cryosite
preserving our future

Where science brings hope

24/8/2016
Company Announcements Office
Australian Securities Exchange

Cryosite full year profit result
Appendix 4E, Annual report and Dividend announcement

Cryosite (ASX: CTE): Following is the Appendix 4E, Annual Report and dividend announcements.

Operating Result Summary

While revenue increased 3% to $10.1m, profit before tax of $439k was down $168k from the previous corresponding period. The reduction in profit was driven result of decisions made by the Board to continue focusing on its long term strategy of investing in sales, marketing and other initiatives to improve competitiveness in its existing operations and to develop additional revenue streams in new markets to position the Company for continuing growth performance in the following years.

Cash Position

A Company maintains a strong balance sheet with no debt and has $3.7m cash on hand as at 30 June 2016. The Company continues to generate cash flows with $474k cash inflow from operating activities for the period.

Dividends

As a result of the strength of the balance sheet and expected growth in the Company's operations the directors have determined that an unfranked final dividend of 0.5 (half cent) per share will be paid.

Key dates for the dividend payout are

- "Ex Dividend Payment" trading commences - 7th September 2016
- "Record Date"- last date for CTE Register - 8th September 2016
- Dividend payment Date - 4th October 2016

Stephen Roberts
Chair

About Cryosite:

Cryosite (ASX: CTE) is a unique Australian biotech company that pioneered private autologous Cord Blood Banking in 2002, directed allogeneic Family Banking in 2011, and in 2014 has developed methods for the cryopreservation and expansion of Mesenchymal Stem Cells from umbilical cord tissue.

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

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 2016. Comparative amounts (unless otherwise indicated) relate to the year ended 30 June 2015.

2. Results for Announcement to the Market

				$A'000
2.1 Revenue from ordinary activities:	Up	3.0%	to	10,137
2.2 Profit from ordinary activities after tax attributable to members:	Down	33.5%	to	302
2.3 Net profit for the period attributable to members:	Down	33.5%	to	302

3. Dividends

The Board of Cryosite has on the 24th August 2016 determined and is pleased to announce the payment of an unfranked dividend of $0.005 (half cent) per ordinary share.

The key dates are:

Ex Dividend Payment: trading commences 7th September 2016
Record Date - last date: for CTE share register 8th September 2016
Dividend payment Date: 4th October 2016

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	6.0 cents	6.7 cents

CRYOSITE LIMITED

ABN 86 090 919 476

Annual Report

for the year ended 30 June 2016

Table of Contents

Corporate Information

ABN 86 090 919 476

DIRECTORS

Stephen Roberts (Non-Executive Chair)
Andrew Kroger(Non-Executive Director)
Graeme Moore (Executive Director)

COMPANY SECRETARY

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
Fax: +61 2 8865 2090

Email: corporate@cryosite.com

SHARE REGISTER

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

AUDITORS

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

INTERNET ADDRESS

www.cryosite.com
www.cryositeservices.com

Directors' Report

The directors present their report together with the financial statements on the consolidated entity (the Group) consisting of Cryosite Limited (the Company) and the entity it controlled for the year ended 30 June 2016.

DIRECTORS
The following people held the office of director during the year

Stephen Roberts (Non-Executive Chair) – appointed 8/12/2015
Andrew Kroger (Non-Executive Director) - appointed 21/11/2011
Christina (Christy) Boyce (Non-Executive Director) - appointed 3/6/2013, resigned 8/12/2015
Graeme Moore (Executive Director) - appointed 22/9/2008

During the year, Andrew Kroger resigned as Non-Executive Chair on 8th April 2016 and became a Non-Executive Director. Stephen Roberts was appointed Executive Chair on the 8th April 2016 until 8th July 2016 and is now Non-Executive Chair having joined the board as a Non-Executive Director on 8th December 2015.

Names, qualifications, experience and special responsibilities

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

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.

Graeme Moore, B.App.Sc (Biomed), MHA, Executive Director
Graeme Moore holds the position of Executive Director Operations and Business Development. Mr Moore has held positions as Chief Operating Officer and Quality and Regulatory Affairs Manager. Mr Moore joined Cryosite in July 2005 after a 20-year career in biomedical science, manufacture of therapeutic goods, quality management and regulatory affairs, including nine years with the Australian Red Cross Blood Service. Mr Moore was appointed to the Board on 22 September 2008.

COMPANY SECRETARY

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

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

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

Director	Ordinary shares
Andrew Kroger	13,316,906
Stephen Roberts	644,873

EARNINGS PER SHARE

Basic earnings per share	0.64 cents (2015: 0.97 cents)
Diluted earnings per share	0.64 cents (2015: 0.96 cents)

DIVIDENDS

A final unfranked dividend for the year ended 30 June 2015 of 0.5 cents per ordinary share was declared and paid during the financial year. An interim unfranked dividend of 0.5 cents per ordinary share in respect of the 2016 financial year was declared and paid during the financial year.

The total dividends declared were $468,597(2015: $702,894). A final dividend of 0.5 cents per ordinary share has been recommended at the date of this report

CORPORATE INFORMATION

Corporate structure

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

Nature of operations and principal activities

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

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

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

The board recently changed the names of the business segments to better reflect the nature of their operations.

Individualised Consumer Biologics (formerly known as Biological Services)

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

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

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

Employees

The consolidated entity has 39 full-time equivalent employees as at 30 June 2016 (2015: 37 employees).

Cryosite recognises the value of diversity in the workplace and is committed to providing equal opportunity for all its staff. Over 54% of current employees are female. Of its 39 employees there are numerous religions and cultures and where possible offer flexible work practices and work life balance as a key retention tool. Cryosite is also committed to providing a workplace free from any form of harassment, bullying and discrimination.

OPERATING RESULTS FOR THE YEAR

The Directors have pleasure in reporting to shareholders the results for the last year's operations. Profit for the year after income tax was $302,466 (2015: $455,170). Revenue increased to $10,136,503 up 3% from 2015 revenue of $9,843,855.

During the year the Company continued its marketing investment across various media areas to build brand awareness and penetration in the cord blood and tissue category and ultimately our market share. The Company's investment in online media continues to be successful having contributed well to revenue performance of Cord Blood and Tissue this year. Additional investments in the traditional areas of marketing such as exhibitions, conventions and advertising have also been effective. The Company expects to continue to invest in these activities in the future.

In March 2016, the Company acquired a number of assets, including customers and trademarks, from a former competitor Stemlife that was liquidated in February 2016.The Company expects to leverage these assets in the future in conjunction with the Cryosite's ongoing business.

During the year the Company undertook a review of its IT operating systems which resulted in an initial investment in the invoicing system. The Company plans further investments in this area in 2017 to generate more efficiencies in its operations.

During the year, the Company made changes to its executive team and structure appointing Andrew Shine as CEO replacing Joseph Saad who had left in December 2015. Andrew comes with a strong background in health services having worked with Monash IVF, Icon Cancer Care and Virtus Health in Australia as well as Trinity Biotech in Ireland. Mark Byrne, previously CFO of the listed company Appen, was recently appointed as CFO replacing Mark Marshall who left on the 30th June 2016. These changes to the management structure incurred one off costs.

