

Cryoport, Inc.
Form S-1/A
August 15, 2008

As filed with the Securities and Exchange Commission on August 15, 2008
Registration Number 333- 152329

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
to
REGISTRATION STATEMENT
ON
FORM S-1

UNDER
THE SECURITIES ACT OF 1933

CRYOPORT, INC.
(Name of Small Business Issuer in its Charter)

Nevada (State or other jurisdiction of incorporation or organization)	3086 (Primary Standard Industrial Classification Code Number)	88-0313393 (I.R.S. Employer Identification No.)
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20382 Barents Sea Circle
Lake Forest, California 92630
(Address and telephone number of principal executive offices)

Peter Berry
Chief Executive Officer
20382 Barents Sea Circle
Lake Forest, California 92630
(949) 470-2300
(Name, address and telephone number of agent for service)

Copies to:
Marc J. Ross, Esq.
Louis A. Brilleman, Esq.
Sichenzia Ross Friedman Ference LLP
61 Broadway
New York, New York 10006
Tel: (212) 930-9700
Fax: (212) 930-9725

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer", "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.001 (2)	1,488,095 \$	0.70 \$	1,041,667 \$	40.94
Common Stock, par value \$0.001 (3)	3,125,000 \$	0.70 \$	2,187,500 \$	85.97
Total	4,613,095		\$	126.91 (4)

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended.

(2) Represents shares issuable upon conversion of convertible debentures.

(3) Represents shares issuable upon exercise of warrants.

(4) Previously paid.

The registrant hereby amends this registration statement on such date or date(s) as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

Subject to Completion, Dated August 15, 2008

CRYOPORT, INC.

4,613,095 Shares of Common Stock

This prospectus relates to the resale by the selling stockholders of up to 4,613,095 shares of our common stock. The total number of shares sold herewith consists of: (i) 1,488,095 shares issuable upon conversion of convertible debentures and (ii) 3,125,000 shares issuable upon the exercise of warrants. We are not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. We will, however, receive proceeds from the cash exercise, if any, of warrants to purchase an aggregate of 3,125,000 shares of common stock. All costs associated with this registration will be borne by us.

The selling stockholders may sell their shares in public or private transactions, at prevailing market prices or at privately negotiated prices. We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders.

Our common stock is currently traded on the OTC Bulletin Board under the symbol CYRX. On August 14, 2008, the last reported sale price for our common stock was \$0.90 per share.

INVESTING IN THESE SECURITIES INVOLVES SIGNIFICANT RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 3.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is _____, 2008

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You may only rely on the information contained in this prospectus or that we have referred you to. We have not authorized anyone to provide you with different information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the common stock offered by this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any common stock in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained by reference to this prospectus is correct as of any time after its date.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including, the section entitled "Risk Factors" before deciding to invest in our common stock. CryoPort, Inc. is referred to throughout this prospectus as "CryoPort," "the Company," "we" or "us."

General

We are a cryogenic transport container company, involved in the safe transport of biological specimens at temperatures below zero centigrade. While over the past years most of our sales have been derived from the sale of our reusable product line, the Company's long term potential and prospects will come from the one-way line of products which have been in development over the past four years.

Our principal focus is to further develop and launch, the CryoPort Express® One-Way Shipper System, a line of one-time use dry cryogenic shippers for the transport of biological materials. A dry cryogenic shipper is a device that uses liquid nitrogen which is contained inside a vacuum insulated bottle as a refrigerant to provide storage temperatures below minus 150 ° centigrade. The dry shipper is designed such that there can be no pressure build up as the liquid nitrogen evaporates, or spillage of liquid nitrogen. A foam retention system is employed to ensure that liquid nitrogen stays inside the vacuum container. Biological specimens are stored in a "well" inside the container and refrigeration is provided by cold nitrogen gas evolving from the liquid nitrogen entrapped within the foam retention system. Biological specimens transported using the cryogenic shipper can include live cell pharmaceutical products; e.g., cancer vaccines, diagnostic materials, semen and embryos, infectious substances and other items that require continuous exposure to frozen or cryogenic temperatures (less than -150 ° C).

During the recent fiscal year ended March 31, 2008, we generated revenues of \$83,564 and we incurred a net loss of \$4,564,054. At that date we had working capital in the amount of \$981,209 and an accumulated deficit of \$13,929,204. For three months ended June 30, 2008, we incurred a net loss of \$8,222,481, including a loss on extinguishment of debt of \$6,902,941. The Report of Independent Registered Public Accounting Firm on our March 31, 2008 consolidated financial statements includes a paragraph stating that the recurring losses and negative cash flows incurred from operations, raise substantial doubt about our ability to continue as a going concern.

Our principal executive office is located at 20382 Barents Sea Circle, Lake Forest, California 92630 and our telephone number at that address is (949) 470-2300.

Recent Financing

On June 9, 2008, we completed the transactions contemplated under a certain Securities Purchase Agreement with an accredited investor providing for the issuance of our Original Issue Discount 8% Secured Convertible Debentures (the "May Debentures") having a principal face amount of \$1,250,000 and generating gross proceeds to us of \$1,062,500 after giving effect to a 15% discount. After accounting for commissions and legal and other fees, the net proceeds to us totaled \$870,625.

The principal amount under the May Debentures is payable in 23 monthly payments of \$54,348 beginning January 31, 2009. We may elect to make principal and interest payments in shares of common stock provided, generally, that we are not in default under the May Debentures and there is then in effect a registration statement with respect to the shares issuable upon conversion of the May Debentures. If we elect to make principal or interest payments in common stock, the conversion rate will be the lesser of (a) the Conversion Price (as defined below), or (b) 85% of the lesser of (i) the average of the volume weighted average price for the ten consecutive trading days ending immediately prior to the applicable date an interest payment is due or (ii) the average of such price for the ten consecutive trading days

ending immediately prior to the date the applicable shares are issued and delivered if such delivery is after the interest payment date.

At any time, holder may convert the May Debentures into shares of common stock at a fixed conversion price of \$0.84, subject to adjustment in the event the Company issues common stock (or securities convertible into or exercisable for common stock) at a price below the conversion price as such price may be in effect at various times (the "Conversion Price"). Based on the market price of our common stock of \$0.71 on the date of the issuance of the May Debentures, the total value of the shares underlying the May Debentures and registered herewith is \$1,056,547.

In connection with the financing transaction, we issued to the investor five-year warrants to purchase 1,488,095 shares of common stock at \$0.92 per share and five-year warrants to purchase 1,488,095 shares of common stock at \$1.35 per share (collectively, the "May Warrants").

We also entered into a registration rights agreement with the investors that requires us to register the shares issuable upon conversion of the May Debentures and exercise of the May Warrants within 45 days after the closing date of the transaction. If the registration statement of which this prospectus forms a part is not filed within that time period or is not declared effective within 90 days after the closing date (120 days in the event of a full review by the Securities and Exchange Commission), we will be required to pay liquidated damages in cash in an amount equal to 2% of the total subscription amount for every month that we fails to attain a timely filing or effectiveness, as the case may be, subject to exception as set forth in the registration rights agreement.

