,370,112)
Depreciation charge	-	(554)	(63,364)	(416,260)	(2,926)	(483,104)
Disposals	-	-	-	-	-	-
At 30 June 2017	(200,000)	(73,075)	(199,172)	(3,369,462)	(11,507)	(3,853,216)
Net Book Value - 30 June 2016	-	-	81,476	1,119,159	5,414	1,206,049
Net Book Value - 30 June 2017	-	35,560	35,383	845,223	2,851	919,017

Notes to the Financial Statements

18 INTANGIBLE ASSETS

	Consolidated	
	2016	2016
	$	$
Licenses		
Licence fee - at cost	255,310	255,310
less Accumulated amortisation	(20,700)	(13,800)
Net Carrying Amount	234,610	241,510
Software development		
Software development -at cost	294,615	194,541
less Accumulated amortisation	(69,990)	(22,352)
Net Carrying Amount	224,625	172,189
Intellectual property		
Stemlife storage contracts - at cost	152,763	152,763
less Accumulated amortisation and impairment expense	(52,763)	(2,790)
Net Carrying Amount	100,000	149,973
Total Net Carrying Amount	559,235	563,672

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Licences	Software development	Intellectual property	Total
	$	$	$	$
Balance at 1 July 2015	248,410	141,485	-	389,895
Additions	-	48,402	152,763	201,165
Amortisation expense	(6,900)	(17,698)	(2,790)	(27,388)
Balance at 30 June 2016	241,510	172,189	149,973	563,672
Additions	-	100,074	-	100,074
Amortisation and impairment expense	(6,900)	(47,638)	(49,973)	(104,511)
Balance at 30 June 2017	**234,610**	**224,625**	**100,000**	**559,235**

18 INTANGIBLE ASSETS CONTINUED

License Fee

During the 2014 financial year, the Company 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. An amortisation of $6,900 (2016: $6,900) has been charged for this year. The assessment of useful life is reviewed annually by the Directors 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 Directors have assessed the net carrying amount for 2017 to be reasonable and not impaired.

Software Development

During the 2016 and 2017 financial years, the Company has invested in the development of in-house software to enhance its operating capability. These costs include the direct costs of external consultants and any supporting software acquired from a third party. 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 Directors have assessed the net carrying amount for 2017 to be reasonable and not impaired.

Intellectual Property

During the year the Company acquired the storage contracts from a liquidated company called Stemlife. The cost reflects the direct costs paid to Stemlife and the legal fees incurred in the transaction. The assessment of useful life is reviewed annually by the Directors 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 Directors assessed the recoverable amount of these storage contracts based on its value in use and as a result of this impairment assessment, deemed that an impairment loss amounting to $33,002 should be recognised at 30 June 2017. The Directors are comfortable that the final valuation of $100,000 is considered reasonable.

Value in use was determined by discounting the future cashflows generated from the storage contracts and are based on the following key assumptions:

- Cashflows were projected based on actual operating results over a projected 5-year period.
- Revenue projections for years 2018 to 2021 was based on reviewing the storage contracts from customers and applying various rates to assess the probability of repeat business from these customers. These probabilities were based on the historical rates.
- All future years of the model use a constant rate of 3% which does not exceed the long-term average growth rate of the industry; and
- A pre-tax discount of 17.6 % based on weighted average cost of capital.

19 TRADE AND OTHER PAYABLES

	Consolidated 2017 $	2016 $
CURRENT LIABILTIES		
Trade payables	**387,440**	450,439
Other payables	**698,314**	659,304
Total current payables	**1,085,754**	1,109,743
NON-CURRENT LIABILTIES		
Client deposits	**441,682**	442,000
Total non-current payables	**441,682**	442,000

Fair value

Trade payables are non-interest bearing and are normally settled on 30 to 90 day terms. Therefore, their carrying value is assumed to be their fair value.

Other payables are non-interest bearing and are on ranging from 30 days to 12 month terms. Their carrying value is assumed to be fair value.