The executive team believe that the current strategies of building our marketing capabilities as well as building partnerships with doctors and hospitals is essential if we are to achieve sustainable growth in the Individualised Consumer Biologics business. The team sees opportunities in the Scientific Processing Logistics business through the building of closer relationships with key customers as well as exploring new areas with this segment.

There are a number of risks and opportunities that continue to face the business moving forward and we envisage 2017 financial year to be one of investment and ongoing consolidation.

The Company generated a positive $474,608 operating cash flow and maintained a healthy cash balance of $3,651,581 at June 30th, notwithstanding a $468,596 dividend payment during the year.

REVIEW OF OPERATIONS

During 2016 the Company made significant investments in sales & marketing to improve competitiveness, particularly in the competitive cord blood market. This has resulted in an 3% increase revenue for the company. EBITDA has come in at $1,010,921 (2015: $1,056,275) driven by these marketing and sales costs as well as one-off expenses associated with changes to management.

Individualised Consumer Biologics

Cryosite manages three different services within the Individualised Consumer Biologics business.

Cord Blood & Tissue

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

During 2015, the combination of expanding the cord tissue business and additional investment in sales and marketing resources has resulted in this services' revenue growing 15% over last year.

Contract GMP Manufacturing

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

Revenue and operating profit from contract GMP manufacturing and associated services decreased in 2016 driven by the reduced volume of work from a key client which has downsized its Australian business.

Biorepository

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

Biorepository revenue continues to increase year on year achieving an increase of 11% in 2016 (4% in 2015). The revenue improvement has been primarily driven through the provision of higher value Biorepository services to existing clients, and continued provision of contract manufacturing services to existing clients.

Segment Summary

In summary, Individualised Consumer Biologics revenue results were $5,292,738 (2015: $4,975,847) representing a positive 6% increase driven primarily by the continued success of Cryosite's new cord tissue service. Overall EBITDA came in at $420,321 (2015: $453,215) down to increased investment in the cord blood and tissue services and reduced profitability from the GMP manufacturing services.

Scientific Processing and Logistics

Historically Cryosite managed two services within the Scientific Processing and Logistics business.

Clinical Trials

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

In 2016 this service grew 12% over 2015 driven by the increase in the number of individual clinical trials under management. The ability to identify and meet client's demands to support highly customised trials of increasing complexity, and the provision of value added services, that has enabled Clinical Trials operations to maintain their profitability over the last 12 months and grow 8%.

Commercial Drug Distribution

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

Segment Summary

The overall segment revenue for 2016 was $4,843,765 (2015: $4,868,008) and EBITDA of $590,600 (2015: $603,060).

BUSINESS GROWTH AND OUTLOOK

Competitive Environment

Business outlook summary

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

Individualised Consumer Biologics business

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

Scientific Processing and Logistics business

- Clinical Trial Logistics
- Commercial Drug Distribution

And biological scientific and logistical consulting services

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

In the Cord Blood and Tissue market there is one major competitor which is privately owned companies. The best information we have at our disposal suggests that Cryosite is the second largest player in cord blood and tissue banking with a market share of approximately 35%.

Total Market penetration for the category is around 1% of the annual birth rate. Cryosite's penetration is around 0.3%. Our challenge as a business and as a category is to reach the penetration levels of other developed countries which ranges between 3-5%. Awareness levels are still relatively low for the category.

As stated the market has been relatively static over the past 10 years. Outside of peaks in the birth rate driven by Government incentives such as the baby bonus, the category has been relatively stable and inherently linked to the national birth rate. One off competitor events such as discounting, the introduction of tissue banking and family banking has resulted in market share movement from one player to the other but has not resulted with real category growth.

The executive team believes that the current course of building our marketing capabilities as well as investing further into building stronger relationships with professional stakeholders is essential in the short term to grow the business, and see the 2016 financial year of one of consolidation of this platform. There are a number of risks and opportunities that continue to face the business moving forward but at this stage we envisage some growth in our Cord Blood and Tissue business.

While traditional operations within both the Individualised Consumer Biologics and the Scientific Processing and Logistics segments will be subject to an increasingly competitive business environment during 2016, both segments are expected to provide incremental organic growth due to the pursuit of new clients in these areas.

Of note was the acquiring of a number of smaller new accounts which has assisted in minimising the loss of other distribution business.

The past year has seen Cryosite identify and implement new initiatives in both our Individualised Consumer Biologics and the Scientific Processing and Logistics segments. The Individualised Consumer Biologics segment now provides cord tissue MSC banking to parents, and specialised contract GMP manufacturing and associated consultancy services to therapeutic and regenerative medicine companies involved in the development and commercialisation of proprietary technologies. The Scientific Processing and Logistics segment now provides specialised commercial drug distribution. The development and launch of our Corporate Website in the first half of the new financial year will also increase our exposure to potential clients as well as providing a platform to implement an outreach program. These initiatives are expected to position the Company to maintain growth in the longer term.

SHARE OPTIONS

As at the date of this report, there were nil (2015: 300,000) unissued ordinary shares under options. Refer to the remuneration report for further details of the options outstanding. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

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

It should be noted that Graeme Moore is serving out a period of notice and his employment will end on 6 October 2016. He remains a director.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board is confident that subject to any unforeseen circumstances, the benefits of its common infrastructure and operations systems to support the business units will allow the Company to strengthen its market position during the next financial year.

ENVIRONMENTAL REGULATIONS

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

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

BUSINESS RISKS

There is a great deal of research activity being undertaken in the stem cell area, both embryonic and adult. It is possible that research may uncover new therapies to supersede the current established uses of cord blood stem cells thus affecting the number of parents who might consider private cord blood and tissue storage.

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 wilful breach of duty, of a nature that is required to be disclosed under section 300 (8) of the Corporations Act 2001. In accordance with commercial practice, further details of the nature of the liabilities insured against and the amount of the premium have not been disclosed.

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

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

REMUNERATION REPORT

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

This has been audited by Mazars Risk & Assurance Pty Limited and is included within the scope of the audit report on pages 9-12.

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 whilst it is still in the development phase of its growth, a prudent position must be observed in the total remuneration expense.

A fixed remuneration package is determined by the Chairman for the Managing Director or CEO. Any additional compensation is determined by the Board as deemed appropriate.

Non-Executive Directors

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.

The directors are paid a set amount per year and apart from reimbursement of expenses incurred on the Company's behalf, are not eligible for any additional payments.

Executive directors and other key management personnel are employed on rolling contracts.

Any options that have vested will be forfeited, if not exercised, within three months of cessation of employment. 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 vested but not been exercised will be forfeited.

Due to the size of the Company, a Remuneration Committee has not been established. The Company does compare remuneration paid to key management personnel with other similar companies to ensure consistency.

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:-

Stephen Roberts	Chair (Non-executive) (appointed 8/12/2015)
Andrew Kroger	Director (Non-executive)
Christina Boyce	Director (Non-executive) (resigned 8/12/2015)
Joseph Saad	Chief Executive Officer (resigned 18/12/2015)
Andrew Shine	Chief Executive Officer (appointed 14/6/2016)
Graeme Moore	Executive Director
Mark Marshall	Chief Financial Officer (resigned 30/6/2016)
Mark Byrne	Chief Financial Officer (appointed 20/6/2016)

Due to the relatively small number of employees, apart from Joseph Saad, Graeme Moore, Mark Marshall, Andrew Shine and Mark Byrne, there were or are no other executives having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly during the current year.

