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 2020. Comparative amounts (unless otherwise indicated) relate to the year ended 30 June 2019.

2. Results for Announcement to the Market

				$A'000
2.1 Revenue from ordinary activities:	Up	$1,041k	to	9,014k
2.2 Profit(loss) from ordinary activities after tax attributable to members:	Up	$2,045k	to	1,480k
2.3 Net profit (loss)for the period attributable to members:	Up	$3,202k	to	1,480k

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	(0.7) cents	(3.7) cents

CRYOSITE LIMITED

ABN 86 090 919 476

Annual Report

for the year ended 30 June 2020

CRYOSITE LIMITED ANNUAL REPORT

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Corporate Information

DIRECTORS

Mr. Bryan Dulhunty (Executive Chairman)
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

13a Ferndell Street
South Granville NSW 2142
Telephone: +61 2 8865 2000
Email: corporate@cryosite.com

SHARE REGISTER

Link Market Services Limited
Level 8, 580 George Street
Sydney NSW, 2000
Telephone: +61 1300 554 474

AUDITORS

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

WEBSITE

www.cryosite.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 2020.

DIRECTORS

The following persons were directors of Cryosite Limited during the whole of the financial year and up to date of this report unless otherwise stated:

Mr. Bryan Dulhunty (appointed 2 March 2018)	Executive chairman
Mr. Andrew Kroger (appointed 21 November 2011)	Non-executive
Mrs. Nicola Swift (appointed 31 October 2016)	Non-executive

Names, qualifications, experience, interests and special responsibilities

Bryan Dulhunty, BEc, CA

Mr. Dulhunty brings a wealth of life science experience to the position having been involved in the industry for the past 20 years. Mr. Dulhunty provides a range of consulting services to the life science industry. Mr. Dulhunty has served as a director of a number of listed ASX and non-listed life science companies, including holding the positions of Executive Chairman and Managing Director of Viralytics Ltd from 2005 to 2012. Mr. Dulhunty is a Chartered Accountant and holds an Economics Degree from Sydney University. Mr. Dulhunty was appointed to the Board on 2nd March 2018 and Executive Chairman on the 27th June 2019.

Interest in shares and options at date of report

Shares	30,000
Options	1,300,000
Special responsibilities	Executive Chairman Chair of the Audit and Risk Committee Company Secretary

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.

Interest in shares at date of report	18,889,612

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 various global institutional investors. 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 the CEO of Heads Over Heels Connections Pty Ltd and is also a Director of Ascham Foundation Ltd and Ascham School Ltd. Mrs. Swift was appointed to the Board on 3 November 2016.

Interest in shares at date of report	Nil
Special responsibilities	Chair of the Remuneration and Nominations committee

COMPANY SECRETARY

Bryan Dulhunty, BEc, CA

Company Secretarial Services for Cryosite Limited are provided by CoSA Life Science - Corporate, a Company Secretarial firm specialising in the Life science industries.

EARNINGS PER SHARE

	2020	2019
Basic earnings per share (cents)	3.16	(3.68)
Diluted earnings per share (cents)	3.03	(3.62)

DIVIDENDS

No dividends were paid during the financial year. The total dividends declared were $nil (2019: nil).

PRINCIPAL ACTIVITIES

The company's principal activities are the provision of supply chain logistics, management of pharmaceutical products used in clinical trials, management of biological materials and long-term storage of cord blood and tissue samples.

Cryosite operates through two operating segments:

Clinical Trials & Biological Storage and Logistics

This business provides specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns and biological storage to the clinical trial and research industry.

Cord Blood and Tissues Storage

This business provides long term storage for cord blood and tissue samples.

REVIEW OF OPERATIONS

Overview

The year ended 30 June 2020 has been a financially successful year. Net comprehensive profit after tax was up $3.2m to $1.5m (2019 loss of $1.7m) and Operating cash inflow was $1.4m (2019 cash outflow of $648k).

More importantly, the year has been a transformational one in terms of positioning the Company for long term growth. As foreshadowed in the half year report, the company in the past 6 months has spent approximately $1m on infrastructure and operating system improvements. This has positioned Cryosite to take on a far larger market by expanding our services into adjoining markets and customers.

The $1m investment has raised the Company's physical, technical and human resources standards, to meet the requirements of this expanded market. We have upgraded:

- the standard of our facilities
- temperature controlled storage capacity
- new world class IT and compliance systems
- human resources with significant management changes being made during the year
- government licenses allowing us to provide a broader range of services a wider range of high values, registered and unregistered drugs.

Cryosite currently operates predominately in the clinical trial logistics market. This is subject to very stringent international standards and Australian government mandated compliance and licensing requirements. This creates very high barriers to entry. These same standards and barriers to entry apply to products listed on the Register of Therapeutic Goods. These products represent a much larger market than clinical trial logistics. This is a natural market for the Company to expand into. Our focus will be on attracting low volume, high value, temperature controlled, highly regulated drugs, Cryosite's specialty.

Profit

For the 12 months ended 30 June 2020 the Company recorded a net comprehensive profit of $1.5m after tax (2019 loss of $1.7m). This was comprised of a legal settlement of $1.0m and an operating profit of $0.5m
The $3.2m turnaround in profit of was driven by 2 factors.

- $2.1m of the turnaround came from the receipt during the year of a legal settlement of $1m, versus the previous corresponding period where a legal settlement generated a loss of $1m. Details of these legal matters is set out in notes 34 and 35 of these accounts.

- $1.1m of the turnaround came from improvements in the underlying business. The underlying business returned to a profit after tax of $0.48m versus the previous corresponding periods loss of $0.55m. The turnaround in the operating performance was driven by

  i. a growth in gross sales of 13% ($1m) from the previous corresponding period and
  ii. a reduction in expenses of ($100k) from the previous corresponding period. It should be noted the second half of the year incurred significant one-off redundancy costs and costs that associated with implementation of the changes necessary to reposition the Company.

Cash

While placing an emphasis on change management we have also kept a prudent eye on cash management.

Total cash on hand increased by $142k, Operating cash inflow was $1.3m, including $1.0m legal settlement inflow (2019 cash outflow of $648k including legal settlement outflow of $250k). The company then invested $1m of this in capital and operational expenditure and $254k was a rent costs classified as a financing charge. The net result was a $142k increase in cash to bring cash on hand as at 30 June 2020 to $4.1m. The company has no debt.

Outlook

The Company starts the coming year in a positive tone. The first half will see the recently upgraded infrastructure drive higher standards, greater efficiencies and provide real time data for analysis so the business can be better managed.

The pandemic will of course be a significant influence on the Company. The effect on clinical trials is a lagged effect. While the impact in the current year has been limited, we did see a reduction in clinical trial activity in May, June and July. We expect this reduction in clinical trial activity will continue into the first quarter, as a result of the 6 weeks shutdown in Victoria. Victoria is a major site of clinical trials.

Cord Blood revenue is expected to remain flat. The cord blood business continues to securely store cord blood and tissue for existing clients under a variety of contracts, the longest of which is 25 years. The majority of these contracts had upfront or short-term payments terms covering the storage of the samples for the life of the contract. We are now in the run-out period of the remaining payment term contracts. As these amounts are received, future cash flows will be reduced. The Company continues to hold substantial cord blood and tissue assets and is looking to provide additional ongoing services to our individual storage clients, to generate further long-term cash and profitability.

There is much to be done at Cryosite to ensure shareholders receive an appropriate return on their investment, however as stated, we are starting the coming year with a positive tone and are excited by the opportunities.

The Board and Management are grateful for the continuing support of the Company by employees and shareholders.

EMPLOYEES AND DIVERSITY

The Company employed 18 full-time equivalent employees as at 30 June 2020 (2019: 21 employees).

The company has no set diversity objectives for achieving gender diversity, due to the company's small size.