At 30 June, the ageing analysis of trade payables is as follows:

	Total $	Not Yet due $	0-30 Days $	31-60 Days $	61-90 Days $	+91 Days $
2017 Consolidated	**387,440**	**378,503**	**270**	**(354)**	**9,021**	**-**
2016 Consolidated	450,439	362,470	72,938	5,916	9,115	-

Other balances within trade and other payables are not past due. It is expected that these other balances will be paid.

	Consolidated 2017 $	2016 $
20 UNEARNED INCOME - CURRENT		
Unearned service revenue	**393,565**	369,890

Represents cord blood and tissue revenues received in advance for services to be rendered under long-term storage contracts.

21 UNEARNED INCOME – NON CURRENT

Unearned service revenue	**4,090,114**	3,611,598

Represents cord blood and tissue revenues received in advance for services to be rendered under long-term storage contracts.

22 PROVISIONS

	Consolidated 2017 $	2016 $
Current		
Annual leave	228,300	387,350
Long service leave	72,449	91,288
Provision for Employee Claims	130,000	-
Dividend payable	1,382	1,382
	432,131	480,020
Non-current		
Long service leave	35,215	65,723
Lease make good	200,000	200,000
	235,215	265,723

(a) Movements in provisions

	2017 $	2016 $
Annual leave		
Balance at beginning of the year	387,350	411,716
Arising /(taken) during the year	(159,050)	(24,366)
	228,300	387,350
Long service leave		
Balance at beginning of the year	157,011	168,143
Arising / (taken) during the year	(84,562)	(11,132)
	72,449	157,011

Nature and timing of long service leave provision

For the relevant accounting policy and the significant estimations and assumptions applied in the measurement of this provision refer to Note 3.

Dividends

	2017 $	2016 $
Balance at beginning of the year	1,382	18,421
Declared during the year	468,567	468,596
Final 2016 plus 2017 Interim dividends paid during the year	(468,567)	(485,635)
Balance at end of the year	1,382	1,382

Lease make-good provision

	2017 $	2016 $
Balance at beginning of the year	200,000	200,000
Arising during the year	-	-
Balance at end of the year	200,000	200,000

Nature and timing of lease make-good provision

In accordance with the current lease agreement with Allsup Pty Limited for the premises in Granville, at the end of the lease term in October 2019, the Group may either restore the leased premises in Granville to its original condition or alternatively remove unfixed chattels and equipment and pay an amount of $150,000 (excluding GST). The current lease agreement provides for an extension and the current provision is considered adequate based on the Company's current renewal negotiation with Allsup Pty Limited and the understanding reached to date.

The provision of $200,000 has been raised in respect of the Group's obligation to reflect this arrangement regarding the leased premises and is included in the carrying amount of plant and equipment. Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the actual cost that may ultimately be renegotiated and finalised with Allsup Pty Limited covering either a renewal of the existing or negotiating a new lease with them though $200,000 is considered fairly stated in either circumstance.

For the relevant accounting policy and the significant estimations and assumptions applied in the measurement of this provision refer to Note 3.

	Consolidated	
	2017	**2016**
	$	**$**
Provision for Employee Claims		
Balance at beginning of the year	-	-
Raised during the year	130,000	-
	130,000	-

A former Director and former employee has made a claim for an additional payment of statutory entitlements and a separate claim for an additional termination entitlement. The Board is of the view that both of these claims are without merit but has made a provision for a portion of the claims and legal fees out of prudence

23 CONTRIBUTED EQUITY

	2017	2016
	$	$
Ordinary shares	**5,861,788**	5,861,788

Movement in ordinary shares on issue

	2017		2016	
	Shares No.	**$**	Shares No.	$
Beginning of the financial year	**46,859,563**	**5,861,788**	46,859,563	5,861,788
Issuance of capital	-	-	-	-
Return of capital	-	-	-	-
End of the financial year	46,859,563	5,861,788	46,859,563	5,861,788

Terms of conditions of contributed equity

Ordinary shares carry the right to receive dividends and entitle their holder to one vote, either in person or by proxy, at a meeting of the Compan