COMPENSATION FOR KEY MANAGEMENT PERSONNEL

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

(1) Includes $46,326 (inclusive superannuation) payment made during the year for additional executive services

(2) Where directors or key personnel resigned or were appointed during the year payments shown above are the period served.

Year Ended 30 June 2015	Short Term Benefits		Post-employment benefits	Other long term benefits	Share based payments	Termination benefits	Total
	Salary & Fees	Other Cash benefits	Superannuation	Long service leave	Options		
	$	$	$	$	$	$	$
Non-Executive Directors							
Andrew Kroger	75,000	-	7,125	-	-	-	82,125
Christina Boyce	60,000	-	5,700	-	-	-	65,700
Subtotal: non-executive directors	135,000	-	12,825	-	-	-	147,825
Executive directors							
Graeme Moore (1)	263,237	16,500	25,007	10,030	-	-	314,774
Other Key management personnel							
Joseph Saad (2)	108,974	-	10,353	-	-	-	119,327
Mark Marshall	116,900	-	33,443	-	-	-	150,343
Subtotal executive KMP	225,874	-	43,796	-	-	-	269,670
Total	**624,111**	**16,500**	**81,628**	**10,030**	**-**	**-**	**732,269**

(1) Includes one-off $87,055 payment made during the year as recognition for the period Mr Moore served as interim CEO
(2) Where directors or key personnel resigned or were appointed during the year payments shown above are the period served.

OPTIONS GRANTED AS PART OF REMUNERATION FOR THE YEAR ENDED 30 JUNE 2016

There were no options granted during the year (2015: Nil).

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

	Graeme Moore No. *	-	Total No.
Balance held at 1 July 2015	**300,000**	**-**	**300,000**
Balance held at 30 June 2016	**300,000**	**-**	**300,000**

* Options issued under the Employee Share Options Scheme.

	Graeme Moore No. *	-	Total No.
Balance held at 1 July 2014	**300,000**	**-**	**300,000**
Balance held at 30 June 2015	**300,000**	**-**	**300,000**

* Options issued under the Employee Share Options Scheme.

OPTIONS VESTED OF KEY MANAGEMENT PERSONNEL

	Graeme Moore No. *	**-**	**Total No.**
Balance vested at 1 July 2015	**300,000**	**-**	**300,000**
Options expired	**(300,000)**		**(300,000)**
Balance vested at 30 June 2016	**-**	**-**	**-**
Exercisable	**-**	**-**	**-**

* Options issued under the Employee Share Options Scheme.

	Graeme Moore No. *	-	Total No.
Balance vested at 1 July 2014	300,000	-	300,000
Options exercised	-	-	-
Balance vested at 30 June 2015	300,000	-	300,000
Exercisable	300,000	-	300,000

* Options issued under the Employee Share Options Scheme.

Terms and conditions of options issued under employee share scheme details

On 18 February 2002, Cryosite established an Employee Share Option Plan ("the Plan"). The Plan is designed to assist in the retention and motivation of employees and directors of the Company.

During the year, the last options associated with this plan expired and the plan no longer exists. Details of the plan are outlined in Note 29 of the Accounts.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

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

Shares held in Cryosite Limited	Balance 1st July 2014 Ord	Balance on appointment / (resignation) Ord	On market purchases Ord	Balance 30 June 2016 Ord
Andrew Kroger	11,706,943	-	268,873	11,975,816
Christina Boyce	60,636	-	40,000	100,636
Graeme Moore	-	-	-	-
Joseph Saad	-	-	-	-
Mark Marshall	-	-	-	-
	11,767,579	-	308,873	12,076,452

LOANS TO KEY MANAGEMENT PERSONNEL

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

OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL

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

DIRECTORS' MEETINGS

During the financial year, 19 meetings of directors were held. Attendances were as follows:

Directors	**Directors Meetings Eligible to attend**	**Directors Meetings Eligible attended**
Andrew Kroger	19	19
Stephen Roberts	14	14
Christina Boyce	5	5
Graeme Moore	19	17

PROCEEDING ON BEHALF OF THE COMPANY

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

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

AUDITOR's INDEPENDENCE DECLARATION AND NON-AUDIT SERVICES

The directors have received the auditor's independence declaration which is included on Page 14 of this report.

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

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

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

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

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

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

On behalf of the directors

Stephen Roberts
Chair

Date: 24th August 2016

MAZARS

Auditors' Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there has been:

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

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

This declaration is in respect of Cryosite Limited and its controlled entity during the year.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

Rosemary Megale
Director

Sydney, 24th August 2016.

MAZARS RISK & ASSURANCE PTY LIMITED
ABN: 39 151 805 275
LEVEL 12, 90 ARTHUR STREET, NORTH SYDNEY NSW 2060 PO BOX 1994, NORTH SYDNEY NSW 2059
TEL: +61 2 9922 1166 - FAX: +61 2 9922 2044
EMAIL: mail@mazars.com.au

Corporate Governance

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

The Board of Cryosite approved an updated series of policies and charters in line with the amendments to the ASX Principles. The Company's policies and charters together form the basis of the Company's governance framework were in place for the financial year ended 30 June 2015 and to the date of signing of the directors' report.

Within this framework:

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

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

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

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

Directors Declaration

(1) In the opinion of the directors:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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 2016.

On behalf of the Board

Stephen Roberts
Chair

Date: 24th August 2016

Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 June 2016

	Notes	2016 $	2015 $
Sale of goods and rendering of services		**10,043,674**	9,594,375
Other revenue	5	**92,829**	249,480
Revenues		**10,136,503**	9,843,855
Expenses			
Finance costs	6(a)	**-**	(2,420)
Costs of providing services		**(6,021,042)**	(5,395,655)
Marketing expenses		**(551,900)**	(693,806)
Occupancy expenses		**(552,403)**	(628,515)
Administration expenses		**(2,571,893)**	(2,516,889)
Total expenses		**(9,697,238)**	(9,237,285)
Profit from continuing operations before income tax		**439,265**	606,570
Income tax (expense) benefit	7	**(136,799)**	(151,400)
Profit from continuing operations after income tax		**302,466**	455,170
Net Profit attributable to members of the company		**302,466**	455,170
Other comprehensive income			
Shares options expired		**239,118**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**541,584**	455,170
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic earnings per share	8	**0.64**	0.97
Diluted earnings per share	8	**0.64**	0.96

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 2016

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	**3,651,581**	4,167,302
Trade and other receivables	12	**2,875,562**	1,752,492
Inventories	13	**119,986**	90,459
Prepayments	14	**290,457**	255,688
Total Current Assets		**6,937,586**	6,265,941
Non-Current Assets			
Trade and other receivables	15	**636,996**	560,502
Deferred tax asset	7 (c)	**312,976**	449,776
Plant and equipment	17	**1,206,049**	1,456,641
Intangible assets	18	**563,672**	389,895
Total Non-Current Assets		**2,719,693**	2,856,814
TOTAL ASSETS		**9,657,279**	9,122,755
LIABILITIES			
Current Liabilities			
Trade and other payables	19	**1,109,743**	882,308
Unearned income	20	**369,890**	347,165
Provisions	22	**480,020**	532,344
Total Current Liabilities		**1,959,653**	1,761,817
Non-Current Liabilities			
Trade and other payables	19	**442,000**	442,350
Unearned income	21	**3,611,598**	3,108,217
Provisions	22	**265,723**	265,936
Total Non-Current Liabilities		**4,319,321**	3,816,503
TOTAL LIABILITIES		**6,278,974**	5,578,320
NET ASSETS		**3,378,305**	3,544,435
EQUITY			
Contributed equity	23	**5,861,788**	5,861,788
Share option reserves	24	**-**	239,118
Accumulated losses	23(a)	**(2,483,483)**	(2,556,471)
TOTAL EQUITY		**3,378,305**	3,544,435