This Offering

Shares offered by Selling Stockholders	Up to 4,613,095 shares, including 1,488,095 shares issuable upon conversion of convertible debentures and 3,125,000 shares issuable upon exercise of warrants
Common Stock to be outstanding after the offering	45,702,798*
Use of Proceeds	We will not receive any proceeds from the sale of the common stock hereunder. See "Use of Proceeds" for a complete description
Risk Factors	The purchase of our common stock involves a high degree of risk. You should carefully review and consider "Risk Factors" beginning on page 3

* Based on the current issued and outstanding number of shares of 41,089,703 as of August 11, 2008, and assuming issuance of all 4,613,095 shares upon conversion of convertible debentures and exercise of warrants issued to the investors and the placement agent and registered herewith, the number of shares offered herewith represents approximately 11% of the total issued and outstanding shares of common stock.

RISK FACTORS

An investment in our shares involves a high degree of risk. Before making an investment decision, you should carefully consider all of the risks described in this prospectus. If any of the risks discussed in this prospectus actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the price of our shares could decline significantly and you may lose all or a part of your investment. Our forward-looking statements in this prospectus are subject to the following risks and uncertainties. Our actual results could differ materially from those anticipated by our forward-looking statements as a result of the risk factors below. See "Forward-Looking Statements."

Risks Related to Our Business

We have incurred significant losses to date and may continue to incur losses.

During the recent fiscal year ended March 31, 2008, we generated revenues of \$83,564 and we incurred a net loss of \$4,564,054. At that date we had working capital in the amount of \$981,209 and an accumulated deficit of \$13,929,204. Continuing losses will have an adverse impact on our cash flow and may impair our ability to raise additional capital required to continue and expand our operations.

The Report of Independent Registered Public Accounting Firm on our March 31, 2008 consolidated financial statements includes an explanatory paragraph stating that the recurring losses incurred from operations, working capital deficit and accumulated deficit raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

If we are unable to obtain additional funding, we may have to reduce our business operations.

We anticipate, based on currently proposed plans and assumptions relating to our ability to market and sell our products, that our cash on hand including the proceeds from a recent financing transaction will satisfy our operational and capital requirements for the next 24 months. However, if we are unable to realize satisfactory revenue in the near future, we will be required to seek additional financing to continue our operations beyond that period. We will also require additional financing to expand into other markets and further develop and market our products. Except for the warrants issued in our recent offerings, we have no current arrangements with respect to any additional financing. Consequently, there can be no assurance that any additional financing on commercially reasonable terms or at all will be available when needed. The inability to obtain additional capital may reduce our ability to continue to conduct business operations. Any additional equity financing may involve substantial dilution to our then existing stockholders. Our future capital requirements will depend upon many factors, including:

- continued scientific progress in our products;
- competing technological and market developments;
- our ability to establish additional collaborative relationships; and
- the effect of commercialization activities and facility expansions if and as required.

We have limited financial resources and to date no positive cash flow from operations. There can be no assurance that we will be able to obtain financing on acceptable terms in light of factors such as the market demand for our securities, the state of financial markets generally and other relevant factors. Raising additional funding may be complicated by certain provisions in the securities purchase agreements entered into in connection with our most recent financing.

If we experience delays, difficulties or unanticipated costs in establishing the sales, distribution and marketing capabilities necessary to successfully commercialize our products, we will have difficulty maintaining and increasing our sales.

We are continuing to develop sales, distribution and marketing capabilities in the Americas, Europe and Asia. It will be expensive and time-consuming for us to develop a global marketing and sales network. Moreover, we may choose, or find it necessary, to enter into additional strategic collaborations to sell, market and distribute our products. We may not be able to provide adequate incentive to our sales force or to establish and maintain favorable distribution and marketing collaborations with other companies to promote our products. In addition, any third party with whom we have established a marketing and distribution relationship may not devote sufficient time to the marketing and sales of our products thereby exposing us to potential expenses in exiting such distribution agreements. The Company, and any of its third-party collaborators, must also market its products in compliance with federal, state, local and international laws relating to the providing of incentives and inducements. Violation of these laws can result in substantial penalties. If we are unable to successfully motivate and expand our marketing and sales force and further develop our sales and marketing capabilities, or if our distributors fail to promote our products, we will have difficulty maintaining and increasing our sales.

We are dependent on new products.

Our future revenue stream depends to a large degree on our ability to bring new products to market on a timely basis. We must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance of such products. We may incur problems in the future in innovating and introducing new products. Our development stage products may not be successfully completed or, if developed, may not achieve significant customer acceptance. If we were unable to successfully define, develop and introduce competitive new products, and enhance existing products, our future results of operations would be adversely affected. Development and manufacturing schedules for technology products are difficult to predict, and we might not achieve timely initial customer shipments of new products. The timely availability of these products in volume and their acceptance by customers are important to our future success. A delay in new product introductions could have a significant impact on our results of operations.

Our success depends, in part, on our ability to obtain patent protection for our products, preserve our trade secrets, and operate without infringing the proprietary rights of others.

Our policy is to seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our technology, inventions and improvements that are important to the development of our business. We have three U.S. patents relating to various aspects of our products. Our patents or patent applications may be challenged, invalidated or circumvented in the future or the rights granted may not provide a competitive advantage. We intend to vigorously protect and defend our intellectual property. Costly and time-consuming litigation brought by us may be necessary to enforce our patents and to protect our trade secrets and know-how, or to determine the enforceability, scope and validity of the proprietary rights of others.

We also rely upon trade secrets, technical know-how and continuing technological innovation to develop and maintain our competitive position. We typically require our employees, consultants, advisors and suppliers to execute confidentiality agreements in connection with their employment, consulting, or advisory relationships with us. If any of these agreements are breached, we may not have adequate remedies available thereunder to protect our intellectual property or we may incur substantial expenses enforcing our rights. Furthermore, our competitors may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our proprietary technology, or we may not be able to meaningfully protect our rights in unpatented proprietary technology.

We cannot assure that our current and potential competitors and other third parties have not filed or in the future, will not file patent applications for, or have not received or in the future will not receive, patents or obtain additional proprietary rights that will prevent, limit or interfere with our ability to make, use or sell our products either in the U.S. or internationally. In the event we were to require licenses to patents issued to third parties, such licenses may not be available or, if available, may not be available on terms acceptable to us. In addition, we cannot assure that we would be successful in any attempt to redesign our products or processes to avoid infringement or that any such redesign could be accomplished in a cost-effective manner. Accordingly, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent us from manufacturing and selling our products, which would harm our business.

We are not aware of any other company that is infringing any of our patents or trademarks nor do we believe that it is infringing on the patents or trademarks of any other person or organization.

If we experience manufacturing delays or interruptions in production, then we may experience customer dissatisfaction and our reputation could suffer.

If we fail to produce enough products at our own manufacturing facility or at a third-party manufacturing facility, we may be unable to deliver products to our customers on a timely basis, which could lead to customer dissatisfaction and

could harm our reputation and ability to compete. We currently acquire various component parts for our products from a number of independent manufacturers in the United States. We would likely experience significant delays or cessation in producing our products if a labor strike, natural disaster, local or regional conflict or other supply disruption were to occur at any of our main suppliers. If we are unable to procure a component from one of our manufacturers, we may be required to enter into arrangements with one or more alternative manufacturing companies which may cause delays in producing our products. In addition, because we depend on third-party manufacturers, our profit margins may be lower, which will make it more difficult for us to achieve profitability. To date, we have not experienced any material delays to the point that our ability to adequately service customer needs has been compromised. As the business develops and quantity of production increases, it becomes more likely that such problems could arise.