The Company recognises the value of diversity in the workplace and is committed to providing equal opportunity for all its staff with 50% of current employees being female. There are numerous religions, cultures and where possible offer flexible work practices and work life balance as a key retention tool. Cryosite is committed to providing a workplace free from any form of harassment, bullying and discrimination.

EMPLOYEE INCENTIVE PLANS

In February 2017, the Cryosite Employee Incentive Plan (CEIP) was introduced to attract, retain and motivate management to strengthen their alignment with shareholder interests. This plan was ratified at the 2017 AGM.

As at the date of this report there are 1,950,000 (2019: 3,314,946) unissued ordinary shares under the CEIP :

	2020	2019
	$	$
Options	1,950,000	2,600,000
Performance rights	-	714,946
Total	1,950,000	3,314,946

Please refer to the remuneration report for further details. The circumstances under which Personnel is entitled to retain these options and performance rights if they 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

As at the date of this report there are no significant events that have occurred since the 30th June 2020.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board expects to focus on a growing clinical trial and biological services logistics business supported by the long-term storage of cord blood and tissue for existing clients.

ENVIRONMENTAL REGULATIONS

The Company provides a range of services that require compliance to a variety of regulatory and statutory bodies regulations, including the Therapeutic Goods Administration (TGA), the Office of Drug Control, the Department of Agriculture and Water Resources and the NSW Department of Health. 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.

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.

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 willful 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 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 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 an executive 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 8-13.

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. Bryan Dulhunty	Executive Chairman
Mr. Andrew Kroger	Non-Executive Director
Mrs. Nicola Swift	Non-Executive Director
Mr. Mark Byrne	Chief Executive Officer (resigned 30/09/2019)

On the 27th June 2019 it was announced that Mark Byrne had decided to step down as CEO and on the 30th September 2019, he left the company.

Due to the relatively small number of employees, 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 which 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, and on the design and award of all executive incentive plans.

The members of the committee are the independent non-executive director, Mrs. Nicola Swift (Chair) and executive chairman Mr. Bryan Dulhunty.

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.

Board and Non-Executive Directors

As set out in our corporate governance policies, directors renumeration is set to attract a requisite skill set required to govern the company. The board has annual internal process to evaluate the performance of the board and its committees.

Cryosite has two non-executive directors and an Executive Chairman. During the reporting period two of the three directors were deemed not to be-independent. The chairman, Mr. Dulhunty was not deemed to be independent due to his executive role and Mr. Andrew Kroger was not deemed to be independent, due to his substantial shareholding of the company with a relevant interest at the date of this report of 40.3%. Ms. Nicola Swift is considered to be independent.

Due to the small size of the company a board skill matrix has not been developed.

The board carries out an annual internal performance review of board, committees and individual directors. The last performance appraisal was carried out in July 2020.

The remuneration of directors including the Chairman consists of fixed annual fees. Apart from reimbursement of expenses incurred on the Company's behalf, non-executive directors are not eligible for any additional payments, unless directors take on additional or executive roles then they are entitled to additional fees. These additional fees are set out later in this report.

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

Performance based compensation is not part of the remuneration structure offered to non-executive directors. No options or performance rights 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 2020 total aggregate remuneration paid to non- executive directors was $142,200 (2019; $261,774).

Executive Remuneration

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.

Short Term Incentive Plans

2020
Due to the significant challenges facing the Company in 2020, no formal STIP plan was put in place. However, the Board has awarded limited discretionary bonuses to executives on a reasonable basis, taking into account the Company's financial performance, in recognition of the efforts undertaken by the individuals. Payments to directors under this plan are set out in the remuneration table below.

2019
Due to the on-going challenges facing the Company, no formal STIP plan was put in place for 2019.

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

On 23 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 in each financial year and is governed by the CEIP Plan Rules.

Performance Rights
Since the establishment of the CEIP, the company has granted a number of performance rights. Nil performance rights were issued in 2020 (2019: nil). As at 30 June 2019, 714,946 performance rights were on issue. No performance rights had vested. On Mark Byrne's resignation on 30 September 2020, these 714,946 performance rights lapsed.

Options
On the 27 June 2019, the board granted options to the following key management personnel:

	Bryan Dulhunty*
	No
Options granted 27 June 2019	1,300,000
Total options issued as at 30 June 2019	**1,300,000**

The following components of the CEIP for options are as follows:

Vesting date	Up to 25 months from date of grant.
Option price	6 cents
Vesting conditions	Options will only vest after certain performance and conditions are met.
Performance conditions	Earnings per Share (EPS), Operating cashflow
Service conditions	Continuous employment with Cryosite from the date of the options are granted until the vesting date.
Expiry date	Options will expire 36 months after the vesting date.
Exercise of Options	Any options which meet the Vesting conditions will be available for exercise up until the Expiry date.

Conditions	
Grant date	27 June 2019
Vesting date	1 September 2021
Expiry date	1 September 2024
Period	27/6/2019 to 1/9/2021
Exercise price	6 cents

Targets **Conditions of Vesting**	**Target date**	**Percentage of Performance Rights that vest**
Positive Earnings per share (EPS)*	30 June 2021	33.3%
Positive Cashflow from Operations*	30 June 2021	33.3%
Continuous service	30 June 2021	33.3%

* Based on the 2021 audited accounts

COMPENSATION FOR KEY MANAGEMENT PERSONNEL 2020

Year Ended 30 June 2020	Short term benefits		Post employment benefits	Share based payments	Total	Share based payments	Performance based
	Salary & Fees $	Other Cash benefits $	Super $	(4) $	$	%	%
Directors							
Andrew Kroger	33,333	-	3,167	-	36,500	0.0%	0.0%
Bryan Dulhunty*(1)	75,000	150,012	7,125	5,017	237,154	2.1%	2.1%
Nicola Swift (2)	60,000	40,000	5,700	-	105,700	0.0%	0.0%
Total directors	168,333	190,012	15,992	5,017	379,354	1.3%	1.3%
Executives							
Mark Byrne (3)	62,042	-	5,506	-	67,548	0.0%	0.0%
Total Executive	62,042	-	5,506	-	67,548	0.0%	0.0%
Total	230,375	190,012	21,498	5,017	446,902	1.1%	1.1%

*Executive Chairman

(1) Bryan Dulhunty. Director fees paid to Bryan Dulhunty $75,000. Other Cash benefits are comprised of payments to CoSA Pty Ltd a related party of Bryan Dulhunty of Company secretarial Fees of $25,000, executive contract fees of $50,000 and an incentive bonus of $75,000k.

(2) This includes payments to MGW Capital Pty Ltd which is a related party of Nicola Swift. During the year the MGW Capital Pty Ltd charged the Company $40,000 for consulting services performed by Nicola Swift.

(3) Resigned on 30 September 2019.

(4) This relates to the fair value of performance rights and options granted under the Cryosite Employee Incentive Plan CEIP).

COMPENSATION FOR KEY MANAGEMENT PERSONNEL 2019

Year Ended 30 June 2019	Short term benefits		Post-employment benefits	Share based payments	Total	Share based payments	Performance based
	Salary & Fees $	Other Cash benefits $	Super $	(2) $	$	%	%
Non-Executive Directors							
Andrew Kroger	60,000	-	5,700	-	65,700	0.0%	0.0%
Bryan Dulhunty* (1)	-	130,264	-	110	130,374	0.1%	0.1%
Nicola Swift	60,000	-	5,700	-	65,700	0.0%	0.0%
Total directors	120,000	130,364	11,400	110	261,774	0.0%	0.0%

Executives							
Mark Byrne	228,310	-	21,619	37,571	287,570	13.1%	13.1%
Total Executive	28,310	-	21,689	37,571	287,570	13.1%	13.1%
Total	348,310	130,264	33,089	37,681	549,344	6.9%	6.8%

* Bryan Dulhunty was appointed Executive Chairman on the 27 June 2019.
(1) This includes payments made to CoSA Pty Limited, a related party of Bryan Dulhunty. During the year the company charged the Company $48,502 for consulting services and $81,762 in respect to services provided by Bryan Dulhunty, as a director and company secretary of the Company. Bryan Dulhunty became executive chairman on the 27 June2019.
(2) This relates to the fair value of performance rights and options granted under the Cryosite Employee Incentive Plan CEIP).