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

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 June 2016

	Attributable to equity holders of the company			
	Contributed capital	Accumulated losses	Share options reserves	Total equity
	$	$	$	$
CONSOLIDATED				
At 1 July 2015	5,861,788	(2,556,471)	239,118	3,544,435
Total comprehensive income for the year	**-**	**541,584**	**-**	**541,584**
Transactions with owners in their capacity as owners				
Share options expired	**-**	**-**	**(239,118)**	**(239,118)**
Equity dividends declared	**-**	**(468,596)**	**-**	**(468,596)**
At 30 June 2016	**5,861,788**	**(2,483,483)**	**-**	**3,378,305**
At 1 July 2014	8,204,766	(2,308,747)	239,118	6,135,137
Total comprehensive income for the year	-	455,170	-	455,170
Transactions with owners in their capacity as owners				
Return of Capital	(2,342,978)	-	-	(2,342,978)
Equity dividends declared	-	(702,894)	-	(702,894)
At 30 June 2015	5,861,788	(2,556,471)	239,118	3,544,435

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 June 2016	Notes	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of GST		8,923,985	10,373,020
Payments to suppliers and employees inclusive of GST		(8,459,308)	(9,016,280)
Interest received		9,931	62,582
Interest paid		-	(2,420)
Net cash flows from operating activities	11	474,608	1,416,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	17	(386,426)	(485,161)
Disposal of leasehold improvements		-	5,000
Purchase of Stemlife assets		(152,763)	-
Software Development Costs		(48,402)	(146,139)
Interest received – term deposits		82,897	153,348
Net cash flows (used in) investing activities		(504,694)	(472,952)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity dividend paid		(485,635)	(685,863)
Return of Capital		-	(2,342,978)
Net cash flows (used in) financing activities		(485,635)	(3,028,841)
Net (decrease)/ increase in cash and cash equivalents		(515,721)	(2,084,891)
Cash and cash equivalents at beginning of year		4,167,302	6,252,193
Cash and cash equivalents at end of year	10	3,651,581	4,167,302

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

1 CORPORATE INFORMATION

The financial report of Cryosite Limited and the controlled entity (the Group) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 24th August 2016.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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) New standards effective

The accounting policies adopted are consistent with those of the previous financial years except the following which the Group adopted from 1 July 2015:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from Withdrawal of AASB 1031 Materiality
  This amendment completes the withdrawal references of AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to be effectively withdrawn.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(ii) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard/Interpretation	Effective date (annual periods beginning on or after)	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, AASB 2014-5, Amendments to Australian Accounting Standards arising from AASB 15 and AASB 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15	1 January 2017	30 June 2019
AASB 16 Leases	1 January 2019	30 June 2020
AASB 2014-3 Amendments to AAS – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 Amendments to AAS – Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	30 June 2017
AASB 2014-9 Amendments to AAS – Equity Method in Separate Financial Statements	1 January 2016	30 June 2017
AASB 2015-1 Amendments to AAS – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	30 June 2017
AASB 2015-2 Amendments to AAS – Disclosure Initiative: Amendments to AASB 101	1 January 2016	30 June 2017
AASB 2015-5 Amendments to AAS – Investment Entities Applying the Consolidation Exception	1 January 2016	30 June 2017
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition Deferred Tax Assets for Unrealised Losses	1 January 2017	30 June 2018
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	30 June 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cryosite Limited and its subsidiary ('the Group') as at 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 inter-company balances and transactions have been eliminated in full.

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

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

(d) Foreign currency translation

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

(e) Plant and equipment

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

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

Major depreciation rates are:	**2016**	2015
- Leasehold improvements:	Lease term	Lease term
Plant and equipment:		
- Fixtures and fittings	5 – 10 years	5 – 10 years
- Information technology	2 - 3 years	2 - 3 years
- Warehouse equipment	4 - 10 years	4 - 10 years
- Office furniture and equipment	2.5 – 8 years	2.5 – 8 years
Plant and equipment under lease	5 years	5 years

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(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.

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

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

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

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

(h) Inventories

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

(i) Trade and other receivables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

Trade receivables (non-current), which generally have terms in excess of 24 months, are carried at their net present value. The expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate of 13.9% (2015: 13.9%).

(j) Cash and cash equivalents

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

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

(k) Trade and other payables

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

(l) Employee leave benefits

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

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

(m) Provisions

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

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(n) Share-based payment transactions

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

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

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cryosite Limited ('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 option reserves are transferred to retained earnings.

(o) Leases

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(p) Revenue

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

- Revenue from the archival storage of biological samples is recognised over the period that storage occurs.
- Revenue from the rendering of non-storage services, such as collection or distribution of biological samples, is recognised upon the delivery of the service to the customers.
- Revenue from cord blood and tissue services is recognised in the accounting period in which the services are rendered. Where the Group has a long term contract with its customers to provide cord blood services, a receivable is recognised at its net present value with a corresponding amount recognised as unearned income in the statement of financial position (Refer Note 20 and 21).
- Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.
- Dividends: revenue is recognised when the Company’s right to receive the payment is established.

(q) Income tax and other taxes

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

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

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

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

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

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

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

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

(q) Income tax and other taxes continued

- 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.

(r) 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.

(s) Share options reserve

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

(t) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(u) Earnings per share

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

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

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

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

(v) Fair value measurement

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(w) Current versus non-current classification

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

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Management has identified the following critical accounting estimates and judgements:

Capitalised Development Costs
Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefit. At 30 June 2016, the carrying amount of capitalised development costs was $133,309 (2015: $104,339).

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTINUED

Taxation

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

The Group has $272,591 unconfirmed (2015: $647,472) tax losses carried forward and recognised on the statement of financial position. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax liabilities or assets recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

Share Based Payment Transactions

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

Estimated Useful Lives of Assets

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

As at 30 June 2016 the Board has assessed a finite life on the license fee in line with the underlying patents and associated methodologies which are reviewed on a regular basis.

Long Service Leave Provision

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTINUED

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

Impairment of Receivable Balances
Included in the receivable balance at year end is an allowance for impairment loss of $92,603 (2015: $90,000). A provision is recognised when there is objective evidence that an individual receivable is impaired. The provision for impairment if receivable requires a degree of estimation and judgement. The level of the provision is regularly assessed and takes into account client activity with the group, ageing of receivables, historical collections and other specific knowledge of the individual debtor.