Movement in accumulated losses

	Consolidated	
	2017	2016
	$	$
Balance at the beginning of the year	**(2,483,483)**	(2,556,471)
Share option reserve adjustment for expiry of options	-	239,118
Share rights reserve adjustment for cancellation of rights	**8,677**	-
Net profit for the year	**225,100**	302,466
Equity dividends declared	**(468,567)**	(468,596)
Balance at the end of the year	**(2,718,273)**	(2,483,483)

24 RESERVES

	Consolidated	
	2017	**2016**
	$	**$**
Share rights reserve	**5,091**	-
Movements in share options reserve		
Balance at the beginning of the year	**5,091**	-
Performance rights granted	**13,768**	-
Performance rights cancelled	**(8,677)**	-
Balance at the end of the year	**5,091**	-

During the year performance rights valued at 13,768 were granted to employees. The purpose of the share rights reserve is to record the value of share-based payments provided to employees as part of their remuneration. Refer to Note 29 for further details of these plans.

25 COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – Group as lessee

Commercial property
On 1 November 2016, the company entered into a four-year lease over a commercial property at South Granville in Sydney.

Future minimum rentals payable under commercial property leases as at 30 June are as follows:

	Consolidated	
	2017	2016
	$	**$**
Within one year	242,637	237,880
After one year but not more than five years	330,530	573,167
	573,167	811,047

Commercial Property Security deposits
The security deposit for the lease at Granville is covered by a bank guarantee for $152,227 issued by the Commonwealth Bank of Australia. No collateral is held as security.

Plant and equipment
The Group currently has a number of operating leases on items of plant and equipment used in day to day operations of the business.

Leases have an average life of five years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	
	2017	2016
	$	**$**
Within one year	14,640	14,640
After one year but not more than five years	19,520	29,280
	34,160	43,920

(a) Plant and equipment commitments

There are no capital expenditure commitments at reporting date.

(b) Contingent Liabilities

A former Director and former employee has made a claim for an additional payment of statutory entitlements and a separate claim for an additional termination entitlement. The Board is of the view that both of these claims are without merit but has made a provision for a portion of the claims and legal fees out of prudence. The Group is not aware of any other contingent liabilities at reporting date.

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On the 23rd June 2017, the company announced to the Australian Stock Exchange the it has entered into a binding agreement, subject to shareholder approval, to license, under the Cryosite brand, the collection, processing and storage of umbilical cord blood and tissue and to sell certain of its Cord Blood and Tissue Banking assets to Cell Care Australia Pty Ltd.

The purchase consideration for the assets comprises:

- Cash upfront non-refundable consideration of $500,000 paid prior to 30 June 2017
- Earn-out payments over a period of five years with a minimum fixed and guaranteed payment of $500,000 per annum. Additional earn out payments will be conditional on the achievement of certain performance targets.
- The surrender by way of a selective buyback, and thereafter cancellation of the 9.23m shares (19.7% of Cryosite's register) which Cell Care holds in Cryosite.

The sale is conditional on Cryosite shareholder and regulatory approval. A shareholder vote is expected to take place in October 2017. The Company has given an undertaking to the Australian Competition and Consumer Commission (ACCC) not to complete the proposed transaction before the ACCC has completed a public review and confirms to the Company that it does not intend to intervene in the proposed transaction.

27 AUDITOR'S REMUNERATION

	Consolidated	
	2017	2016
	$	**$**
Amounts received or due and receivable by Mazars for:		
- Audit or review of the financial report of the entity and any other entity in the consolidated group	77,333	61,530
- Other services in relation to the entity and any other entity in the consolidated group	5,500	10,920
	82,833	72,450

28 RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Cryosite Limited and its wholly owned subsidiary Cryosite Distribution Pty Limited. For details, refer to Note 16.

Cryosite Limited is the ultimate parent entity.

Cryosite Distribution Pty Limited neither has a bank account nor does it hold any cash in its own right. All receipts and payments for this entity are made by Cryosite Limited, with the amounts charged against an inter-company loan account. No interest is payable on this balance and no amounts are due and payable.

Cryosite Limited and Cryosite Distribution Pty Limited are part of a tax consolidation group and has entered into a tax funding agreement. Under this agreement, payments are to be made for tax losses transferred between entities in the group. Refer to Note 7.