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Ordinary Shares held in Cryosite Limited	1 July 2019	Balance on appointment / (resignation)	Share purchases	30 June 2020
Bryan Dulhunty	**30,000**	**-**	**-**	**30,000**
Andrew Kroger	**17,315,291**	**-**	**1,574,321**	**18,889,612**
	17,345,291	**-**	**1,574,321**	**18,919,612**

Ordinary Shares held in Cryosite Limited	1 July 2018	Balance on appointment / (resignation)	Share purchases	30 June 2019
Bryan Dulhunty	30,000	-	-	30,000
Andrew Kroger	17,315,291	-	-	17,315,291
	17,345,291	-	-	17,345,291

Senior executive performance is renewed annually, a review was carried out in the current year.

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 options 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.

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

Mark Byrne resigned on 30 September 2019 and as result 714,946 performance rights were cancelled.

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

DIRECTORS' AND COMMITTEE MEETINGS

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

Directors	Directors Meetings		Audit Risk Committee Meetings		Remuneration and Nomination Meetings	
	Eligible to attend	Eligible attended	Eligible to attend	Eligible attended	Eligible to attend	Eligible attended
Bryan Dulhunty	12	12	6	6	3	3
Andrew Kroger	12	12	-	-	-	-
Nicola Swift	12	12	6	6	3	3

DIRECTORS, EXECUTIVES AND COMMITTEE AND PERFORMANCE REVIEW STRUCTURE

Directors and Executives
The board carries out an annual internal performance review of board members and board structure and makes appropriate changes to facilitate the business and minimize risk. The last performance appraisal was carried out in July 2020. Executives are evaluated by formalized performance review structure on and annual basis. The last performance appraisal was January 2020.

Committees
The board carries out an annual internal performance review of both the audit and risk and the renumeration and nomination committee committees. The last performance appraisal was carried out in July 2020. The board continually monitors the framework of the risk committee to ensure that it is responsive to the company's working environment.

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.

CORPORATE GOVERNANCE REPORT

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 2020 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).

AUDITOR'S INDEPENDENCE DECLARATION AND NON-AUDIT SERVICES

The directors have received the auditor's independence declaration which is included on Page 13 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 28 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 28 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

Bryan Dulhunty
Executive Chairman

Date: 28th August 2020

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020, 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 & ASSURANCE PTY LIMITED

R. Megale

Rose Megale
Director
Sydney, on the 28th of August 2020

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TEL: +61 2 9922 1166 - FAX: +61 2 9922 2044 – www.mazars.com.au
EMAIL: audit@mazars.com.au

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 2020 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 2020.

On behalf of the Board

Bryan Dulhunty
Executive Chairman

Date: 28th August 2020

Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Sale of goods and rendering of services	6	**8,919,846**	7,911,693
Other revenue	6	**94,338**	61,500
Revenue		**9,014,184**	7,973,193
Cost of providing services		**(4,971,717)**	(4,603,392)
Depreciation and amortisation	7(d,f,g)	**(437,554)**	(271,018)
Impairment losses	7(c)	**-**	(330,873)
Marketing expenses		**(57,604)**	(403,862)
Occupancy expenses		**(329,831)**	(615,342)
Administration expenses		**(2,410,954)**	(2,036,979)
Legal claim	34	**958,983**	-
Total expenses		**(7,248,677)**	(8,261,466)
Profit (loss) before tax		**1,765,507**	(288,273)
Income tax (expense) benefit	8	**(285,328)**	(276,884)
Profit (Loss) after tax		**1,480,179**	(565,157)
Other items			
Legal settlement, net of tax	35	**-**	(1,157,386)
Net comprehensive Profit (loss) for the year		**1,480,179**	(1,722,543)
Earnings per share		**Cents**	Cents
Basic, profit/(loss) for the year attributable to ordinary equity holders of the parent	9	**3.16**	(3.68)
Diluted, profit/(loss) for the year attributable to ordinary equity holders of the parent	9	**3.03**	(3.62)

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 2020	Notes	2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	**4,061,832**	3,919,897
Trade and other receivables	12	**962,717**	838,100
Inventories	13	**47,880**	22,859
Prepayments	14	**353,672**	279,369
Income tax receivable		**-**	29,081
Other assets	15	**167,937**	476,262
Deferred costs	20	**1,332,574**	1,381,183
Total Current Assets		**6,926,612**	6,381,838
Non-Current Assets			
Trade and other receivables	16	**138,253**	186,502
Deferred tax asset, net	8(c)	**2,135,141**	2,412,234
Right of use asset	4	**1,213,340**	-
Plant and equipment	18	**1,168,465**	387,181
Intangible assets	19	**20,217**	6,978
Deferred costs	20	**11,899,778**	13,232,356
Total Non-Current Assets		**16,575,294**	16,225,251
TOTAL ASSETS		**23,501,906**	23,172,002
LIABILITIES			
Current Liabilities			
Trade and other payables	21	**731,963**	876,942
Unearned income	22	**78,692**	23,066
Provisions	24	**178,263**	155,804
Other liabilities	35	**50,311**	47,464
Lease Liability	4	**197,301**	-
Deferred revenue	23	**2,129,237**	2,250,487
Total Current Liabilities		**3,365,767**	3,353,763
Non-Current Liabilities			
Trade and other payables	21	**441,682**	441,682
Provisions	24	**240,963**	237,799
Other liabilities	35	**527,833**	578,144
Lease Liability	4	**1,065,018**	-
Deferred revenue	23	**18,147,450**	20,276,684
Total Non-Current Liabilities		**20,422,946**	21,534,309
TOTAL LIABILITIES		**23,788,713**	24,888,072
NET ASSETS		**(286,807)**	(1,716,070)
EQUITY			
Contributed equity	25	**5,861,788**	5,861,788
Share rights reserves	26	**18,616**	69,532
Accumulated losses	25	**(6,167,211)**	(7,647,390)
TOTAL EQUITY		**(286,807)**	(1,716,070)

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	Attributable to equity holders of the company			
	Contributed capital	**Accumulated losses**	**Share Rights reserve**	**Total equity**
CONSOLIDATED				
At 1 July 2019	**5,861,788**	**(7,647,390)**	**69,532**	**(1,716,070)**
Total comprehensive income (loss) for the year	**-**	**1,480,179**	-	**1,480,179**
Transactions with owners in their capacity as owners				
Performance rights / options granted	**-**	**-**	**29,198**	**29,198**
Performance rights cancelled	**-**	**-**	**(80,114)**	**(80,114)**
At 30 June 2020	**5,861,788**	**(6,167,211)**	**18,616**	**(286,807)**
At 1 July 2018	5,861,788	(3,958,712)	40,339	1,943,415
Total comprehensive income (loss) for the year	-	(1,722,543)	-	(1,240,439)
AASB 15 adjustment	-	(1,966,135)	-	(1,966,135)
Transactions with owners in their capacity as owners				
Performance rights granted	-	-	52,121	52,121
Performance rights cancelled	-	-	(22,928)	(22,928)
At 30 June 2019	5,861,788	(7,647,390)	69,532	(1,716,070)

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

Consolidated Statement of Cashflows

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of GST		**6,869,903**	6,941,491
Payments to suppliers and employees inclusive of GST*		**(6,621,284)**	(7,594,578)
Legal Claim, net		**958,983**	-
Income Tax Refund		**21,035**	-
Government Incentive - Cash Boost		**50,000**	-
Interest Received		**-**	5,551
Net cash flows from operating activities	11	**1,278,637**	(647,536)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	18	**(889,530)**	(26,155)
Software development costs	19	**(20,317)**	-
Interest received		**27,745**	57,761
Net cash flows (used in) investing activities		**(882,102)**	31,606
CASH FLOWS FROM FINANCING ACTIVITIES			
Operating Lease Payments (including notional interest)		**(254,600)**	-
Net cash flows (used in) financing activities		**(254,600)**	-
Net (decrease)/ increase in cash and cash equivalents		**141,935**	(615,930)
Cash and cash equivalents at beginning of year		**3,919,897**	4,535,827
Cash and cash equivalents at end of year	10	**4,061,832**	3,919,897

The above consolidated statement of financial position 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 2020 was authorised for issue in accordance with a resolution of the directors on 28 August 2020.