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

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

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

4 SEGMENT INFORMATION

Identification of Reportable Segments

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

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

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

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

	Individualised Consumer Biologics $	**Scientific Processing and Logistics** $	**Total** $
30 June 2016 - Consolidated			
Total segment revenue	5,292,738	4,843,765	10,136,503
Segment profit before ITDA	420,322	590,600	1,010,921
30 June 2015 - Consolidated			
Total segment revenue	4,975,847	4,868,008	9,843,855
Segment profit before ITDA	453,215	603,060	1,056,275
Total Segment assets			
30 June 2016	5,945,593	3,711,683	9,657,276
30 June 2015	5,466,078	3,656,676	9,122,754

A reconciliation of operating EBITDA is provided as follows:

	Consolidated	
	30 June 2016 $	30 June 2105 $
Operating EBITDA	1,010,921	1,056,275
Interest revenue	92,829	210,457
Depreciation and amortisation	(664,485)	(657,742)
Finance costs	0	(2,420)
Profit before tax	439,265	606,570

5 REVENUE

	Note	Consolidated	
		30 June 2016 $	30 June 2015 $
Revenue			
Sale of goods and rendering of services		**10,043,674**	9,594,375
Other Revenue			
R & D Tax Offset		**-**	39,023
Interest income		**92,829**	210,457
Total other revenue		**92,829**	249,480
		10,136,503	9,843,855

6 EXPENSES

	Note	30 June 2016 $	30 June 2015 $
(a) Finance costs			
Interest - insurance premium funding		**-**	2,420
(b) Lease payments			
Lease payments-operating leases		**366,710**	382,972
(c) Employee benefits expense			
Wages and salaries		**3,033,382**	3,109,402
Superannuation costs		**274,379**	288,979
		3,307,761	3,398,381
(d) Depreciation- Plant & Equipment			
Depreciation – plant & equipment	17	**637,017**	646,188
(e) Amortisation of Intangibles			
Amortisation of Intangibles	18	**27,388**	11,554

7 INCOME TAX

(a) Income tax expense
The major components of income tax are:

	Consolidated	
	30 June 2016	30 June 2015
Statement of comprehensive income		
Current income tax expense	**(136,799)**	(153,597)
R&D tax offset	**-**	2,197
Income tax expense reported in the statement of comprehensive income	**(136,799)**	(151,400)

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

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

Accounting profit before tax from continuing operations	**439,265**	606,570
Income tax calculated at 30% (2015: 30%)	**(131,779)**	(181,971)
Other items (net)	**(5,020)**	30,571
Income tax (expense) benefit	**(136,799)**	(151,400)

(c) Recognised deferred tax assets and liabilities
Deferred income tax at 30 June relates to the following

Deferred income tax assets		
Post-employment benefits	**163,309**	173,958
Superannuation contributions	**-**	(9)
Provision for tax and audit fees	**15,300**	14,922
Provision for doubtful debts	**27,781**	27,000
Impairment and depreciation of plant & equipment for book purposes	**57,898**	58,082
Amortisation of Section 40-880 - uniform capital allowances	**-**	6,649
Losses available for offset against future taxable income	**81,777**	194,242
Amortisation of intangibles (Intellectual Property)	**2,907**	2,070
	348,972	476,914
Deferred tax liabilities		
Consumables	**(35,996)**	(27,138)
Net deferred tax assets	**312,976**	449,776

7 INCOME TAX CONTINUED

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

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

(e) Tax losses

The Group has unconfirmed tax losses arising in Australia of $272,591 (2015: $647,472) that are available for offset against future taxable profits of the company. The deferred income tax asset of $81,777 (2015: $194,247) arising from these losses has been brought to account in its entirety at reporting date, as realisation of the benefit is now regarded as probable.

Tax consolidation

Effective from 1 July 2002, Cryosite Limited and its 100% owned subsidiary formed a tax consolidated group. On formation of the tax consolidated group, the entities in the tax consolidated group agreed to enter into a tax sharing deed which will, in the opinion of the directors, limit the joint and several liability 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 Cryosite Limited for any current tax payable assumed and are compensated by Cryosite Limited for any current tax loss, deferred tax assets and tax credits that are transferred to Cryosite Limited under the tax consolidation legislation. The tax consolidated current tax liability or current year tax loss and other deferred tax assets are required to be allocated to the members of the tax consolidated group in accordance with UIG 1052. The group uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each member of the tax consolidated group is determined as if the company is a stand-alone taxpayer but modified as necessary to recognise membership of a tax consolidated group. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements which is determined having regard to membership of the tax consolidated group. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current inter-company receivables or payables.

8 EARNINGS PER SHARE

	Consolidated	
	2016	2015
	$	$
The following reflects the income used in the basic and diluted earnings per share computations:		
Basic earnings per share (from continuing operations)	**0.64**	0.97
Diluted earnings per share (from continuing operations)	**0.64**	0.96
Basic EPS disclosure		
Earnings used in EPS calculation	**302,466**	455,170
Net profit attributable to ordinary equity holders of the parent	**302,466**	455,170
	No of shares.	No of shares.
Weighted average number of ordinary shares for basic earnings per share	**46,859,563**	46,859,563

8 EARNINGS PER SHARE CONTINUED

Diluted EPS disclosure	Consolidated 2016 $	2015 $
Earnings used in diluted EPS calculation	**302,466**	455,170
Net profit attributable to ordinary equity holders of the parent	**302,466**	455,170

Diluted EPS disclosure continued

	No of shares.	No of shares.
Weighted average number of ordinary shares for basic earnings per share	**46,859,563**	46,859,563
Shares deemed to be used for no consideration – options	**124,932**	300,000
Weighted average number of ordinary shares used in the calculation of diluted EPS	**46,984,495**	47,159,563

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

9 DIVIDENDS PAID OR PROPOSED ON ORDINARY SHARES

Declared and paid during the year:	Consolidated 2016 $	2015 $
Declared		
Final unfranked dividend		
0.5 cents per share for 2016 (1.0 cents per share for 2014)	**234,298**	468,596
Interim unfranked dividend		
0.5 cents per share for 2016 (0.5 cents per share for 2015)	**234,298**	234,298
Total Declared	**468,596**	702,894
Total Dividends Paid	**485,636**	685,863

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

10 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**583,913**	489,605
Short-term deposits	**3,067,668**	3,677,697
	3,651,581	4,167,302

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 $3,651,581 (2015: $4,167,302).

Reconciliation of cash

For purposes of the Statement of Cash Flow, cash and cash equivalents as at 30 June 2016 and the prior year are as shown above.