Because we rely on a limited number of suppliers, we may experience difficulty in meeting our customers' demands for our products in a timely manner or within budget.

We currently purchase key components of our products from a variety of outside sources. Some of these components may only be available to us through a few sources, however, management has identified alternative materials and suppliers should the need arise. We generally do not have long-term agreements with any of our suppliers.

Consequently, in the event that our suppliers delay or interrupt the supply of components for any reason, we could potentially experience higher product costs and longer lead times in order fulfillment. Suppliers that we materially rely upon are Spaulding Composites Company and Lydall Thermal Acoustical Sales.

Our Products May Contain Errors or Defects, which Could Result in Damage to Our Reputation, Lost Revenues, Diverted Development Resources and Increased Service Costs, Warranty Claims and Litigation.

Our products must meet stringent requirements. We warrant to our customers that our products will be free of defect for various periods of time, depending on the product. In addition, certain of our contracts include epidemic failure clauses. If invoked, these clauses may entitle the customer to return or obtain credits for products and inventory, or to cancel outstanding purchase orders even if the products themselves are not defective.

We must develop our products quickly to keep pace with the rapidly changing market, and we have a history of frequently introducing new products. Products and services as sophisticated as ours could contain undetected errors or defects, especially when first introduced or when new models or versions are released. In general, our products may not be free from errors or defects after commercial shipments have begun, which could result in damage to our reputation, lost revenues, diverted development resources, increased customer service and support costs and warranty claims and litigation which could harm our business, results of operations and financial condition.

Our management has limited experience in managing and operating a public company. Any failure to comply or adequately comply with federal securities laws, rules or regulations could subject us to fines or regulatory actions, which may materially adversely affect our business, results of operations and financial condition.

Our current management has limited experience managing and operating a public company and relies in many instances on the professional experience and advice of third parties including our consultants and attorneys. Failure to comply or adequately comply with any laws, rules, or regulations applicable to our business may result in fines or regulatory actions, which may materially adversely affect our business, results of operations, or financial condition.

If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.

Our internal control over financial reporting may have weaknesses and conditions that need to be addressed, the disclosure of which may have an adverse impact on the price of our common stock. We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely impact our public disclosures regarding our business, financial condition or results of operations. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting, disclosure of management's assessment of our internal controls over financial reporting or disclosure of our public accounting firm's attestation to or report on management's assessment of our internal controls over financial reporting may have an adverse impact on the price of our common stock.

Standards for compliance with Section 404 of the Sarbanes-Oxley Act of 2002 are uncertain, and if we fail to comply in a timely manner, our business could be harmed and our stock price could decline.

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require annual assessment of our internal controls over financial reporting, and attestation of our assessment by our independent registered public accounting firm. Currently, we believe these two requirements will apply to our annual reports for fiscal 2010. The

standards that must be met for management to assess the internal controls over financial reporting as effective are evolving and complex, and require significant documentation, testing, and possible remediation to meet the detailed standards. We expect to incur significant expenses and to devote resources to Section 404 compliance during the remainder of fiscal 2009 and on an ongoing basis. It is difficult for us to predict how long it will take to complete the assessment of the effectiveness of our internal control over financial reporting for each year and to remediate any deficiencies in our internal control over financial reporting. As a result, we may not be able to complete the assessment and remediation process on a timely basis. In addition, the attestation process by our independent registered public accounting firm is new and we may encounter problems or delays in completing the implementation of any requested improvements and receiving an attestation of our assessment by our independent registered public accounting firm. In the event that our Chief Executive Officer, Chief Financial Officer or independent registered public accounting firm determine that our internal control over financial reporting is not effective as defined under Section 404, we cannot predict how regulators will react or how the market prices of our shares will be affected; however, we believe that there is a risk that investor confidence and share value may be negatively impacted.

If we cannot compete effectively, we will lose business.

The market for our products, services and solutions is positioned to become competitive. There are technological and marketing barriers to entry, but we cannot guarantee that the barriers we are capable of producing will be sufficient to defend the market share we wish to gain against future competitors. The principal competitive factors in this market include:

- Ongoing development of enhanced technical features and benefits;
- Reductions in the manufacturing cost of competitors' products;
- The ability to maintain and expand distribution channels;
- Brand name;
- The ability to deliver our products to our customers when requested;
- The timing of introductions of new products and services; and
- Financial resources.

These and other prospective competitors have substantially greater resources, more customers, longer operating histories, greater name recognition and more established relationships in the industry. As a result, these competitors may be able to develop and expand their networks and product offerings more quickly, devote greater resources to the marketing and sale of their products and adopt more aggressive pricing policies. In addition, these competitors have entered and will likely continue to enter into business relationships to provide additional products competitive to those we provide or plan to provide.

Risks Relating to Our Current Financing Arrangements:

The variable price feature of our convertible debentures could require us to issue a substantially greater number of shares, which will cause dilution to our existing stockholders.

On October 1, 2007, we issued to four accredited investors our Original Issue Discount 8% Senior Secured Convertible Debentures (the "Debentures") having a principal face amount of \$4,707,705. The entire principal amount under the Debentures is due and payable 30 months after the closing date. Interest payments will be payable in cash quarterly commencing on January 1, 2008. In addition, we are required to make 24 equal monthly principal redemption payments commencing March 31, 2008. We may elect to make such interest or principal payments in shares of common stock provided, generally, that we are not in default under the Debentures and there is then in effect a registration statement with respect to the shares issuable upon conversion of the Debentures or in payment of interest due thereunder. If we elect to make interest payments in common stock, the conversion rate will be the lesser of (a) \$0.84 or (b) 85% of the lesser of (i) the average of the volume weighted average price for the ten consecutive trading days ending immediately prior to the applicable date an interest payment is due or (ii) the average of such price for the ten consecutive trading days ending immediately prior to the date the applicable shares are issued and delivered if such delivery is after the interest payment date.

On June 9, 2008, we completed the transactions contemplated under a certain Securities Purchase Agreement with an accredited investor providing for the issuance of our Original Issue Discount 8% Secured Convertible Debentures (the "May Debentures") having a principal face amount of \$1,250,000 and generating gross proceeds to us of \$1,062,500 after giving effect to a 15% discount. After accounting for commissions and legal and other fees, the net proceeds to us totaled \$870,625.

The principal amount under the May Debentures is payable in 23 monthly payments of \$54,348 beginning January 31, 2009. We may elect to make principal and interest payments in shares of common stock provided, generally, that we are not in default under the May Debentures and there is then in effect a registration statement with respect to the

shares issuable upon conversion of the May Debentures. If we elect to make principal or interest payments in common stock, the conversion rate will be the lesser of (a) the conversion price, or (b) 85% of the lesser of (i) the average of the volume weighted average price for the ten consecutive trading days ending immediately prior to the applicable date an interest payment is due or (ii) the average of such price for the ten consecutive trading days ending immediately prior to the date the applicable shares are issued and delivered if such delivery is after the interest payment date.