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

- AASB 1023 Interpretation 23 – Uncertainty over Income Tax Treatment
- AASB 16 - Leases

The relevant standards for the Group follow:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the lease payments will aggregate both principal and interest components into financing activities.

The impact of adopting AASB 16 on the year ended 30 June 2020 financial report, is presented in Note 4.

(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.

All intercompany 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 are 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.

Major Depreciation rates are:	**2020**	2019
Leasehold improvements	Lease term	Lease term
Plant and equipment:		
Fixture 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.

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.

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.

(h) Prepayments

Payments made in advance of services are recognised at the time of payment and classed as prepayments on the balance sheet. As the services are incurred, the relevant amounts are recognized as an expense in the profit and loss statement.

(i) 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.

(j) Trade and other receivables

Trade receivables (current), which generally have 30-day terms, are recognised initially at fair value less expected credit loss and any allowance for impairment.

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Group to record an allowance for ECL's for all loans and other debt financial assets not held at FVPL.

The Group's ECL is based on an estimated percentage of past due receivables that are expected to default based on historical experience.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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 Black Scholes 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.

(p) Leases

AASB 16 has been applied as of 1 July 2019 and the Group will use what is known as the "modified retrospective" transition method, under which a liability is recognised at the transition date for an amount equal to the present value of the residual lease payments alone, offset against a right-of-use asset adjusted for the amount of prepaid lease payments or within accrued expenses; all the impacts of the transition will be deducted from equity.

The standard provides for various simplification measures during the transition phase; in particular, the Group has opted to apply the measures allowing it to exclude leases with a residual term of less than twelve months, exclude leases of low- value assets, continue applying the same treatment to leases that qualify as finance leases under AASB 17, and not capitalise costs directly related to signing leases.

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

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(q) Revenue from contracts with customers

<u>Rendering of services</u>

The Group provides the following services:

a. specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns and biological services and;
b. long term storage for cord blood and tissue samples.

The Group identified that the above services are distinct and have assessed the revenue recognition in accordance with AASB 15 separately.

<u>Revenue from clinical trials and biological services logistics services</u>

Revenue from clinical trials pertain to processing and distribution of samples for clinical testing. The Group has assessed that each sample processed is distinct from each other and that asset is transferred to the customer at the completion of the service. Accordingly, the Group assessed that the performance obligation is satisfied at that point in time and revenue is recognised as and when the customer obtains control of the asset.

The revenue recognition policy for clinical trials under AASB 15 is consistent with the provisions of the old standard, AASB 118 – Revenue.

<u>Revenue from cord blood and cord tissue storage</u>

Under AASB 15, the Group assessed that the collection, processing and storage services for cord blood and tissue samples constitute a single performance obligation because none of the services are distinct and marketed independently of the others. In addition, it was determined that the performance obligation is performed over time (i.e. throughout the storage contract period of 18 or 25 years). This resulted in the recognition of "Deferred revenue" and "Deferred costs" in the statement of financial position that are unwound to revenue and costs for the remaining contract period.

Interest revenue

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.

Dividend income

Dividends: revenue is recognised when the Company's right to receive the payment is established.

(r) 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 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.

(s) 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.

(t) Share options reserve

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

(u) Impairment of assets

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

(v) 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.

The basic EPS and diluted EPS are calculated as above based on net profit after tax.

(w) 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 32.

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.

(x) 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 noncurrent.

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

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:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Determining the timing of satisfaction of performance obligations*

The Group concluded that the revenue from collection, processing and storage of cord blood and tissue should be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group determined that the contract term of 18 or 25 years is the best method to determine the timing of satisfaction of performance obligations.

- *Consideration of significant financing component in a contract*

The storage contract for cord blood and cord tissue is either 18 or 25 years and the payment options available to the customers follow:

i. Upfront payment of the full contract price at inception of the contract;
ii. Instalment payment of either 12 or 24 months; and,
iii. Partial upfront settlement with the remaining balance paid in instalment throughout the life of the contract (referred to by the Group as "Annual plans").

Management determined that there is a significant financing component included in the annual plans because the total amount paid under this plan is significantly higher than the upfront cash payment. The amount of financing component attributed to the contract is determined as the difference between the total Annual plan payments and the upfront cash payment.

- *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 unrecouped 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 $2,015,010 unconfirmed (2019: $2,418,851) tax losses carried forward of which $231,429 have been brought to account as deferred tax asset, that are available for offset against future taxable profits of the company. 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.

- *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.

- *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 for expected credit losses on trade receivables*

In accordance with AASB 9, the Group uses a provision matrix to calculate ECLs (expected credit losses) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future

- *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.

4 TRANSITION TO AASB 16

The entity has adopted AASB 16 with effect from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The entity leases the premises housing its principle place of business. Until the 2019 financial year, such leases were classified as operating leases with payments being charged to the profit and loss. From 1 July 2019, in line with AASB 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is amortised over the lease term on a straight-line basis.

The reclassifications and the adjustments arising from the new leasing rules have been recognised in the opening balance sheet on 1 July 2019.

a. Recognition of right-of-use assets amounting to $1,440,841
b. Recognition of current lease liability of $178,522 and non-current lease liability of $1,262,319

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the RBA June 2019 Lending Rate - Small business variable rate as of 1 July 2019.

The movement from lease commitments to lease liabilities is reconciled as follows:

	30 June 2020
	$
Operating lease commitments disclosed as at 30 June 2019	**870,603**
Option of the lease extension of 3 years recognized as at 1 July 2019	**835,768**
Discounted using the RBA June 2019 Lending Rate - Small business variable rate of 5.45%	**(265,530)**
Lease liability recognised as at 1 July 2019	**1,440,841**
Lease payments made from 1 July 2019 to 30 June 2020	**(178,522)**
Lease liability as at 30 June 2020	**1,262,319**

The recognised right-of-use assets relates to property and is comprised as follows:

Property right of use recognised as at 1 July 2019	**1,440,841**
Accumulated Amortisation for year ended 30 June 2020	**(227,501)**
Lease Asset as at 30 June 2020	**1,213,340**

The consolidated entity has elected to adopt a modified retrospective application of the standard as permitted by AASB 16.

4 TRANSITION TO AASB 16 (continued)

The balance at 30 June 2020 is made up of:

	2020 $	2019 $
Lease asset – non-current	**1,213,340**	**-**
Total Assets	**1,213,340**	**-**
Lease liability – current	**197,301**	-
Leases liability – non-current	**1,065,018**	-
Total Liabilities	**1,262,319**	-

5 SEGMENT INFORMATION

Identification of Reportable Segments

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

Two reportable segments have been identified as follows:

Clinical Trials and Biological Services Logistics Specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns and biological services.

Cord Blood and Tissue Storage Storage of cord blood and tissue samples.

The accounting policies used by the Company in reporting segments internally are the same as those contained in note 1 to the accounts.