Cryosite Limited has received a dividend from Cryosite Distribution Pty Limited for $6,700,000 in 2017 (2016: $Nil).

29 SHARE-BASED PAYMENTS EXPENSE

	Consolidated 2017 $	2016 $
Total Expense recognized in the profit and loss relating to share based payments		
Performance rights granted	13,678	-
	13,678	-

Long Term Incentive Plan : Cryosite Employee Incentive Plan (CEIP)

On the 23rd February 2017, the Cryosite Employee Incentive Plan (CEIP) was established by the Company. On invitation, the CEIP provides executives the opportunity to receive a long-term equity based incentive, currently a grant of performance rights, in each financial year. The issue and granting of these performance rights is governed by the CEIP Plan Rules.

The annual grant value, subject to shareholder approvals, is defined as a % of fixed remuneration or as otherwise agreed. For 2017, the following %'s of fixed remuneration were used in determining the grant value for each executive. The grant value was converted into the number of performance rights to be issued using the WVAP of Cryosite shares in the 30 trading days following the release of the 2016 Annual Report.:

Andrew Shine	30%
Mark Byrne	20%

The following components of the CEIP are as follows;

Vesting date	Up to 36 months from date of grant.
Vesting conditions	Performance rights will only vest after certain performance and conditions are met.
Performance conditions	Compound Annual Growth Rates (CAGR) of the Earnings per Share (EPS) over measurement period need to be achieved from a base year.
Service conditions	Continuous employment with Cryosite from the date of the performance rights are granted until the vesting date.
Expiry date	Performance rights will expire 1 month after the vesting date
Exercise of Rights	Any Performance rights which meet the Vesting conditions will be available for exercise up until the Expiry date.

Summary of Performance Rights granted in 2017

During 2017 the board granted performance rights to following executives:

	No
Andrew Shine	339,663
Mark Byrne	211,001
Total	500,664

	Andrew Shine Number	Mark Byrne Number	Total Number
Balance granted as at 1st July 2016	-	-	-
Performance Rights granted*	359,663	211,001	570,664
Performance Rights cancelled**	(359,663)	-	(359,663)
Balance granted as at 30th June 2017	-	**211,001**	**211,001**

**granted on the 23 February 2017

*cancelled when Andrew Shine resigned on 30 June 2017

Conditions of Performance Rights

Grant date	27 February 2017
Vesting date	1 September 2019
Expiry date	30 September 2019
Measure	Earning per Share (EPS) Compound Annual Growth Rate (CAGR)
Period	1/7/2016 to 30/6/2019
Base Year	2016 Basic EPS = 0.64 cents

Performance Targets

CAGR of EPS over measurement Period relative to base year	Percentage of Performance Rights that vest
< 20% (< 1.10592 cents)	0%
20% to 25% (1.10592 to 1.25 cents)	50-100% (pro-rata)
>25% (above 1.25 cents)	100%

Assumptions used to determine fair value of performance rights

The fair value of the performance rights granted was calculated using a Black Scholes model using the following assumptions:

Date of effective valuation:		27-Feb-17
Fair value at valuation date	$	0.178
Risk-free rate:		1.93%
Standard deviation (annualised):		45%
Closing share price at Effective Date:	$	0.20
Exercise price:	$	0.00
Expected life of right (years)		2.51
Annualised Dividend Rate:		4.6%

There are no market conditions associated with the performance rights. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Previous Long Term Incentive Plan: Employee Share Option Plan (ESOP)

Prior to establishment of the CEIP, On 18 February 2002, Cryosite had established an Employee Share Option Plan ("the Plan") on the 18 February 2002. On 30 November 2015, all unexercised options expired and the plan was terminated. Details are attached for prior comparison.

Summary of options granted under the ESOP

The following table illustrates the number (No.) and Weighted Average Exercise Prices (WAEP) of, and movements in, share options issued historically the year:

	2017		2016	
	Options No.	**WAEP Cents**	Options No.	WAEP Cents
Beginning of the financial year	-	-	300,000	30
Issued during the year	-	-	-	-
Expired during the year	-	-	(300,000)	(30)
End of the financial year	-	-	-	-

No expenses were incurred in 2016 in relation to these options.