At any time, holder may convert the May Debentures into shares of common stock at a fixed conversion price of \$0.84, subject to adjustment in the event the Company issues common stock (or securities convertible into or exercisable for common stock) at a price below the conversion price as such price may be in effect at various times. Based on the market price of our common stock of \$0.71 on the date of the issuance of the May Debentures, the total value of the shares underlying the May Debentures and registered herewith is \$1,056,547.

If we are unable to make payments in cash, we must make those payments in shares of our common stock at a discount to the market price of our common stock. The number of shares we will be required to issue upon conversion of the notes will increase if the market price of our stock decreases.

The lower the stock price, the greater the number of shares issuable under the convertible debentures.

If we elect to make periodic principal and interest payments in stock in lieu of cash (or are unable to make cash payments), the number of shares issuable upon conversion of the convertible debentures is determined by the market price of our common stock prevailing at the time of each conversion. The lower the market price, the greater the number of shares issuable under the debentures. Upon issuance of the shares, to the extent that holders of those shares will attempt to sell the shares into the market, these sales may further reduce the market price of our common stock. This in turn will increase the number of shares issuable under the agreement. This may lead to an escalation of lower market prices and ever greater numbers of shares to be issued. A larger number of shares issuable at a discount to a continuously declining stock price will expose our stockholders to greater dilution and a reduction of the value of their investment.

The issuance of our stock upon conversion of the convertible debentures could encourage short sales by third parties, which could contribute to the future decline of our stock price and materially dilute existing stockholders' equity and voting rights.

The convertible debentures have the potential to cause significant downward pressure on the price of our common stock. This is particularly the case if the shares issued upon conversion and placed into the market exceed the market's ability to absorb the increased number of shares of stock. Such an event could place further downward pressure on the price of our common stock. The opportunity exists for short sellers and others to contribute to the future decline of our stock price. If there are significant short sales of our stock, the price decline that would result from this activity will cause the share price to decline more so, which, in turn, may cause long holders of the stock to sell their shares thereby contributing to sales of stock in the market. If there is an imbalance on the sell side of the market for the stock, our stock price will decline. If this occurs, the number of shares of our common stock that is issuable upon conversion of the debentures will increase, which will materially dilute existing stockholders' equity and voting rights.

Risks relating principally to our common stock and its market value:

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including:

- technological innovations or new products and services by us or our competitors;

- additions or departures of key personnel;

- sales of our common stock;

- our ability to integrate operations, technology, products and services;

- our ability to execute our business plan;

- operating results below expectations;

- loss of any strategic relationship;

- industry developments;

- economic and other external factors; and

- period-to-period fluctuations in our financial results.

You may consider any one of these factors to be material. Our stock price may fluctuate widely as a result of any of the above listed factors. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid dividends on our common stock in the past and do not expect to pay dividends in the foreseeable future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting it at such time as the board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Our stock is deemed to be penny stock.

Our stock is currently traded on the OTC Bulletin Board and is subject to the "penny stock rules" adopted pursuant to Section 15 (g) of the Securities Exchange Act of 1934, as amended, or Exchange Act. The penny stock rules apply to non-NASDAQ companies whose common stock trades at less than \$5.00 per share or which have tangible net worth of less than \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). Such rules require, among other things, that brokers who trade "penny stock" to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Penny stocks sold in violation of the applicable rules may entitle the buyer of the stock to rescind the sale and receive a full refund from the broker.

Many brokers have decided not to trade "penny stock" because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. In the event that we remain subject to the "penny stock rules" for any significant period, there may develop an adverse impact on the market, if any, for our securities. Because our securities are subject to the "penny stock rules," investors will find it more difficult to dispose of our securities. Further, for companies whose securities are traded in the OTC Bulletin Board, it is more difficult: (i) to obtain accurate quotations, (ii) to obtain coverage for significant news events because major wire services, such as the Dow Jones News Service, generally do not publish press releases about such companies, and (iii) to obtain needed capital.

FORWARD-LOOKING STATEMENTS

Our representatives and we may from time to time make written or oral statements that are "forward-looking," including statements contained in this prospectus and other filings with the Securities and Exchange Commission, reports to our stockholders and news releases. All statements that express expectations, estimates, forecasts or projections are forward-looking statements within the meaning of the Act. In addition, other written or oral statements which constitute forward-looking statements may be made by us or on our behalf. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," "may," "should," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in or suggested by such forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Important factors on which such statements are based are assumptions concerning uncertainties, including but not limited to uncertainties associated with the following:

- (a) volatility or decline of our stock price;
- (b) potential fluctuation in quarterly results;
- (c) our failure to earn revenues or profits;
- (d) inadequate capital and barriers to raising the additional capital or to obtaining the financing needed to implement its business plans;
- (e) inadequate capital to continue business;
- (f) changes in demand for our products and services;

- (g) rapid and significant changes in markets;
- (h) litigation with or legal claims and allegations by outside parties;
- (i) insufficient revenues to cover operating costs.

USE OF PROCEEDS

We will receive no proceeds from the sale of shares of common stock offered by the selling security holders herewith. However, we will generate proceeds from the cash exercise of the warrants, if any. We intend to use those proceeds for general corporate purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward-Looking Statements

The information herein contains forward-looking statements. All statements other than statements of historical fact made herein are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as “believes,” “estimates,” “could,” “possibly,” “probably,” “anticipates,” “projects,” “expects,” “may,” “should” or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Our actual results may differ significantly from management’s expectations.

The following discussion and analysis should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

General Overview

We were originally formed with the intention to first develop a reusable line of cryogenic shippers and once underway, to begin the research and development of a disposable, one-way cryogenic shipper. Until recently, the Company did not have the funds to fully implement its business plan. The reusable line of cryogenic shippers has been in production since 2002, however, anticipated difficulties in penetrating the well established market for reusable cryogenic shippers, as well as a need for continuous redevelopment of the product line has allowed for only limited revenue generation from the sale of the reusable cryogenic shipper. During this time, we maintained research and development activities focused on the new product line of the CryoPort Express® One-Way Shipper System. Until the beginning of fiscal year 2006, the limited revenues produced from the reusable product line along with limited capital funding required us to assign only minimal resources to the development of the one-way cryogenic shippers. We continue to raise funds to allow us to focus on accelerating the development and launch of the CryoPort Express® One-Way Shipper System product line. We are focusing significant resources to the market research and product development of the CryoPort Express® One-Way Shipper System with the goal of launching the new product into the market during the second quarter of calendar year 2008. While it had been our plan to introduce the CryoPort Express® One-Way Shipper System product line in limited quantities to selective customers during the second quarter of fiscal year 2007, lack of adequate funding, has caused us to revise the estimates for the product release as well as for the ramp-up timetables related to the product manufacturing and sales and marketing activities. A broad launch to the general market expected to follow after feedback from this introductory distribution of the CryoPort Express® One-Way Shipper System is received and customer demand is further understood. A higher volume demand is expected to develop as pharmaceutical products requiring cryogenic or frozen protection come to market.