Operating Segments

2020

Operating Segment	Clinical Trials and Biological Storage and Logistics $	Cord Blood and Tissue $	Unallocated $	Total $
Revenue	6,234,092	2,685,754	94,338	9,014,184
Net operating profit	2,900,935	894,717	(3,039,129)	756,523
Legal claim	-	-	958,984	958,984
Government incentive - cash boost	-	-	50,000	50,000
Net profit before tax	2,900,935	894,717	(2,030,145	1,765,507
Tax	-	(238,572)	(46,756)	(285,328)
Net profit after tax	2,900,935	656,145	(2,076,901)	1,480,179
Total Comprehensive Income net of tax	2,900,935	656,145	(2,076,901)	1,480,179
Segment Assets 30 June 2020	1,680,568	13,860,462	7,960,876	23,501,905
Segment Liabilities 30 June 2020	459,760	20,744,170	2,584,783	23,788,713
Depreciation and Amortisation	(60,499)	(98,284)	(278,771)	(437,554)

5 SEGMENT INFORMATION (continued)

2019

Operating Segment	**Clinical Trials and Biological Storage and Logistics $**	**Cord Blood and Tissue $**	**Unallocated $**	**Total $**
Revenue	5,189,717	2,721,978	61,498	7,973,193
Net profit before tax	992,951	872,450	(2,153,674)	(288,273)
Tax	-	(238,592)	(38,292)	(276,884)
Net profit after tax	992,951	633,858	(2,191,966)	(565,157)
Legal settlement, net of tax	-	-	(1,157,386)	(1,157,386)
Total Comprehensive Income net of tax	992,951	633,858	(3,349,352)	(1,722,543)
Segment Assets 30th June 2019	563,320	17,277,866	5,330,816	23,172,002
Segment Liabilities 30th June 2019	498,158	23,170,103	1,219,811	24,888,072
Depreciation and Amortisation	(104,767)	(117,183)	(49,068))	(271,018)

6 REVENUE

	Consolidated 2020 $	2019 $
Customer contract revenues		
Revenue from clinical trials, logistics and biorepository services	**6,234,092**	5,189,717
Revenue from cord blood and cord tissue storage	**2,685,754**	2,721,978
	8,919,846	7,911,695
Other revenue		
Bank interest	**44,318**	61,498
Government incentive – cash boost	**50,000**	-
	94,318	61,498
	9,014,164	7,973,193

7 EXPENSES

		Consolidated 2020 $	**2019 $**
(a) Legal costs			
Continuing operations		**57,816**	101,573
Legal settlement	35	**-**	407,626
Legal Claim	34	**41,017**	-
Total		**98,833**	509,199
(b) Lease payments			
Lease payments-operating leases		**-**	363,704

7 EXPENSES (continued)

		Consolidated	
		2020	**2020**
		$	**$**
(c) Employee benefits expense			
s and salaries		**1,965,815**	2,126,477
Superannuation costs		**182,769**	208,507
		2,148,584	2,334,984
(d) Depreciation – plant & equipment	18 and 19	**203,075**	260,996
(e) Impairment loss	18	**-**	330,873
(f) Amortisation of Intangibles	19	**6,978**	10,022
(g) Amortisation of Leases	4	**227,501**	-
(h) Finance Costs	4	**114,314**	-

8 INCOME TAX

(a) Income tax expense

The major components of income tax are:

	Consolidated	
	2020	2019
Statement of comprehensive income	**$**	$
Current income tax (expense)/benefit	**(285,328)**	(151,037)
Income tax expense reported in the statement of comprehensive income	**(285,328)**	(151,037)
Income tax (expense)/benefit is attributable to the following:		
Continuing operations	**(277,735)**	(276,884)
Legal settlement	**-**	125,847
	(277,735)	(151,037)
Under provision prior year	**(7,593)**	-
	(285,328)	(151,037)

(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(loss) before tax	**1,715,508**	(1,571,503)
Income tax calculated at 27.5% (2019:27.5%)	**(471,765)**	432,163
Tax losses not recognised	**111,056**	(370,571)
Other items	**82,974**	(212,629)
Under provision prior year	**(7,593)**	-
Income tax (expense) benefit	**(285,328)**	(151,037)

8 INCOME TAX (continued)

(c) Deferred tax assets, net

	Consolidated	
	2020	2019
	$	$
Deferred income tax at 30 June relates to the following:		
Deferred taxes arising from AASB 15 adoption		
Deferred tax asset on deferred revenue	**5,576,089**	6,194,971
Deferred tax liability on deferred costs	**(3,638,897)**	(4,018,719)
Net deferred tax asset – AASB 15	**1,937,192**	2,176,252
Deferred taxes arising from normal business operations		
Post-employment benefits	**60,287**	56,492
Provision for tax and audit fees	**17,582**	16,225
Provision for doubtful debts	**46,494**	20,206
Superannuation Payable	**2,750**	-
Accruals	**5,363**	6,322
Lease Liability	**13,661**	-
Tax Losses carried forward	**63,643**	75,663
Impairment and depreciation of plant & equipment	**1,336**	67,787
Prepayments	**-**	(875)
Consumables	**(13,167)**	(6,286)
Net deferred tax asset – normal operations	**197,949**	235,982
Net deferred tax assets	**2,135,141**	2,412,234

(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 $2,015,919 (2019: $2,418,851), of which $231,429 (2019: $231,429) have been brought to account as a deferred tax asset that are available for offset against future taxable profits of the company. The unrecognized deferred income tax asset of $490,735 (2019: $665,184) arising from these losses has not been brought to account at reporting date, as realisation of the benefit is not probable at this point in time. The Group will continue to review this regularly to determine whether to recognize these tax losses as deferred tax asset in the future.

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

8 INCOME TAX (continued)

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.

9 EARNINGS PER SHARE

	Consolidated	
	2020	2019
	$	$
The following reflects the income used in the basic and diluted earnings per share computations:		
Basic earnings per share	**3.16**	(3.68)
Diluted earnings per share	**3.03**	(3.62)
Basic EPS disclosure		
Earnings used in EPS calculation		
Net profit attributable to ordinary equity holders of the parent	**1,480,179**	(1,722,543)
	No. of shares	
Weighted average number of ordinary shares for basic earnings per share	**46,859,563**	46,859,563
Diluted EPS disclosure		
Earnings used in diluted EPS calculation		
Net profit attributable to ordinary equity holders of the parent	**1,480,179**	(1,722,543)
	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	**1,950,000**	727,234
Weighted average number of ordinary shares used in the calculation of diluted EPS	**48,809,563**	**47,586,797**

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

10 CASH AND CASH EQUIVALENTS

	Consolidated	
	2020	2019
	$	$
Cash at bank and on hand	**60,076**	329,275
Short-term deposit	**4,001,756**	3,590,622
Total Cash and Cash Equivalents	**4,061,832**	3,919,897

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 $4,061,832 (2019: $3,919,897).

11 STATEMENT OF CASH FLOW RECONCILIATION

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

	Consolidated	
	2020	2019
	$	$
Net profit	**1,480,179**	(1,722,543)
Less: Transfer to investing activities	**-**	(56,157)
Adjustments for non-cash items		
Depreciation and amortisation of non-current assets	**437,554**	271,650
Impairment loss for intangibles	**-**	39,780
Impairment loss for prepayments	**-**	291,093
Provision for dividend	**1,402**	-
Other Equity	**(50,916)**	(29,880)
Changes in assets and liabilities		
(Increase) Decrease in trade and other receivables	**(446,935)**	574,702
Decrease (Increase) in deferred tax asset – AASB 15	**618,884**	621,294
Decrease (Increase) in deferred costs – AASB 15	**1,381,185**	1,393,500
Increase (Decrease) in deferred tax liability -AASB 15	**(379,823)**	(2,259,250)
Increase (Decrease) in deferred revenue -AASB 15	**(2,250,133)**	(383,216)
Decrease (Increase) in inventory	**(25,021)**	986
Decrease (Increase) in prepayments	**(74,303)**	8,822
Decrease (Increase) in other current assets	**(12,571)**	-
Decrease in deferred tax asset	**38,033**	(87,044)
Decrease (Increase) in other assets	**308,325**	(323,985)
Increase (Decrease) in trade and other creditors	**190,656**	421,896
Increase (Decrease) in current other liabilities	**-**	80,189
Increase (Decrease) in non- current other liabilities	**(47,463)**	545,418
Decrease (Increase) in unearned income	**55,626**	(777)
Increase (Decrease) in income tax provision	**29,759**	(8,079)
Increase (Decrease) in bonus provision	**-**	(41,501)
Increase in employee benefits	**27,004**	(44,194)
Net cash flow from operating activities	**1,278,637**	(647,536)

12 TRADE AND OTHER RECEIVABLES – CURRENT

		Consolidated 2020 $	Consolidated 2019 $
Trade receivables		**913,350**	652,545
Allowance for impairment loss	(a)	**(169,068)**	(73,475)
		744,282	579,070
Other receivables		**218,435**	259,030
Carrying amount of trade and other receivables		**962,717**	838,100

(a) Allowance for impairment loss

Trade receivables (current), which generally have 30-day terms, are recognised initially at fair value less an allowance for impairment as per AASB 9 requirements.