11 STATEMENT OF CASH FLOW RECONCILIATION

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

	Consolidated	
	2016	2015
	$	$
Net profit	**302,466**	455,170
Less: Transfer to investing activities	**(82,897)**	(153,348)
Adjustments for non-cash items		
Depreciation and amortisation of non-current assets	**664,405**	652,742
(Decrease) Increase in employee benefits – LSL	**(11,132)**	43,993
Changes in assets and liabilities		
(Increase) Decrease in trade and other receivables	**(1,202,167)**	417,112
Increase in inventory	**(29,528)**	(28,475)
Increase in other assets	**(34,767)**	(111,223)
Decrease in deferred tax asset	**136,800**	153,597
Increase (Decrease) in trade and other creditors	**227,086**	(166,267)
Increase in unearned income	**526,107**	141,970
Increase (Decrease) in allowance for impairment loss on trade Receivables	**2,603**	(36,619)
(Decrease) Increase in employee benefits – annual leave	**(24,366)**	48,250
Net cash flow from operating activities	**474,608**	1,416,902

12 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade receivables	**2,760,521**	1,716,790
Allowance for impairment loss (a)	**(92,603)**	(90,000)
	2,667,918	1,626,790
Other receivables	**207,644**	125,702
Carrying amount of trade and other receivables	**2,875,562**	1,752,492

(a) Allowance for impairment loss

Trade receivables are non-interest bearing. Term payment plans are offered to customers under cord blood collection contracts. Customers have an option of payment in full, over 12 to 24 months or annually. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. During the financial year the allowance was increased by $2,603 (2015: decreased by $36,619) after bad debts written off during the year reflecting an improvement in collections. When there is an impairment loss, it has been included in the administration expense item. No individual debtor amount within the impairment allowance at year end is material.

Movements in the provision for impairment loss were as follows:

At the beginning of the year	**90,000**	126,619
Increase/(reduction) in impairment loss during the year	**2,603**	(36,619)
At the end of the year	**92,603**	90,000

12 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES CONTINUED

(b) Analysis of trade receivables

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

	Total	Not yet due	0-30 Days	31-60 Days	61-90 Days PDNI*	+91 Days PDNI*	+91 Days CI**
	$	$	$	$	$	$	$
2016							
Current	**2,760,521**	**1,851,833**	**550,046**	**209,094**	**49,334**	**38,252**	**61,962**
Non-Current	**636,996**	**636,996**					
Total Consolidated	**3,397,517**	**2,488,829**	**550,046**	**209,094**	**49,334**	**38,252**	**61,962**
2015							
Current	1,716,790	1,247,770	278,840	96,807	19,363	30,648	43,362
Non-Current	560,502	560,502	-	-	-	-	-
Total Consolidated	2,277,292	1,808,272	278,840	96,807	19,363	30,648	43,362

* Past due not impaired (“PDNI”) ** Past due considered impaired (“CI”)

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

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

(c) Fair value and credit risk

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

	Consolidated 2016	Consolidated 2015
	$	$
13 CURRENT ASSETS – INVENTORIES		
Consumables at cost	**119,986**	90,459
Total Inventories at cost	**119.,986**	90,459
14 CURRENT ASSETS – PREPAYMENTS		
Prepayments	**290,457**	255,688

15 NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2016	2015
	$	$
Trade receivables	**636,996**	560,502
Carrying amount of non-current trade and other receivables	**636,996**	560,502
Trade receivables		
Trade receivables due under term payment plans	**636,996**	560,502

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

16 INVESTMENT IN CONTROLLED ENTITY

	Equity interest held by the consolidated entity		Investment	
Name – Cryosite Distribution Pty Limited	**2016**	2015	**2016**	2015
	%	%	**$**	$
Country of incorporation – Australia	**100**	100	**20**	20

17 NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Leasehold improvements $	Fixtures and fittings $	Information technology $	Warehouse equipment $	Office furniture & equipment $	Total $
Cost						
At 1 July 2014	205,000	72,521	485,442	4,185,664	39,664	4,988,291
Additions	-	-	123,277	356,341	5,543	485,161
Disposals	(5,000)	-	(419,517)	(827,988)	(31,212)	(1,283,717)
At 30 June 2015	200,000	72,521	189,202	3,714,017	13,995	4,189,735
Additions	-	-	28,082	358,344	-	386,426
Disposals	-	-	-	-	-	-
At 30 June 2016	**200,000**	**72,521**	**217,284**	**4,072,361**	**13,995**	**4,576,161**
Depreciation and Impairment						
At 1 July 2014	(153,752)	(68,325)	(449,355)	(2,659,997)	(34,197)	(3,365,626)
Depreciation charge for the year	(46,248)	(4,196)	(45,575)	(547,444)	(2,725)	(646,188)
Disposals	-	-	419,516	827,992	31,212	1,278,720
At 30 June 2015	(200,000)	(72,521)	(75,414)	(2,379,449)	(5,710)	(2,733,094)
Depreciation charge for the year	-	-	(60,394)	(573,753)	(2,871)	(637,018)
At 30 June 2016	**(200,000)**	**(72,521)**	**(135,808)**	**(2,953,202)**	**(8,581)**	**(3,370,112)**
Net book value – 30 June 2015	**-**	**-**	**113,788**	**1,334,568**	**8,285**	**1,456,641**
Net book value – 30 June 2016	**-**	**-**	**81,476**	**1,119,159**	**5,414**	**1,206,049**

18 NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Consolidated 2016 $	2015 $
Licenses		
Licence fee - at cost	255,310	255,310
Less Accumulated amortisation	(13,800)	(6,900)
Net Carrying Amount	241,510	248,410
Software development		
Software development -at cost	194,541	146,139
Less Accumulated amortisation	(22,352)	(4,654)
Net Carrying Amount	172,189	141,485
Intellectual Property		
Stemlife storage contracts - at cost	152,763	-
Less Accumulated amortisation	(2,790)	-
Net Carrying Amount	149,973	-
Total Net Carrying Amount	563,672	389,895

18 NON-CURRENT ASSETS – INTANGIBLE ASSETS CONTINUED

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

	Licences	Software development	Intellectual property	Total
	$	$	$	$
Balance at 1 July 2014	255,310	146,139	-	401,449
Amortisation expense	(6,900)	(4,654)	-	(11,554)
Balance at 30 June 2015	248,410	141,485	-	389,895
Additions	-	48,402	152,763	201,165
Amortisation expense	(6,900)	(17,698)	(2,790)	(27,388)
Balance at 30 June 2016	**241,510**	**172,189**	**149,973**	**563,672**

License Fee

During the 2014 financial year, the Company entered into an exclusive licensing agreement within Australia and New Zealand to assist with the in-house development of new technologies to develop the range of stem cell service offerings. The Directors have assessed a finite life to the license in line with the underlying patents and associated methodologies. An amortisation of $6,900 has been charged for this year. The assessment of useful life is reviewed annually by the Directors to determine whether the assumptions made continue to be appropriate and supportable. If not, the useful life assessment is changed on a prospective basis.

The Directors have assessed the net carrying amount for 2016 to be reasonable and not impaired.

Software Development

During the 2015 and 2016 financial years, the Company has invested in the development of in-house software to enhance its operating capability. These costs include the direct costs of external consultants and any supporting software acquired from a third party. The assessment of useful life is reviewed annually by the Board to determine whether the assumptions made continue to be appropriate and supportable. If not, the useful life assessment is changed on a prospective basis.

The Directors have assessed the net carrying amount for 2016 to be reasonable and not impaired.

Intellectual Property

During the year the Company acquired the storage contracts from a liquidated company called Stemlife. The cost reflects the direct costs paid to Stemlife and the legal fees incurred in the transaction. The assessment of useful life is reviewed annually by the Directors to determine whether the assumptions made continue to be appropriate and supportable. If not, the useful life assessment is changed on a prospective basis.

The Directors assessed the recoverable amount of these storage contracts based on its value in use and found the current valuation to be reasonable and not impaired.