We have discussed development of a shipper from the one-way product line under confidentiality agreements for drug delivery with several vaccine manufacturers. Although we have received and fulfilled purchase orders from these vaccine manufacturers, we do not currently have any pending purchase orders. These potential customers for the new CryoPort Express® One-Way Shipper System are currently using our reusable shippers in clinical trials. To address the high volume ramp up necessary to provide these customers with one-way shippers, we are currently involved in negotiations for a manufacturing and distribution partnership with two large, and well established manufacturing companies.

Going Concern

As reported in the Report of Independent Registered Public Accounting Firm on our March 31, 2008 and 2007 financial statements, the Company has incurred recurring losses and negative cash flows from operations since inception. These factors, among others, raise substantial doubt about our ability to continue as a going concern.

There are significant uncertainties which negatively affect the Company's operations. These are principally related to (i) the limited distribution network for the Company's reusable product line, (ii) the expected launch of the new CryoPort Express® One-Way Shipper System, (iii) the absence of any commitment or firm orders from key customers in the Company's target markets for the reusable or the one-way shippers, (iv) the success in bringing products concurrently under development to market with the Company's key customers. Moreover, there is no assurance as to when, if ever, the Company will be able to conduct the Company's operations on a profitable basis. The Company's limited sales to date for the Company's reusable product, the lack of any purchase requirements in the existing distribution agreements and those currently under negotiations, make it impossible to identify any trends in the Company's business prospects.

The Company has not generated significant revenues from operations and has no assurance of any future significant revenues. The Company incurred net losses of \$8,222,481, including a \$6,902,941 loss on debt extinguishment, during the three months ended June 30, 2008 and net losses of \$745,508 during the three month period ended June 30, 2007. In addition, the Company used cash of \$694,914 in its operating activities during the three months ended June 30, 2008. Further, the Company has a working capital deficit of \$220,563 as of June 30, 2008. These factors, raise substantial doubt about the Company's ability to continue as a going concern.

The Company's management has recognized that the Company must obtain additional capital for the further development and launch of the one-way product and the eventual achievement of sustained profitable operations. In response to this need for capital, on October 1, 2007, the Company issued to four accredited investors Original Issue Discount 8% Senior Secured Convertible Debentures (the "Debentures") having a combined principal face amount of \$4,707,705 and generating gross proceeds of \$4,001,551. After accounting for commissions, legal and other fees, the net proceeds to the Company totaled \$3,436,551 (see Note 8 to the accompanying consolidated financial statements). On May 30, 2008, the Company received additional net proceeds of \$870,625 from an additional convertible debenture (see Note 8 to the accompanying consolidated financial statements). As a result of the recent financing, the Company had an aggregate cash and cash equivalents and restricted cash balance of approximately \$2,002,000 as of August 10, 2008. Management projects that these proceeds will allow the launch of the Company's new CryoPort Express® One-Way Shipper and provide the Company with the ability to continue as a going concern, which the Company expects to be reflected in subsequent quarterly reports.

Management is committed to utilizing the proceeds of these recent financings to fully execute its business plan and grow at the desired rate to achieve sustainable profitable operations. To further facilitate the ability of the Company to continue as a going concern the Company's management has begun taking the following steps:

- 1) Focusing all efforts on the successful launch of the CryoPort Express® One-Way Shipper. Now that funds have been made available management efforts will be focused on utilizing all resources towards the acquisition of raw materials to provide adequate inventory levels and towards the expansion of manufacturing and processing capabilities to support the launch of the CryoPort Express® One-Way Shipper.
- 2) Continuing to minimize operating and financing expenditures as necessary to ensure the availability of funds until revenues generated and cash collections adequately support the continued business operations. The Company's largest expenses for the three month period ended June 30, 2008, relate to non-cash expenses including (i) \$6,902,941 non-cash loss on extinguishment of debt related to the April 30, 2008 Amendment to the October 2007 Debenture (see Note 8), (ii) \$435,437 non-cash expense included in interest expense relating to the amortization of discounts and deferred financing fees on convertible debentures, and (iii) non-cash expense recorded in selling, general and administrative costs of \$82,387 related to the issuance of common stock shares in lieu of cash for consulting services and the valuation of warrants issued to various consultants, directors, and employees. For the three months ended June 30, 2008, the Company also incurred cash expenses of (i) approximately \$41,724 for the audit fees and consulting services related to the filing of the Company's annual and quarterly reports, compliance with Sarbanes-Oxley requirements, and for the filing of the Company's annual tax returns and (ii) approximately \$82,500 included in research and development costs related to the software development for the web based system to be used with the CryoPort Express® One-Way Shipper. The remaining operating expenses for the three months ended June 30, 2008 related primarily to minimal personnel costs, rent and utilities and meeting the legal and reporting requirements of a public company.
- 3) Utilizing part-time consultants and temporary employee and requiring employees to manage multiple roles and responsibilities whenever possible as the Company has historically utilized in its efforts to keep operating costs low.
- 4) Continuing to require that key employees and the Company's Board of Directors receive Company stock in lieu of cash as a portion of their compensation in an effort to minimize monthly cash flow. With this

strategy, the Company has established a critical mass of experienced business professionals capable of taking the Company forward.

- 5) Maintaining current levels for sales, marketing, engineering, scientific and operating personnel and cautiously and gradually adding critical and key personnel only as necessary to support the successful launch and expected revenue growth of the CryoPort Express® One-Way Shipper and any further expansion of the Company's product offerings in the reusable and one-way cryogenic shipping markets, leading it to additional revenues and profits.
- 6) Adding other expenses such as customer service, administrative and operations staff only commensurate with producing increased revenues.
- 7) Focusing current research and development efforts only on final and future development, production and distribution of the CryoPort Express® One-Way Shipper System.
- 8) Increasing sales and marketing resource efforts to focus on marketing and sales research into the bio-pharmaceutical, clinical trials and cold-chain distribution industries in order to ensure a successful full launch of the CryoPort Express® One-Way Shipper System.

Research and Development

The Company has completed the research and development efforts associated with phase one of its new product line, the CryoPort Express® One-Way Shipper System, a line of use-and-return dry cryogenic shippers, for the transport of biological materials. The Company continues to provide ongoing research associated with the CryoPort Express® One-Way Shipper System, as it develops improvements in both the manufacturing processes and product materials for the purpose of achieving additional cost efficiencies. As with any research effort, there is uncertainty and risk associated with whether these efforts will produce results in a timely manner so as to enhance the Company's market position. For the three months ended June 30, 2008 and 2007, research and development costs were \$110,791 and \$28,587, respectively. Company sponsored research and development costs related to future products and redesign of present products are expensed as incurred and include such costs as salaries, employee benefits, costs determined utilizing the Black-Scholes option-pricing model for options issued to the Scientific Advisory Board and prototype design and materials costs.

Results of Operations--Year Ended March 31, 2008 Compared to Year Ended March 31, 2007

Net Sales. During the year ended March 31, 2008 the Company generated \$83,564 from reusable shipper sales compared to revenues of \$67,103 during the year ended March 31, 2007, an increase of \$16,461 (24.5%). These low revenues in both years is primarily due to the Company's shift initiated in mid-2006 in its sales and marketing focus from the reusable shipper product line to the further development and planned product launch of the CryoPort Express® One-Way Shipper System for its introduction into the biopharmaceutical industry sector and to the delays in the Company's securing adequate funding for the manufacturing and marketing launch of the new product line. Additionally, continued product manufacturing upgrades slowed production activities of the reusable shippers.