As per AASB 9, the Group's accounting for impairment losses for financial assets is based on a forward-looking expected credit loss (ECL) approach. The Group's ECL is based on an estimated percentage of past due receivables that are expected to default based on historical experience.

Movements in the provision for impairment loss were as follows:

	Consolidated 2020 $	Consolidated 2019 $
Balance at the beginning of the period	**73,475**	45,590
Increase (reduction) in impairment	**95,593**	27,885)
Balance at end of period	**169,068**	73,475

(b) Analysis of trade receivables aging and allowance for expected credit losses.

		Total $	Not Due $	0-30 Days $	31-60 Days $	61-90 Days $	+91 Days $
2020							
Current		**913,350**	**643,684**	**161,150**	**13,207**	**8,257**	**87,052**
Non-Current	16	**138,253**	**138,253**	**-**	**-**	**-**	**-**
Total Consolidated		**1,051,603**	**782,367**	**161,150**	**13,207**	**8,257**	**87,052**
Expected Credit Loss Rate		**15.7%**	**8.8%**	**2.1%**	**19.8%**	**60.1%**	**100.0%**
Total Provision Calculated		**169,593**	**70,801**	**3,395**	**2,620**	**3,805**	**88,972**
2019							
Current		652,545	460,673	54,522	22,657	41,659	73,034
Non-Current		186,502	186,502	-	-	-	-
Total Consolidated		839,047	647,175	54,552	22,657	41,659	73,034
Expected Credit Loss Rate		11.3%	-	-	-	-	-
Total Provision Calculated		73,475					

12 TRADE AND OTHER RECEIVABLES – CURRENT (continued)

The impairment loss is based on ECL and not specific to certain debtors.

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	
	2020	2019
	$	$
Inventories at cost	**47,880**	22,859
Total Inventories at cost	**47,880**	22,859

14 PREPAYMENTS

	Consolidated	
	2020	2019
	$	$
Current		
Balance at beginning of period	**279,369**	289,078
Additions (reductions) during the year	**74,303**	(9,721)
Impairment loss	**-**	(888)
Balance at end of period	**353,672**	279,369

15 OTHER ASSETS

	Consolidated	
	2020	2019
	$	$
Bank guarantee security deposit	**167,937**	152,277
Term Deposit	**-**	323,985
Total	**167,937**	476,262

16 TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Consolidated	
	2020	2019
	$	$
Trade receivables		
Trade receivables due under term payment plans	**138,252**	186,502

For analysis of maximum exposure to credit risk at the time of reporting refer to Note 12(b)

17 INVESTMENT IN CONTROLLED ENTITY

Name – Cryosite Distribution Pty Limited	Equity interest held by the consolidated entity 2020	2019	Investment 2020	2019
	%	%	$	$
Country of incorporation – Australia	100	100	20	20

18 PLANT AND EQUIPMENT

	Leasehold Improvements	Fixtures and fittings	Information Technology	Warehouse Equipment	Office furniture & equipment	Total
	$	$	$	$	$	$
Cost						
At 1 July 2018	211,613	133,829	263,378	4,313,674	31,254	4,953,748
Additions	-	-	-	26,155		26,155
Disposals	-	-	-	(632)		(632)
At 30 June 2019	**211,613**	**133,829**	**263,378**	**4,339,197**	**31,254**	**4,979,271**
Additions	**19,854**	**-**	**87,967**	**866,155**	**10,382**	**984,358**
Disposals	**(200,000)**	**-**	**(160,515)**	**(1,006,968)**	**-**	**(1,367,484)**
At 30 June 2020	**31,467**	**133,829**	**190,829**	**4,198,384**	**41,636**	**4,596,145**
Depreciation and Impairment						
At 1 July 2018	(200,734)	(78,986)	(229,253)	(3,805,997)	(16,124)	(4,331,094)
Depreciation charge	(2,212)	(6,994)	(19,992)	(227,715)	(4,715)	(261,628)
Disposals	-	-	-	632	-	(632)
At 30 June 2019	**(202,946)**	**(85,890)**	**(249,245)**	**(4,033,080)**	**(20,839)**	**(4,592,090)**
Depreciation charge	**(2,223)**	**(6,994)**	**(12,630)**	**(169,339)**	**(11,890)**	**(203,076)**
Disposals	**200,000**	**-**	**160,516**	**1,006,968**	**-**	**1,367,484**
At 30 June 2020	**(5,169)**	**(92,974)**	**(101,359)**	**(3,195,451)**	**(32,729)**	**(3,427,682)**
Net Book Value - 30 June 2019	**8,667**	**47,849**	**14,133**	**306,117**	**10,415**	**387,181**
Net Book Value - 30 June 2020	**26,298**	**40,856**	**89,470**	**1,002,933**	**8,907**	**1,168,465**

19 INTANGIBLE ASSETS

	Software $	Total $
Cost		
At 30 June 2019	**131,232**	131,232
Additions	**20,317**	20,317
Impairment loss	**(131,232)**	(131,232)
At 30 June 2020	**20,317**	20,317
Amortisation and impairment		
At 30 June 2019	**(124,254)**	(124,254)
Amortisation	**(6,978)**	(6,978)
Impairment loss	**131,232**	131,232
At 30 June 2020	**-**	-
Net book value – 30 June 2019	**6,978**	6,978
Net book value – 30 June 2020	**20,317**	20,317

Software Development

During the year the company developed, validated and constructed a new Cord Blood database, the costs have been capitalised, to reflect the future value of the database as contracts expire and are extended. The costs will be amortised over a 5-year period.

20 DEFERRED COSTS

	Consolidated	
	2020	2019
	$	$
Current	**1,332,574**	1,381,183
Non-current	**11,899,778**	13,232,356
	13,232,352	14,613,539

Deferred costs represent upfront costs, such as laboratory fees, attributable for the collection and processing of cord blood and tissue samples. These are capitalised and amortised over the remaining life of the storage contracts as required under AASB 15.

21 TRADE AND OTHER PAYABLES

	Consolidated	
	2020	2019
	$	$
CURRENT LIABILTIES		
Trade payables	**389,339**	239,694
Other payables	**342,624**	637,248
Total current payables	**731,963**	876,942
NON-CURRENT LIABILTIES		
Client deposits	**441,682**	441,682
Total non-current payables	**441,682**	441,682

21 TRADE AND OTHER PAYABLES (continued)

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 $
2020						
Consolidated	**389,339**	**-**	**260,306**	**129,428**	**-**	**-**
2019						
Consolidated	239,694	-	172,279	57,719	9,696	-

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

22 UNEARNED INCOME

	Consolidated	
	2020	2019
	$	$
Current	**78,692**	23,066
	78,692	23,066

23 DEFERRED REVENUE

	Consolidated	
	2020	2019
	$	$
Current	**2,129,237**	2,250,487
Non-current	**18,147,450**	20,276,684
	20,276,687	22,527,171

24 PROVISIONS

	Consolidated	
	2020	2019
	$	$
Current		
Annual leave	**124,941**	130,403
Long service leave	**53,322**	24,019
Dividend payable	**-**	1,382
	178,263	155,804

24 PROVISIONS (continued)

	Consolidated	
	2020	2019
	$	$
Non-current		
Long service leave	**40,963**	37,799
Lease make good	**200,000**	200,000
	240,963	237,799
Movements in provisions		
Annual leave		
Balance at beginning of the year	**130,403**	177,895
Arising /(taken) during the year	**(5,462)**	(47,492)
	124,941	130,403
Long Service Leave		
Balance at beginning of the year	**61,818**	40,358
Arising / (taken) during the year	**32,467**	21,460
	94,285	61,818

Nature and timing of long service leave provision is based on the accounting policy and the significant estimations and assumptions applied in the measurement of this provision as in Note 3.