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

- Cashflows were projected based on actual operating results over a projected 5-year period.
- Revenue projections for years 2017 to 2021 was based on reviewing the storage contracts from customers and applying various rates to assess the probability of repeat business from these customers. These probabilities were based on the historical rates.
- All future years of the model use a constant rate of 3% which does not exceed the long-term average growth rate of the industry; and
- A pre-tax discount of 17.6 % based on weighted average cost of capital.

19 TRADE AND OTHER PAYABLES

	Consolidated 2016 $	2015 $
CURRENT LIABILTIES		
Trade payables	**450,439**	298,002
Other payables	**659,304**	584,306
Total current payables	**1,109,743**	882,308
NON-CURRENT LIABILTIES		
Client deposits	**442,000**	442,350
Total non-current payables	**442,000**	442,350

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 $
2016 Consolidated	**450,439**	**362,470**	**72,938**	**5,916**	**9,115**	**-**
2015 Consolidated	298,002	257,985	1,877	-	38,140	-

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

	Consolidated 2016 $	2015 $

20 CURRENT LIABILITIES – UNEARNED INCOME

Unearned service revenue	**369,890**	347,165

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

21 NON-CURRENT LIABILITIES – UNEARNED INCOME

Unearned service revenue	**3,611,598**	3,108,217

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

22 PROVISIONS

	Consolidated 2016 $	2015 $
Current		
Annual leave	**387,350**	411,716
Long service leave	**91,288**	102,207
Dividends payable	**1,382**	18,421
	480,020	523,344
Non-current		
Long service leave	**65,723**	65,936
Lease make good	**200,000**	200,000
	265,723	265,936

(a) Movements in provisions

	2016 $	2015 $
Annual leave		
Balance at beginning of the year	**411,716**	363,466
Arising / (taken) during the year	**(24,366)**	48,250
	387,350	411,716
Long service leave		
Balance at beginning of the year	**168,143**	124,150
Arising / (taken) during the year	**(11,132)**	43,993
	157,011	168,143

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

	2016 $	2015 $
Dividends		
Balance at beginning of the year	**18,421**	1,390
Declared during the year	**468,596**	702,894
Final 2015 plus 2016 Interim dividends paid during the year	**(485,635)**	(685,863)
Balance at end of the year	**1,382**	18,421
Lease make-good provision		
Balance at beginning of the year	**200,000**	205,000
Arising during the year	**-**	(5,000)
Balance at end of the year	**200,000**	200,000

Nature and timing of lease make-good provision

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

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

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

23 CONTRIBUTED EQUITY

	2016 $	2015 $
Ordinary shares	**5,861,788**	5,861,788

Movement in ordinary shares on issue	2016 Shares No.	2016 $	2015 Shares No.	2015 $
Beginning of the financial year	**46,859,563**	**5,861,788**	46,859,563	8,204,766
Return of capital	**-**	**-**	-	(2,342,978)
End of the financial year	**46,859,563**	**5,861,788**	46,859,563	5,861,788

Terms and conditions of contributed equity

Ordinary shares
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.

(a) Movements in accumulated losses	Consolidated 2016 $	Consolidated 2015 $
Balance at the beginning of the year	**(2,556,471)**	(2,308,747)
Share option reserve adjustment for expiry of options	**239,118**	-
Net profit for the year	**302,466**	455,170
Equity dividends declared	**(468,596)**	(702,894)
Balance at the end of the year	**(2,483,483)**	(2,556,471)

24 RESERVES

	2016	2015
Share options reserve	**-**	239,118
Movements in share options reserve		
Balance at the beginning of the year	**239,118**	239,118
Balance at the end of the year	**-**	239,118

During the year 300,000 options expired and this balance was transferred to equity. The purpose of the share options reserve is to record the value of share-based payments provided to employees as part of their remuneration. Refer to Note 29 for further details of these plans.

25 COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments – Group as lessee

Commercial property
On 1 November 2015, the company entered into a four-year lease over a commercial property at South Granville in Sydney.

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

	Consolidated 2016 $	Consolidated 2015 $
Within one year	**237,880**	119,764
After one year but not more than five years	**573,167**	-
	811,047	119,764

25 COMMITMENTS AND CONTINGENCIES CONTINUED

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

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

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

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

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2016 are as follows:

	Consolidated	
	2016	2015
	$	$
Within one year	**14,640**	15,679
After one year but not more than five years	**29,280**	51,945
	43,920	67,624

(a) Plant and equipment commitments

There are no capital expenditure commitments at reporting date.

(b) Contingent Liabilities

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

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The directors are unaware of any event or transaction that has occurred between the balance date of 30 June 2016 and the date of this report which had or may have had a significant effect on the company. It should be noted that Graeme Moore is serving out a period of notice and his employment will end on 6 October 2016. He remains a director.

27 AUDITOR'S REMUNERATION

	Consolidated	
	2016	2015
	$	$
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	**61,530**	75,260
- Other services in relation to the entity and any other entity in the consolidated group	**10,920**	7,079
	72,450	82,339

28 RELATED PARTY DISCLOSURES

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

Cryosite Limited is the ultimate parent entity.

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

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

Cryosite Limited has received a dividend from Cryosite Distribution Pty Limited for $Nil (2015: $Nil).

29 SHARE-BASED PAYMENTS EXPENSE

(a) Employee Share Option Plan

Terms and conditions of options issued under employee share scheme details

On 18 February 2002, Cryosite established an Employee Share Option Plan ("the Plan"). The Plan is designed to assist in the retention and motivation of employees and directors of the Company.

On 30 November 2015, all unexercised options expired and the plan was terminated.

The terms and conditions of the Plan are as follows:

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

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

Terms and conditions of options issued under employee share scheme details

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

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

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

(a) Summary of options granted under the ESOP

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

	2016		2015	
	Options No.	WAEP Cents	Options No.	WAEP Cents
Balance at beginning of year	**300,000**	**30**	300,000	30
Issued during the year	**-**	**-**	-	-
Expired during the year	**(300,000)**	**30**	-	-
Balance at end of the year	**-**	**-**	300,000	30
Balance at year end comprised as follows:				
- Graeme Moore	**-**	**-**	300,000	30
	-	**-**	300,000	30

Share based options payment:

Parties to option agreement – Graeme Moore
Rights Granted and grant date Share options granted 1 December 2007 Graeme Moore 300,000
Option exercise price One third at \$0.20 per share, One third at \$0.30 per share, One third at \$0.40 per share
Vesting period One third on 1 December 2008 One third on 1 December 2009 One third on 1 December 2010 Options must be exercised no later than 30 November 2015.
Vesting requirements Options granted under ESOP as part of remuneration package. Options will lapse on cessation of employment with the company.
Weighted average fair value per option at grant date \$0.11
Expense for the year – Nil
Prior year's expense taken to account \$-
Value of options forfeited \$-
Balance at the end of the financial year not yet expensed \$-
Calculation of fair value of option Valuation was made using the binomial method in accordance with the requirements of accounting standards. Calculations were based on the expected contractual life of the options using the average weekly historical share price of the company over the previous 12 months. The expected volatility used was 79% with an interest-free risk rate of 6.70%. The market share price at date of grant was 19 cents.