Cost of Sales. Cost of sales for the year ended March 31, 2008 increased \$209,432 (118.4%) to \$386,371 from \$176,939 for the year ended March 31, 2007 as the result of increased fixed overhead manufacturing costs as the result of the Company's shift in focus and preparation for the launch of the new CryoPort Express® One-Way Shipper System and the additional costs related to the relocation of the Company's operations to Lake Forest, CA in September 2007. During both periods, cost of sales exceeded sales due to fixed manufacturing costs and plant underutilization.

Gross Loss . Gross loss for the year ended March 31, 2008 increased by \$192,971 (175.7%) to \$302,807 compared to \$109,836 for the year ended March 31, 2007. The increase in the gross loss is due to increased fixed overhead manufacturing costs as the result of the company's shift in focus and preparation for the launch of the new CryoPort Express® One-Way Shipper System and the additional costs related to the relocation of the Company's operations to Lake Forest, CA in September 2007.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$651,550 (34.3%) to \$2,550,778 for the year ended March 31, 2008 compared to \$1,899,228 for the year ended March 31, 2007 due mainly to increases in general and administrative costs of \$489,849 and selling expenses of \$161,701. The increase in general and administrative expenses was primarily due to \$1,283,265 of option and warrant related charges as the result of: issuances of warrants to employees and directors in accordance with the provisions of SFAS 123(R) and issuances of common stock and warrants for services, lease agreement and fixed asset purchases. Additional general and administrative expense increases were the result of increased legal fees, insurance premiums, salaries and travel expenses. The increase in selling expenses was primarily related to increased salaries expenses, travel costs and trade show and advertising expenses which were the result of market research, product development and the launch preparation for the CryoPort Express® One-Way Shipper System.

Research and Development Expenses. Research and development expenses increased by \$78,370 (89.2%) to \$166,227 for the year ended March 31, 2008 as compared to \$87,857 for the year ended March 31, 2007 in relation to

the progression of the research and development activity, related to the product development and launch preparation for the CryoPort Express® One-Way Shipper System. These research and development expense increases included additional project costs for development of the web based customer service portal, as well as increases in consulting fees travel expenses and third party certification testing.

Interest Expense. Interest expense increased by \$1,364,980 (599.4%) to \$1,592,718 for the year ended March 31, 2008 as compared to \$227,738 for the year ended March 31, 2007 primarily as the result of \$1,214,986 of amortized convertible debt discount, \$284,618 accrued interest expense and 87,706 amortized deferred financing expenses accrued interest expense related to the convertible debentures which were offset by decreased interest expense from related party notes and other notes payable as the result of decreased principal balances.

Interest Income. Interest income increased \$50,076 (100.0%) for the year ended March 31, 2008 as compared to \$0 for the year ended March 31, 2007 primarily as the result of interest earned on cash deposit balances in the Company's money market account.

Net Loss. As a result of the factors described above, the net loss for the year ended March 31, 2008 increased by \$2,237,795 (96.2%) to \$4,564,054 or (\$0.12) per share compared to \$2,326,259 or (\$0.08) per share for the year ended March 31, 2007.

Three months ended June 30, 2008 compared to three months ended June 30, 2007:

Net Sales. During the three months ended June 30, 2008, the Company generated \$13,424 from reusable shipper sales compared to revenues of \$5,541 in the same period of the prior year, an increase of \$7,883 (142%). This revenue increase is primarily as a result of the additional sales of the Company's reusable products in addition to new revenues from introductory sales from the pre-launch of the CryoPort Express® One-Way Shipper System. The overall low revenues are the result of the Company's shift in its sales and marketing focus initiated during fiscal year 2006 to allow for the planning of the introduction of the one-way shipper into the bio-pharmaceutical and bio-tech industry sectors. This shift allowed the marketing and sales efforts to focus on research into the bio-pharmaceutical, clinical trials and cold-chain distribution industries in order to better position the Company for a timely and successful launch of the CryoPort Express® One-Way Shipper System.

Gross Profit/Loss. Gross loss for the three month period ended June 30, 2008 increased by \$42,188 (67%) to \$104,954 compared to \$62,766 for the three month period ended June 30, 2007. The increase in the gross loss is mainly attributable to increased manufacturing overhead costs incurred as the Company added personnel and incurred additional equipment maintenance and repair and depreciation costs related to the planning and preparation for production of the CryoPort Express® One-Way Shipper and to the production shut-down as a result of the relocation and restructuring of the Company's production operations in Lake Forest, CA initiated in mid-September 2007, resulting in lower manufacturing overhead costs in 2007. During both periods cost of sales exceeded sales due to plant under utilization.

Cost of sales for the three month period ended June 30, 2008 increased \$50,071 (73%) to \$118,378 from \$68,307 for the three month period ended June 30, 2007 primarily as the result of increased manufacturing overhead costs incurred as the Company added personnel and incurred additional equipment maintenance and repair costs related to the planning and preparation for production of the CryoPort Express® One-Way Shipper and to the production shut-down for the relocation and restructuring of the Company's production operations in Lake Forest, CA initiated in mid-September 2007, resulting in lower manufacturing overhead costs in 2007.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by \$34,515 (6%) to \$560,040 for the three month period ended June 30, 2008 as compared to \$594,555 for the three month period ended June 30, 2007 due primarily to a \$106,145 (20%) decrease in general and administrative expenses from \$543,349 for the three month period ended June 30, 2007 to \$437,204 for the three month period ended June 30, 2008 which was partially offset by a \$71,630 (140%) increase in sales and marketing expenses from \$51,206 for the three month period ended June 30, 2007 to \$122,836 for the three month period ended June 30, 2008. The decrease in the general and administrative expenses is due to decreased consulting fees relating to the issuance of 375,000 shares issued in lieu of cash for 2007 consulting services, which was partially offset by increased accounting fees related to consulting costs related to compliance with Sarbanes-Oxley requirements and travel and related meeting costs associated with the planning for the launch of the CryoPort Express® One-Way Shipper. The increase in sales and marketing expenses is related to increased travel, advertising and trade show costs associated with the initial launch efforts of the CryoPort Express® One-Way Shipper.

Research and Development Expenses. Research and development expenses increased by \$82,204 (288%) to \$110,791 for the three month period ended June 30, 2008 as compared to \$28,587 for the three month period ended June 30, 2007 primarily due to the consulting costs associated with the software development for the web based system to be used with the CryoPort Express® One-Way Shipper and to other research and development activity related to the CryoPort Express® One-Way Shipper System, as the Company strives to develop improvements in both the manufacturing processes and product materials for the purpose of achieving additional product cost efficiencies.

Interest Expense. Interest expense increased \$497,769 to \$555,769 for the three month period ended June 30, 2008 as compared to \$58,000 for the three month period ended June 30, 2007. This increase is primarily due to \$418,275 of amortized debt discount, \$17,162 of amortized financing fees, and \$96,721 of accrued interest, all related to the convertible debentures issued in October 2007 and May 2008. These increases were offset by a reduction in interest expense for related party notes payable and note payable to officer as the result of the payments made against the principal note balances.