Nature and timing of lease make-good provision

In June 2019 the current lease agreement with Allsup Pty Limited for the premises in Granville, was extended until 31 October 2025. The make good provision remains at $200,000 in respect of the Group's obligation to reflect this arrangement regarding the leased premises. 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.

25 CONTRIBUTED EQUITY AND ACCUMULATED LOSSES

	Consolidated	
	2020	2019
	$	$
Ordinary shares	**5,861,788**	5,861,788

Movement in ordinary shares on issue

	2020		2019	
	Shares No.	**$**	Shares No.	$
Beginning of the financial year	**46,859,563**	**5,861,788**	46,859,563	5,861,788
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 Company.

25 CONTRIBUTED EQUITY AND ACCUMULATED LOSSES (continued)

Movement in accumulated losses

	Consolidated	
	2020	2019
	$	$
Balance at the beginning of the year	**(7,647,390)**	(3,958,712)
AASB 15 adjustment	**-**	(1,966,135)
Net profit for the year	**1,480,179**	(1,722,543)
Balance at the end of the year	**(6,167,211)**	(7,647,390)

26 RESERVES

	Consolidated	
	2020	2019
	$	$
Share options reserve	**18,616**	1,001
Share rights reserve	**-**	68,531
Balance at the end of year	**18,616**	69,532

Movement in share options/rights reserve

	Consolidated	
	2020	2019
	$	$
Balance at the beginning of the year	**69,532**	40,339
Performance rights/options granted	**29,198**	52,121
Performance rights/options cancelled	**(80,114)**	(22,928)
Balance at the end of the year	**18,616**	69,532

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 30 for further details of these plans.

27 COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – Group as lessee

Group as lessee

Commercial Property Security deposits

The security deposit for the lease at Granville is covered by a bank guarantee for $167,937 issued by the Commonwealth Bank of Australia. Cash deposit is held as security as per note 15.

Plant and equipment

The Group had a number of operating leases on items of plant and equipment used in day to day operations of the business, these finished in November 2019.

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	
	2020	2019
	$	$
Within one year	**-**	4,880
After one year but not more than five years	**-**	-
	-	4,880

(b) Plant and equipment commitments

There are no capital expenditure commitments at reporting date.

(c) Contingent Liabilities

The Group is not aware of any contingent liabilities at reporting date.

28 AUDITORS REMUNERATION

	Consolidated	
	2020	2019
	$	$
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.	**71,002**	70,717
- Other services in relation to the entity and any other entity in the consolidated group.	**5,300**	5,750
	76,302	76,467

29 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 17.

This included payments to made to CoSA Pty which is a party related to Bryan Dulhunty. During the year the company charged the Company $150,012 (2019 $130,264) for consulting service in respect to services provided by Bryan Dulhunty as a director and company secretary of the company.

During the year total payments of $40,000 were made to MGW Pty Ltd a related party of Nicola Swift, a director of the Company.

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 8.

Cryosite Limited has received a dividend from Cryosite Distribution Pty Limited for $36,992 (2019: $3,708,145).

30 SHARE-BASED PAYMENTS EXPENSE

	Consolidated	
	2020	2019
	$	$
Total Expense (income) recognized in the profit and loss relating to share based payments:		
Options	**18,615**	1,001
Performance rights	**(69,312)**	52,121
	(49,920)	52,121

<u>Long Term Incentive Plan: Cryosite Employee Incentive Plan (CEIP)</u>

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 in each financial year and is governed by the CEIP Plan Rules.

Full details of the performance rights and options issued to executives are noted in the remuneration report which forms part of the Directors' Report.

Options

There were no options granted during the 2020 year.	Key management personnel No	Staff No	Total No
Options granted 27th June 2019	1,300,000	1,300,000	2,600,000
Balance granted as at 30th June 2019	1,300,000	1,300,000	2,600,000
Options cancelled in June 2020	-	(650,000)	(650,000)
Balance as at 30th June 2020	1,300,000	650,000	1,950,000

30 SHARE-BASED PAYMENTS EXPENSE (continued)

The following components of the CEIP for options are as follows;

Vesting date	Up to 25 months from date of grant.
Option price	6 cents
Vesting conditions	Options will only vest after certain performance and conditions are met.
Performance conditions	Earnings per Share (EPS), Positive operating cashflow
Service conditions	Continuous employment with Cryosite from the date of the options are granted until the vesting date.
Expiry date	Options will expire 36 months after the vesting date.
Exercise of Options	Any options which meet the Vesting conditions will be available for exercise up until the Expiry date.

Conditions of options

Grant date	27 June 2019
Vesting date	1 September 2021
Expiry date	1 September 2024
Period	27/6/2019 to 1/9/2021
Exercise price	6 cents

Targets for options

Conditions of Vesting	**Target date**	**Percentage of Performance Rights that vest**
Positive Earnings per share (EPS)*	30 June 2021	33.3%
Positive Cashflow from Operations*	30 June 2021	33.3%
Continuous service	30 June 2021	33.3%

* Based on the 2021 audited accounts

As at 30 June 2020, no options had vested.

31 KEY MANAGEMENT PERSONNEL

(a) Key Management Personnel

Directors

Mr. Bryan Dulhunty	Executive Chairman
Mr. Andrew Kroger	Director
Mrs. Nicola Swift	Director

Executive

Mr. Mark Byrne (resigned 30 September 2019)	Chief Executive Officer

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

31 KEY MANAGEMENT PERSONNEL (Continued)

(b) Compensation for key management personnel

	Consolidated	
	2020	2019
	$	$
Directors		
Short-term employee benefits*(1)	**358,345**	250,265
Post-employment benefits	**15,992**	11,400
Share base payments	**5,017**	110
Sub-total directors	**379,354**	261,775
Key Management Personnel		
Short-term employee benefits	**62,042**	228,310
Post-employment benefits	**5,506**	21,689
Share base payments	**-**	37,571
Sub-total key management personnel	**67,548**	387,571
Total compensation	**446,902**	549,345

*This includes payments to made to CoSA Pty which is a party related to Bryan Dulhunty. During the year the company charged the Company $150,012 (2019 $130,264) for consulting service in respect to services provided by Bryan Dulhunty as a director and company secretary of the company.

(1) In addition, included payment to MGW Capital Pty Ltd which is a party related to Nicola Swift for $40,000 for consulting services performed by Nicola Swift.

32 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:

32 FINANCIAL INSTRUMENTS (Continued)

	Note	Weighted average effective interest %	Floating Interest $	Non-Interest bearing $	Total $
Financial assets					
Interest bearing deposits	10	**1.05%**	**4,001,756**	**-**	**4,001,756**
Cash and equivalents	10	**0.01%**	**60,076**	**-**	**60,076**
Other assets	15	**1.80%**	**167,937**	**-**	**167,937**
Current receivables	12	**-**	**-**	**962,717**	**962,717**
Non-Current receivables	16	**-**	**-**	**138,253**	**138,253**
Total			**4,229,769**	**1,100,970**	**5,330,739**
Financial Labilities					
Trade creditors and accruals	21		**-**	**389,339**	**389,339**

2019	Note	Weighted average effective interest %	Floating Interest $	Non-Interest bearing $	Total $
Financial assets					
Interest bearing deposits	10	2.13%	3,590,622	-	3,590,622
Cash and equivalents	10	0.46%	329,275	-	329,275
Other assets	15	2.13%	476,262	-	476,262
Current receivables	12	-	-	838,100	838,100
Non-Current receivables	16	-	-	186,502	186,502
Total			4,396,159	1,024,602	5,420,761
Financial Labilities					
Trade creditors and accruals	21		-	239,693	239,693

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.