30 KEY MANAGEMENT PERSONNEL

(a) Key management personnel

Non-executive directors

Mr Stephen Roberts	Chairman (Non-executive) (appointed 8/12/2016)
Mr Andrew Kroger	Director (Non-executive)
Mrs Nicola Swift	Director (Non-executive) (appointed 3/11/2016)

Key management personnel

Mr Andrew Shine	Chief Executive Officer (resigned 30/6/2017)
Mr Mark Byrne	Chief Financial Officer

Key management personnel held their positions for the whole of the financial year other than as stated above.

Due to the relatively small number of employees, there are only three (3) key management personnel having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

(b) Compensation for key management personnel

	Consolidated	
	2017	2016
	$	**$**
Non-executive directors		
Short-term employee benefits	173,653	177,308
Post-employment benefits	16,497	16,844
Sub-total non-executive directors	190,150	194,152
Key Management Personnel		
Short-term employee benefits*	560,491	510,518
Post-employment benefits	56,416	49,191
Other long-term benefits	23,316	18,675
Sub-total key management personnel	640,223	578,384
Total compensation	830,373	772,536

* includes termination payments

31 FINANCIAL INSTRUMENTS

The Group's principal financial liabilities comprise of trade payables. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations.
The Group does not enter into any derivative transactions. The main risks arising from the Group's financial instruments are cash flow interest rate risk and credit risk. The Board of Directors reviews and monitors each of these risks.

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to:

- cash and cash deposits with floating interest rates; and
- assessments of appropriate discount rates for deferred arrangements.

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out below:

2017 CONSOLIDATED	**Note**	**Weighted average effective interest rate %**	**Floating interest rate $**	**Fixed interest rates $**	**Non-interest bearing $**	**Total $**
Financial assets						
Interest bearing deposits – maturing at various dates during year ending 30 June 2017	10	2.27	4,498,054	-	-	4,498,054
Cash and cash equivalents	10	0.78	591,056	-	-	591,056
Current receivables – maturing at various dates	12	-	-	-	2,310,287	2,310,287
Non-current receivables	15	-	-	-	531,661	531,661
			5,089,110	-	2,841,948	7,931,058
Financial liabilities						
Trade creditors and accruals – maturing at various dates during the year ending 30 June 2017	19	2.2	378,503	-	707,251	1,085,754

2016 CONSOLIDATED	Note	Weighted average effective interest rate %	Floating interest rate $	Fixed interest rates $	Non-interest bearing $	Total $
Financial assets						
Interest bearing deposits – maturing at various dates during year ending 30 June 2016	10	2.82	3,067,668	-	-	3,067,668
Cash and cash equivalents	10	1.47	583,913	-	-	583,913
Current receivables – maturing at various dates	12	-	-	-	2,875,562	2,875,562
Non-current receivables	15	-	-	-	636,996	636,996
			3,651,581	-	3,512,558	7,164,139
Financial liabilities						
Trade creditors and accruals – maturing at various dates during the year ending 30 June 2016	19	2.2	362,470	-	747,273	1,109,743

31 FINANCIAL INSTRUMENTS CONTINUED

Interest rate sensitivity analysis

The Group has no material exposure to any probable interest volatility.

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group trades with a number of types of customers, the main ones being:

- Incorporated companies
- Research institutes both private and academic
- Individuals.

Incorporated Companies:
The Group trades with recognised, publicly listed companies and large unlisted proprietary companies and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Research institutes both private and academic
The Group also trades with research institutes that are either publicly, privately or government owned along with recognised universities. Such customers are subject to credit search and collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Individuals:
The Group ensures that credit card information is obtained for all individual customers.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

There are no significant concentrations of credit risk within the Group. There are no transactions that are not denominated in the functional currency of the Group.

(c) Liquidity risk

The Group has assessed liquidity risk to be low at balance date and at the date of this report based on total current assets, including cash and equivalents, of $7,613,399 at balance date less current liabilities of $1,881,450 an excess of current assets over current liabilities amounting to $5,731,949. The Group generated a positive $1,626,789 cash flow from operations during the current year. Liquidity risks are managed by matching the payment and receipt cycle.