Interest Income. The Company recorded interest income of \$12,814 for the three month period ended June 30, 2008 as compared to zero for the three month period ended June 30, 2007 as the result of increased cash balances related to the funds received in connection with the convertible debentures issued in October 2007 and May 2008.

Loss on Extinguishment of Debt. The Company incurred a loss on extinguishment of debt of \$6,902,941 during the three months ended June 30, 2008 as the result of the April 30, 2008 Amendment of the October Debentures which provided for a three month deferral of principal payments. The loss consists of a combination of the \$5,858,344 increase in the fair market value of warrants issued in connection with the October Debentures as a result of the increase in the number of shares to be purchased under each of the October Warrants and to the decrease in the exercise price of October Warrants from \$0.90, \$0.92 and \$1.60 to \$0.60 each, the elimination of the April 30, 2008 unamortized balance of deferred financing costs of \$312,197 and the \$732,400 reduction in the unamortized discount balance related to the October Debentures to reflect the present value of the debentures as of April 30, 2008 (see Note 8 of the accompanying consolidated financial statements). There was no loss on extinguishment of debt in the three months ended June 30, 2007.

Net Loss. As a result of the factors described above, the net loss for the three months ended June 30, 2008 increased by \$7,476,973 to \$8,222,481 or (\$0.20) per share compared to \$745,508 or (\$0.02) per share for the three months ended June 30, 2007. Loss from operations for the three months ended June 30, 2008 increased \$89,877 to \$775,785 compared to \$685,908 for the three months ended June 30, 2007.

Assets and Liabilities

At June 30, 2008, the Company had total assets of \$3,240,343 compared to total assets of \$3,460,889 at March 31, 2008, an increase of \$220,546. The Company's combined cash balance as of June 30, 2008 was \$2,395,618 including restricted cash, a decrease of \$39,083 compared to \$2,434,701 as of March 31, 2008. During the three month period ended June 30, 2008, cash provided by financing activities of \$683,713 was offset by cash used in operations of \$694,914 and cash used in investing activities of \$30,132. As of August 10, 2008, the Company's cash on hand was approximately \$2,002,000. The decrease in current cash on hand is due to cash used in operations and cash paid for principal and interest payments.

Net accounts receivable at June 30, 2008 was \$2,051, a decrease of \$19,360 (90%) from \$21,411 at March 31, 2008. This decrease is due to the revenue decrease during the three months ended June 30, 2008 compared to the three months ended March 31, 2008, primarily as a result of decreased sales of reusable shippers.

Net inventories increased \$73,084 (60%), to \$195,036 as of June 30, 2008, from \$121,952 as of March 31, 2008. The increase in inventories is due to the purchases of raw materials during the three months ended June 30, 2008 for the build-up of dewars in finished goods inventory in anticipation of the full launch of the CryoPort Express® One-Way Shipper System. This increase from purchases was partially offset by usages of inventory during the three months ended June 30, 2008 in order to fulfill sales of reusable shippers.

Net fixed assets increased \$14,868 to \$208,720 at June 30, 2008 from \$193,852 at March 31, 2008 as a result of increases of \$29,499 for purchases of additional production equipment during June 30, 2008 to support the anticipated increased manufacturing operations for the launch of the CryoPort Express® One-Way Shipper System, which was partially offset by \$14,631 of depreciation for the three months ended June 30, 2008.

Net intangible assets increased to \$1,107 at June 30, 2008 from \$474 at March 31, 2008 as a result of fees paid for new trademark applications.

The Company has recorded the combined value of \$349,834 of the valuation of shares and warrants as calculated using the Black Scholes option pricing model issued to Carpe DM under a 36-month consulting agreement to as prepaid expense which is being amortized over the life of the services agreement. As of June 30, 2008, the unamortized balance of the value of the shares and warrants issued to Carpe DM, Inc. was \$262,381 of which \$116,604 is included in prepaid expenses and other current assets and \$145,777 is included as a non-current asset.

Net deferred financing fees decreased \$221,685 to \$104,084 at June 30, 2008 compared to \$325,769 at March 31, 2008 due to reductions for the elimination of the unamortized balance of \$312,197 related to the October Debentures due to the extinguishment of debt as of April 30, 2008 and the amortization of \$17,162 of deferred financing fees during the three months ended June 30, 2008, which were offset by the addition of \$107,673 in deferred financing fees related to the May 2008 Debenture.

Total liabilities at June 30, 2008 were \$4,652,944, an increase of \$1,191,874 (34%) from \$3,461,070 as of March 31, 2008. Accounts payable was \$235,859 at June 30, 2008, an increase of \$1,561 from \$234,298 at March 31, 2008. This increase was mainly due to the amortization of debt discounts and the recording of the amended October 2007 debentures at fair value and to additional payables related to manufacturing equipment purchases during the three months ended June 30, 2008. Accrued expenses increased \$9,398 (10%) to \$104,446 at June 30, 2008 from \$95,048 at

March 31, 2008. Accrued warranty costs decreased \$5,625 (19%) to \$24,368 at June 30, 2008 from \$29,993 as of March 31, 2008 relating to the usage of the accrual for warranty replacements during the three months ended June 30, 2008. Accrued salaries were \$133,749 at June 30, 2008, a decrease of \$4,354 (3%) from \$138,103 at March 31, 2008. This decrease is due to accrued bonus payments which were paid in April 2008.

On October 1, 2007, the Company issued to four accredited investors Original Issue Discount 8% Senior Secured Convertible Debentures (the "October Debentures") having a principal face amount of \$4,707,705 and generating gross proceeds of \$4,001,551. After accounting for commissions, legal and other fees, the net proceeds to the Company totaled \$3,436,551.

In connection with the financing transaction, the Company issued to the investors five-year warrants to purchase 5,604,411 shares of common stock at \$0.92 per share and two-year warrants to purchase 1,401,103 shares of common stock at \$0.90 per share and 1,401,103 shares of common stock at \$1.60 per share (collectively, the "October Warrants"). Valuation of these warrants as calculated using the Black Scholes option pricing model equaled \$7,838,791 on the date of grant.

Under EITF Issue No. 00-27, the value of the October Warrants issued to the investors is calculated relative to the total amount of the debt offering. The relative fair value of the October Warrants issued to the investors was determined to be \$2,941,267, or 62.5% of the total offering. The relative fair value of the October Warrants, along with the effective beneficial conversion feature of the debt (\$3,557,761) and the face value discount given to the investors (\$706,154), totaled in excess of the face amount of the October Debentures. As such, the Company recorded a debt discount equal to the face value of the October Debentures of \$4,707,705. The debt discount is being amortized by the Company through the maturity dates of the October Debentures. On April 30, 2008, in connection with the deferral of three months of principal payments, the unamortized balance of the debt discount was decreased from \$3,375,592 to \$ 2,643,192 to reflect the fair value of the convertible debt as of the date of the debt extinguishment, and \$732,400 is included in the loss on extinguishment of debt. As of June 30, 2008 and March 31, 2008, the unamortized balance of the debt discount was \$2,413,349 and 3,522,357, respectively. During the three months ended June 30, 2008, the Company recorded additional interest expense of \$376,608 related to the amortization of the debt discount.

On May 30, 2008, the Company issued to an accredited investor an Original Issue Discount 8% Senior Secured Convertible Debenture (the "May 2008 Debenture") having a principal face amount of \$1,250,000 and generating gross proceeds of \$1,062,500. After accounting for commissions, legal and other fees, the net proceeds to the Company totaled \$870,625.