32 FINANCIAL INSTRUMENTS (Continued)

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) 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 2019. 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.

(d) 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 FINANCIAL INSTRUMENTS (Continued)

(e) 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 $6,926,612 (2019: $6,622,766) at balance date less current liabilities of $3,270,939 (2019: $3,029,778) an excess of current assets over current liabilities amounting to $3,685,673 (2019: $3,592,988). The Group generated a positive cashflow of $141,935 (2019: negative cash flow of $647,536) from operations during the current year. Liquidity risks are managed by matching the payment and receipt cycle.

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

Year ended 30 June 2020	**Less than 6 months $**	**6-12 months $**	**1-5 years $**	**Greater than 5 $**	**Total $**
Consolidated Financial Assets					
Cash and cash equivalents	**4,061,832**	**-**	**-**	**-**	**4,061,832**
Trade and other receivables	**937,847**	**24,870**	**131,077**	**7,176**	**1,100,970**
Other assets	**-**	**-**	**167,937**	**-**	**167,937**
	4,999,679	**24,870**	**299,014**	**7,708**	**5,330,739**
Consolidated Financial liabilities					
Trade and other payables	**731,963**	**-**	**-**	**-**	**731,963**
Net maturity	**4,208,384**	**24,870**	**178,794**	**7,708**	**4,693,604**

Year ended 30 June 2019	Less than 6 months $	6-12 months $	1-5 years $	Greater than 5 $	Total $
Consolidated Financial Assets					
Cash and cash equivalents	3,919,897	-	-	-	3,919,897
Trade and other receivables	841,444	25,737	178,794	7,708	1,053,683
Other Assets	323,985	-	-	-	323,985
	5,085,326	25,737	178,794	7,708	5,297,765
Consolidated Financial liabilities					
Trade and other payables	876,942	-	-	-	876,942
Net maturity	4,208,384	113,823	178,794	7,708	4,420,623

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

The Group has assessed liquidity risk to be low at balance date and at the date of this report based on total

(f) Currency Risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future

32 FINANCIAL INSTRUMENTS (Continued

commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The risk is measured using sensitivity analysis and cash flow forecasting. In order to protect against exchange rate movements, the consolidated entity has established a foreign currency bank account, however minimal balances are maintained in foreign currency. Funds received in foreign currency are converted to local currency within 7 days of receipt.

33 PARENT ENTITY FINANCIAL INFORMATION

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

	2020	2019
	$	$
ASSETS		
Total Current Assets	**7,492,162**	7,333,042
Total Non-Current Assets	**19,553,832**	19,625,106
TOTAL ASSETS	**27,045,994**	26,958,148
(LIABILITIES		
Total Current Liabilities	**3,430,747**	3,592,160
Total Non-Current Liabilities	**23,902,034**	25,140,477
TOTAL LIABILITIES	**27,332,781**	28,732,637
EQUITY		
Contributed equity	**5,861,788**	5,861,788
Share option reserves	**18,616**	69,532
Accumulated losses	**(6,167,191)**	(7,705,809)
TOTAL EQUITY	**(286,787)**	(1,774,489)
TOTAL COMPREHENSIVE INCOME		
Net Profit of the parent entity for the year net of income tax	**1,536,027**	(1,159,117)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,536,027**	(1,159,117)

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.

COMMITMENTS AND CONTINGENCIES OF THE PARENT ENTITY

Commitments and contingencies for the parent entity are the same as those disclosed in Note 27.

34 LEGAL CLAIM

Cryosite receive $1M in settlement of legal claim

Arising from the ACCC settlement as outlined in Note 35, Cryosite entered into a deed of settlement under which the company was paid $1,000,000 on 30 September 2019, in settlement of the claim for loss and damage relating to legal services received by Cryosite in connection with the proposed 2017 transaction.

The settlement sum is in full and final settlement of all claims by Cryosite relating to this matter.

	2020 **$**	2019 $
Legal claim received	**1,000,000**	-
Legal fees incurred	**(41,017)**	-
Net legal settlement before tax	**958,983**	-

35 LEGAL SETTLEMENT

	2020 **$**	2019 **$**
Penalty from ACCC		(1,050,000)
Less discount factor due to payment plan	-	224,393
Discounted penalty from ACCC	-	(825,607)
Legal fees paid to ACCC	-	(50,000)
Final ACCC settlement	-	(875,607)
Final settlement		
Legal expenses incurred	-	(407,626)
Pre-tax profit/(loss) for the financial year	-	(1,283,233)
Income tax credit/(expense)	-	125,847
Post-tax profit/(loss) for the financial year from legal settlement	-	(1,157,386)

On the 13th February 2019, the Company settled with the Australian Competition and Consumer Commission (ACCC) in relation to the proceeding against Cryosite in the Federal Court of Australia.

Under the terms of the settlement, the Company agreed to pay a pecuniary penalty of $1.1m (including costs) to the ACCC, with Cryosite being allowed to pay the penalty in instalments with $250,000 (including $50,000 in legal costs) to be paid within 30 days of the Court's order and the balance to be paid in 10 equal annual instalments from 2020 to 2029.

	2020 **$**	2019 $
Other Liabilities – current	**50,311**	47,464
Other Liabilities – non-current	**527,833**	578,144
Total	**578,144**	625,608

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

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Cryosite Limited and controlled entity (the "Group"), which comprises the statement of financial position as at 30 June 2020 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 14 to 52.

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 2020 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. We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors of the group are responsible for the other information. The other information comprises the information included in the "Annual Report", but does not include the financial statements and our auditor's report thereon.

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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 2020 as outlined on pages 6 to 10 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 2020, complies with section 300A of the Corporations Act 2001.

Yours sincerely,

MAZARS RISK AND ASSURANCE PTY LTD

R. Megale

Rose Megale
Director
Sydney, on the 28th of August 2020

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 July 2020.

SUBSTANTIAL SHAREHOLDERS

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

	2020		2019	
Shareholder	**No of shares**	**% of issued capital**	No of shares	% of issued capital
Andrew Kroger and related entities	**18,889,612**	**40.31**	17,315,291	36.95
Cell Care Australia Pty Ltd	**9,129,995**	**19.48**	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	18,889,612	40.31
Cell care Australia Pty Ltd	9,129,995	19.48
BNP Paribas Nominees Pty Ltd	2,087,384	4.45
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
Mr. Stephen Roberts	967,662	2.07
Sunnyit Pty Ltd	851,000	1.82
H F A Administration Pty Limited	480,000	1.02
CVF Australia Pty Ltd	459,085	0.98
Paradyce Pty Ltd	379,000	0.81
Mr. Gary Griffith Robins	325,000	0.69
Castlereagh Equity Pty Ltd	300,000	0.64
Wifam Investments Pty Ltd	300,000	0.64
Integument Pty Ltd	262,013	0.56
Wheen Finance Pty Limited	228,454	0.49
Mr. Peter Howells	215,730	0.46
MNJ Holdings	214,931	0.46
Naron Nominees Pty Ltd	213,007	0.45
Mantou Republic Pty Ltd	200,000	0.43
	39,638,833	86.57

ASX Additional Shareholder Information

DISTRIBUTION OF EQUITY SECURITIES

Number of Shareholders by Size of Holding

Range	**No of Holders**	**No of ordinary shares**
1 to 1,000	38	13,831
1,001 to 5,000	217	822,506
5,001 to 10,000	61	480,359
10,001 to 100,000	100	2,848,994
100,001 and Over	41	42,693,873
Total	4,572	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 124 and they hold 196,387 shares.