31 FINANCIAL INSTRUMENTS CONTINUED

Maturity analysis of financial assets and liabilities based on management's expectation.

Year ended 30 June 2017	**Less than 6 months**	**6-12 months**	**1-5 years**	**Greater than 5**	**Total**
	$	**$**	**$**	**$**	**$**
Consolidated Financial Assets					
Cash and cash equivalents	5,089,110	-	-	-	5,089,110
Trade and other receivables	1,817,201	406,081	487,790	40,868	2,751,940
	6,906,311	406,081	487,790	40,868	7,841,050
Consolidated Financial liabilities					
Trade and other payables	1,085,754	-	-	-	1,085,754
	1,085,754	-	-	-	1,085,754
Net maturity	5,820,557	406,081	487,790	40,868	6,755,296

Year ended 30 June 2016	Less than 6 months	6-12 months	1-5 years	Greater than 5	Total
	$	$	$	$	$
Consolidated Financial Assets					
Cash and cash equivalents	3,651,581	-	-	-	3,651,581
Trade and other receivables	2,344,485	416,033	542,996	94,003	3,397,517
	5,996,066	416,033	542,996	94,003	7,049,098
Consolidated Financial liabilities					
Trade and other payables	1,109,743	-	-	-	1,109,743
	1,109,743	-	-	-	1,109,743
Net maturity	4,886,323	416,033	542,996	94,003	5,939,355

The risk implied from the values shown in the table above, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from investment in working capital such as inventories and trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as enable an effective controlling of future risks the Directors monitor the expected settlement of financial assets and liabilities.

31 FINANCIAL INSTRUMENTS CONTINUED

(d) Capital management

When managing capital, the boards' objective is to ensure the entity continues as a going concern as well as to maintain returns to shareholders. The board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. As part of regular reviews, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2016.

The Board of Directors is responsible for assessing financial risks, related controls and other financial risk management strategies. The Company deploys its assets and liabilities so as to manage risk at commercially appropriate levels, bearing in mind the constraints imposed by the consolidated entity's size, results and other financial circumstances. The Company aims to balance opportunities to improve profitability against related risks of losses of assets or the incurrence of additional liabilities.

(e) Fair value

All financial assets and liabilities have been disclosed in the financial statements and notes thereto at their carrying value, which approximates their net fair values.

The fair value of the assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair values of balances related to long term revenue contracts are determined using a discounted cash flow method using discount rates that reflect the appropriate level of risk over the life of the long term revenue stream.

32 PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

AS AT 30 June	2017 $	2016 $
(a) STATEMENT OF FINANCIAL POSITION		
Total Current Assets	**6,946,861**	5,995,293
Total Non-Current Assets	**2,213,689**	2,961,450
TOTAL ASSETS	**9,160,550**	8,956,743
(b) LIABILITIES		
Total Current Liabilities	**1,745,365**	465,879
Total Non-Current Liabilities	**4,767,012**	4,561,058
TOTAL LIABILITIES	**6,512,377**	5,026,937
(c) EQUITY		
Contributed equity	**5,861,788**	5,861,788
Share option reserves	**5,091**	-
Accumulated losses	**(3,218,706)**	(6,116,982)
TOTAL EQUITY	**2,648,173**	(255,194)
(d) TOTAL COMPREHENSIVE INCOME		
Net Profit of the parent entity for the year net of income tax	**2,898,278**	302,466
Performance rights cancelled	**8,677**	-
Shares options expired	**-**	239,188
Total comprehensive income for the year	**2,906,955**	541,654

32. PARENT ENTITY FINANCIAL INFORMATION CONTINUED

(e) GUARANTEES ENTERED INTO BY THE PARENT ENTITY

No guarantees have been entered into by the parent entity in relation to the debts of its subsidiaries.

(f) COMMITMENTS AND CONTINGENCIES OF THE PARENT ENTITY

Commitments and contingencies for the parent entity are the same as those disclosed in Note 25.