In connection with the financing transaction, the Company issued to the investor five-year warrants to purchase 1,488,095 shares of the Company's common stock at \$0.92 per share and five-year warrants to purchase 1,488,095 shares of common stock at \$1.35 per share (collectively, the "May Warrants").

Under EITF Issue No. 00-27, the value of the May Warrants issued to the investors is calculated relative to the total amount of the debt offering. The relative fair value of the May Warrants issued to the investors was determined to be \$815,471, or 65.2% of the total offering. The relative fair value of the May Warrants, along with the effective beneficial conversion feature of the debt (\$434,529) and the face value discount given to the investors (\$187,500), totaled in excess of the face amount of the May Debenture. As such, the Company recorded a debt discount equal to the face value of the May Debenture of \$1,250,000. The debt discount is being amortized by the Company through the maturity date of the May Debenture. As of June 30, 2008, the unamortized balance of the debt discount was \$1,208,333. During the three months ended June 30, 2008, the Company recorded additional interest expense of \$41,667 related to the amortization of the debt discount.

Current portion of related party notes payable was \$150,000 at June 30, 2008 and March 31, 2008 to \$150,000 in accordance with the terms of the promissory notes. On July 31, 2008, the Company paid the April 1, 2008 note payments, due on these related party notes. Management expects to continue to pay all payments due prior to the expiration of the 120-day grace periods.

The March 31, 2008 balance of \$12,000 on the note payable to Falk Shaff and Ziebell, was paid in full during the three months ended June 30, 2008.

Current portion of notes payable to officer remained the same balance of \$72,000 at June 30, 2008 and March 31, 2008, reflecting the maximum monthly payment due of \$6,000 per month.

Long-term related party notes payable decreased \$11,406 to \$1,570,678 at June 30, 2008 from \$1,582,084 at March 31, 2008 due to aggregate payments made of \$30,000 against the principal note balances which were offset by additional interest accrued of \$18,594 for the three month period ended June 30, 2008.

Liquidity and Capital Reserves

As of June 30, 2008 the Company's current assets of \$ 2,747,645 exceeded its current liabilities of \$2,968,208 by \$220,563. \$2,144,437 of current liabilities as of June 30, 2008 represents current portions of convertible debentures.

Total assets increased to \$3,460,889 at March 31, 2008 from \$483,687 at March 31, 2007 as a result of cash received from the financing through convertible debentures and the sale of common stock partially offset by cash funds used in operating activities.

The Company's total outstanding indebtedness increased to \$3,461,070 at March 31, 2008 from \$2,771,519 at March 31, 2007 primarily from the issuance of convertible debentures and increases in accrued interest on notes payable to related parties, which were partially offset by a decrease in accounts payable, accrued salaries expenses, notes payable, notes payable to officer and a decrease in accrued warranty costs.

Total cash including restricted cash, decreased \$39,083 to \$2,395,618 at June 30, 2008 from \$2,434,701 at March 31, 2008 as a result of cash used in operating activities of \$694,914 and purchases of fixed assets and trademark costs of \$30,132 which were partially offset by \$683,713 cash provided by financing activities primarily due to proceeds from borrowings from the May 2008 Debenture less principal payments on notes payable and line of credit.

Total assets increased \$220,546 to \$3,240,343 as of June 30, 2008 compared to \$3,460,889 as of March 31, 2008 mainly as a result of the proceeds from borrowings under the May 2008 Debenture, the increase in inventories, and the increase in deferred financing fees related to the May 2008 Debenture which were partially offset by cash used in operating activities during the three months ended June 30, 2008.

The Company's total outstanding indebtedness increased \$1,191,874 to \$4,652,944 at June 30, 2008 from \$3,461,070 at March 31, 2008 primarily from the issuance of the May 2008 Debentures offset by unamortized discounts, and by payments against notes payable, line of credit and accrued salaries.

Recent Financings

On October 1, 2007, the Company issued to four accredited investors Original Issue Discount 8% Senior Secured Convertible Debentures (the "Debentures") having a principal face amount of \$4,707,705 and generating gross proceeds of \$4,001,551. After accounting for commissions, legal and other fees, the net proceeds to the Company totaled \$3,436,551 (see Note 10 to the accompanying consolidated financial statements).

In accordance with the Convertible Debenture Agreement as amended on February 19, 2008, the principal amount under the Debentures is payable to the investors in 24 monthly redemption payments which commenced on March 31, 2008. The Company may elect to make principal redemptions in shares of common stock. If the Company elects to make principal redemptions in common stock, the conversion rate will be the lesser of (a) the Conversion Price (as defined below), or (b) 85% of the lesser of (i) the average of the volume weighted average price for the ten consecutive trading days ending immediately prior to the applicable date a principal redemption is due or (ii) the average of such price for the ten consecutive trading days ending immediately prior to the date the applicable shares are issued and delivered if such delivery is after the principal redemption due date. On March 31, 2008, the Company converted principal redemptions totaling \$188,308 into 224,176 registered common stock shares using the conversion price of \$0.84 per share.

At any time, holders may convert the Debentures into shares of common stock at a fixed conversion price of \$0.84, subject to adjustment in the event the Company issues common stock (or securities convertible into or exercisable for common stock) at a price below the conversion price as such price may be in effect at various times (the "Conversion Price"). On January 31, 2008, \$100,000 of the Debentures was converted by an investor. Using the conversion rate of

\$0.84 per the terms of the Debenture, 119,047 registered common stock shares were issued to the investor.

Quarterly interest payments for these convertible debentures are payable in cash and commenced on January 1, 2008. The Company may elect to make interest payments in shares of common stock provided, generally, that it is not in default under the Debentures and it has met certain equity conditions prior to the due date of the interest payments. If the Company elects to make interest payments in common stock, the conversion rate will be the lesser of (a) the Conversion Price (as defined below), or (b) 85% of the lesser of (i) the average of the volume weighted average price for the ten consecutive trading days ending immediately prior to the applicable date an interest payment is due or (ii) the average of such price for the ten consecutive trading days ending immediately prior to the date the applicable shares are issued and delivered if such delivery is after the interest payment date. During the year ended March 31, 2008, the Company converted accrued interest payments of \$186,975 accrued interest on the convertible notes into 222,590 shares of common stock using a conversion rate of \$0.84 per share. As of March 31, 2008, the Company had recorded \$5,446 accrued interest on the convertible notes included in the accompanying consolidated balance sheet and a total of \$192,421 of interest expense related to the face rate of interest in the accompanying consolidated statement of operations for the year ended March 31, 2008.

As of March 31, 2008, the principal balances of the Debentures totaled \$4,419,397 of which the current portion of \$1,936,884 is included in the Company's current liabilities in the accompanying consolidated balance sheet for March 31, 2008.

The Debentures rank senior to all of the Company's current and future indebtedness and are secured by substantially all of the Company's assets.

On March 31, 2008, the Company issued 224,176 shares of registered common stock for principal redemptions totaling \$188,308 and 110,501 common stock shares for March 2008 interest payments totaling \$92,821 to the holders of the Debentures using the conversion rate of \$0.84. In Ap