30 KEY MANAGEMENT PERSONNEL

(a) Key management personnel

Non-executive directors

Stephen Roberts	Chairman (Non-executive) (appointed 8/12/2015)
Andrew Kroger	Director (Non-executive)
Christina Boyce	Director (Non-executive) (resigned 8/12/2015)

Key management personnel

Joseph Saad	Chief Executive Officer (resigned 18/12/2015)
Andrew Shine	Chief Executive Officer (appointed 14/6/2016)
Graeme Moore	Executive Director
Mark Marshall	Chief Financial Officer (resigned 30/6/2016)
Mark Byrne	Chief Financial Officer (appointed 20/6/2016)

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

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

30 KEY MANAGEMENT PERSONNEL CONTINUED

(b) Compensation for key management personnel

	Consolidated	
	2016	2015
	$	$
Non-executive directors		
Short-term employee benefits	**177,308**	135,000
Post-employment benefits	**16,844**	12,825
Sub-total non-executive directors	**194,152**	147,825
Key Management Personnel		
Short-term employee benefits*	**510,518**	505,611
Post-employment benefits	**49,191**	68,803
Other long-term benefits	**18,675**	10,030
Sub-total key management personnel	**578,384**	584,444
Total compensation	**772,536**	732,269

* includes termination payments

31 FINANCIAL INSTRUMENTS

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

(a) Interest rate risk

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

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

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

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

2015 CONSOLIDATED	Note	Weighted average effective interest rate %	Floating interest rate $	Fixed interest rates $	Non-interest bearing $	Total $
Financial assets						
Interest bearing deposits – maturing at various dates during year ending 30 June 2015	10	3.14	3,677,697	-	-	3,677,697
Cash and cash equivalents	10	0.015	489,605	-	-	489,605
Current receivables – maturing at various dates	12	-	-	-	1,752,492	1,752,492
Non-current receivables	15	-	-	-	560,502	560,502
			4,167,302	-	2,312,994	6,480,296
Financial liabilities						
Trade creditors and accruals – maturing at various dates during the year ending 30 June 2015.	19	2.2	257,988	-	624,323	882,311

Interest rate sensitivity analysis

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

(b) Credit risk

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

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

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

Incorporated Companies:

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

Research institutes both private and academic

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

Individuals:

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

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

(c) Credit risk continued

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.

(d) 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 $6,937,586 at balance date less current liabilities of $1,959,653, an excess of current assets over current liabilities amounting to $5,520,684. The Group generated a positive $474,608 cash flow from operations during the current year.

31 FINANCIAL INSTRUMENTS CONTINUED

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

The risk implied from the values shown in the table below, 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.

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

Year ended 30 June 2015	Less than 6 months $	6-12 months $	1-5 years $	Greater than 5 years $	Total $
Consolidated Financial Assets					
Cash and cash equivalents	4,167,302	-	-	-	4,167,302
Trade and other receivables	1,439,345	277,444	408,548	151,955	2,277,292
	5,606,647	277,444	408,548	151,955	6,444,594
Consolidated Financial liabilities					
Trade and other payables	882,308	-	-	-	882,308
	882,308	-	-	-	882,308
Net maturity	4,724,339	277,444	408,548	151,955	5,562,286

31 FINANCIAL INSTRUMENTS CONTINUED

(e) 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.

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.

(f) Fair value

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

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

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

32 PARENT ENTITY FINANCIAL INFORMATION

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

AS AT 30 June 2016	2016 $	2015 $
(a) STATEMENT OF FINANCIAL POSITION		
Total Current Assets	**5,995,293**	6,051,733
Total Non-Current Assets	**2,961,450**	2,856,834
TOTAL ASSETS	**8,956,743**	8,908,567
(b) LIABILITIES		
Total Current Liabilities	**4,650,879**	1,565,879
Total Non-Current Liabilities	**4,561,058**	3,816,503
TOTAL LIABILITIES	**9,211,937**	5,382,382
(c) EQUITY		
Contributed equity	**5,861,788**	5,861,788
Share option reserves	**-**	239,118
Accumulated losses	**(6,116,982)**	(2,574,722)
TOTAL EQUITY	**(255,194)**	3,526,184
(d) TOTAL COMPREHENSIVE INCOME		
Net Profit of the parent entity for the year net of income tax	**302,466**	455,170
Shares options expired	**239,188**	-
Total comprehensive income for the year	**541,584**	455,170

33 PARENT ENTITY FINANCIAL INFORMATION continued

(e) GUARANTEES ENTERED INTO BY THE PARENT ENTITY

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

(f) COMMITMENTS AND CONTINGENCIES OF THE PARENT ENTITY

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

MAZARS

Independent Auditor's Report
to the members of Cryosite Limited and its controlled entity

Report on the Financial Report

We have audited the accompanying financial report of Cryosite Limited and its controlled entity which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year ended 30 June 2016.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretation) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

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

Auditor's Opinion
In our opinion:

a) the financial report of Cryosite Limited and its controlled entity is 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 2016 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report
We have audited the Remuneration Report for the year ended 30 June 2016 as outlined on pages 8 to 12 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 2016, complies with section 300A of the *Corporations Act 2001*.

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

Rosemary Megale
Director

Sydney, 24th August 2016.

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 19 August 2016.

SUBSTANTIAL SHAREHOLDERS

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

	Relevant interest			
	2016		2015	
Shareholder	**No. of shares**	**% of issued capital**	No. of shares	% of issued capital
Andrew Kroger and related entities	13,316,906	28.42	11,975,816	25.56
Cell Care Australia Pty. Ltd	9,229,995	19.70	10,639,995	22.71

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	13,316,906	28.42%
CELL CARE AUSTRALIA PTY LTD	9,229,995	19.70%
CORNISH GROUP INVESTMENTS PTY LTD	2,500,000	5.34%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,100,000	4.48%
BELL POTTER NOMINEES LTD	1,758,236	3.75%
MR ALISTAIR DAVID STRONG	1,725,000	3.68%
KHAEMET PTY LTD	1,290,418	2.75%
TOOTCAN SUPERANNUATION SERVICES PTY LTD	1,008,753	2.15%
NARON NOMINEES PTY LTD	839,416	1.79%
MR STEPHEN ROBERTS	644,873	1.38%
SUNNYIT PTY LTD	601,000	1.28%
H F A ADMINISTRATION PTY LIMITED	480,000	1.02%
MR NIGEL STRONG	325,000	0.69%
CASTLEREAGH EQUITY PTY LTD	300,000	0.64%
WIFAM INVESTMENTS PTY LTD	300,000	0.64%
CVF AUSTRALIA PTY LTD	289,032	0.62%
WHEEN FINANCE PTY LIMITED	257,917	0.55%
NATIONAL NOMINEES LIMITED	257,496	0.55%
MR PETER HOWELLS	215,730	0.46%
M N J HOLDINGS PTY LTD	214,931	0.46%
	37,654,703	80.36%

ASX Additional Shareholder Information

DISTRIBUTION OF EQUITY SECURITIES

Number of Shareholders by Size of Holding	Ordinary Shares	
Range	**Number of holders**	**Number of Shares**
1 to 1,000	32	13,765
1,001 to 5,000	240	901,253
5,001 to 10,000	70	560,685
10,001 to 100,000	152	4,880,351
100,001 and Over	42	40,503,509
Total	536	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 88 and they hold 108,192 shares.