MAZARS

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CRYOSITE LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Cryosite Limited and controlled entities (the "Group"), which comprises the statement of financial position as at 30 June 2017 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, other selected explanatory notes and the directors' declaration as set out on pages 20 to 60.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards to the extent described in Note 2 and the Corporations Regulations 2001.

Basis of Opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accounts* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report for the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
Impairment of intangible assets	
The Group's intangible assets which comprise of software development costs, license fees and customer database are tightly linked to revenue generating activities. Consequently, these intangible assets could be materially impaired in the event of economic downturn.	We evaluated the impairment calculations and assessed the reasonableness of the management assumptions used to prepare the cash flow projections. We have also assessed the key assumptions in the impairment model prepared by management including discount rate, terminal growth rates and forecast growth assumptions.
Determination as to whether or not there is impairment relating to the intangible assets involves significant judgment about future cash flows.	We have performed sensitivity analysis around the key drivers of the cash flow projections. Having determined the change in assumptions (individually or collectively) that would be required for the intangible assets to be impaired, we considered the likelihood of such a movement in those key assumptions arising.

Responsibilities of the Directors for the Financial Report
The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

MAZARS

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

MAZARS

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Report on the Remuneration Report

We have audited the Remuneration Report for the year ended 30 June 2017 as outlined on pages 8 to 14 of the financial report. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Cryosite Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Yours sincerely,

MAZARS RISK AND ASSURANCE PTY LTD

P. N. Collins.

Paul Collins
Director

Sydney, on this 23rd day of August 2017

ASX Additional Shareholder Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 17 August 2017.

SUBSTANTIAL SHAREHOLDERS

The names of any substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Relevant interest			
	2017		2016	
Shareholder	**No. of shares**	**% of issued capital**	No. of shares	% of issued capital
Andrew Kroger and related entities	16,016,906	34.18	13,316,906	28.42
Cell Care Australia Pty. Ltd	9,229,995	19.70	9,229,995	19.70

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

SHAREHOLDERS	**LISTED ORDINARY SHARES**	
	No of shares	**% of ordinary shares**
ANDREW KROGER AND RELATED ENTITIES	16,016,906	34.18%
CELL CARE AUSTRALIA PTY LTD	9,229,995	19.70%
MR ALISTAIR DAVID STRONG	2,000,000	4.27%
BELL POTTER NOMINEES LTD	1,758,236	3.75%
MRS JANE SUSAN MILLIKEN	1,302,917	2.78%
TALSTON PTY LTD	1,172,500	2.50%
TOOTCAN SUPERANNUATION SERVICES PTY LTD	1,008,753	2.15%
NARON NOMINEES PTY LTD	839,416	1.79%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	695,914	1.49%
MR STEPHEN ROBERTS	669,519	1.43%
SUNNYIT PTY LTD	601,000	1.28%
BNP PARIBAS NOMINEES PTY LTD	577,347	1.23%
H F A ADMINISTRATION PTY LIMITED	480,000	1.02%
CVF AUSTRALIA PTY LTD	361,450	0.77%
MR NIGEL STRONG	325,000	0.69%
WIFAM INVESTMENTS PTY LTD	300,000	0.64%
CASTLEREAGH EQUITY PTY LTD	300,000	0.64%
INTEGUMENT PTY LTD	262,013	0.56%
WHEEN FINANCE PTY LIMITED	257,917	0.55%
NATIONAL NOMINEES LIMITED	257,496	0.55%
	38,416,379	81.98%

ASX Additional Shareholder Information

DISTRIBUTION OF EQUITY SECURITIES

Number of Shareholders by Size of Holding	Ordinary Shares	
Range	**Number of holders**	**Number of Shares**
1 to 1,000	35	13,030
1,001 to 5,000	227	852,277
5,001 to 10,000	71	566,216
10,001 to 100,000	134	4,044,976
100,001 and Over	42	41,383,064
Total	509	46,859,563

Voting Rights

All ordinary shares carry one vote per share without restriction.

Number of shareholders holding less than a marketable parcel

The number of shareholders holding less than a marketable parcel of shares is 125 and they hold 204,458 shares.