KAISER ALUMINUM CORP
Form 4
April 05, 2011

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
VEBA for Retirees of Kaiser Aluminum

(Last) (First) (Middle)

C/O THE BANK OF NEW YORK MELLON, TRUSTEE, 500 GRANT STREET, SUITE 1935

(Street)

PITTSBURGH, PA 15258

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
KAISER ALUMINUM CORP [KALU]

3. Date of Earliest Transaction (Month/Day/Year)
04/01/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director __X__ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/01/2011		S		19,257	D	$ 49.08 (1)	3,287,681	D	
Common Stock	04/04/2011		S		29,226	D	$ 49.04 (2)	3,258,455	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form

SEC 1474 (9-02)

displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
VEBA for Retirees of Kaiser Aluminum C/O THE BANK OF NEW YORK MELLON, TRUSTEE 500 GRANT STREET, SUITE 1935 PITTSBURGH, PA 15258		X		

Signatures

/s/ Bernadette T. Rist for The Bank of New York Mellon, solely in its capacity as Trustee for the VEBA for Retirees of Kaiser Aluminum (as directed by the Named Fiduciary), and not in its individual capacity	04/05/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $48.98-49.25, inclusive. The reporting person undertakes to provide to Kaiser Aluminum Corporation, any shareholder of Kaiser Aluminum Corporation, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote (1) to this Form 4.

(2) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $49.00-49.15, inclusive. The reporting person undertakes to provide to Kaiser Aluminum Corporation, any shareholder of Kaiser Aluminum Corporation, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote (2) to this Form 4.

Remarks:

The filing of this statement shall not be construed as an admission (a) that the person filing this statement is, for the purpose of

 : 1.25; MARGIN-RIGHT: 0pt" align="center">March 31, 2007

Value of Unexercised
In-the-Money
Warrants and Options at
March 31, 2007 (1)

Name

on Exerc

Realized

Exercisable

Unexercisable

Exercisable

Unexercisable

Peter Berry

0

0

1,367,970

-

$
1,532,126

-

Dee S. Kelly

0

0

331,252

-

$

371,002

Explanation of Responses:

-

Kenneth G. Carlson

0

0

222,000

-

$
248,640

-

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(1) The values of the unexercised in-the-money warrants and options have been calculated on the basis of the estimated fair market value at March 31, 2007 of $1.12 based on average selling price of recent unregistered common stock sales, less the applicable exercise price, multiplied by the number of shares acquired on exercise.

Pension Benefits

None of the Company's named executive officers are covered by a defined pension plan, defined contribution plan, or other similar benefit plan that provides for payments or other benefits.

Nonqualified Defined Contribution And Other Nonqualified Deferred Compensation Plans

The Company does not maintain any nonqualified compensation plans.

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Director Compensation

Compensation for the Board of Directors is governed by the Company's Compensation and Governance Committee. Historically there have been no cash payments made to the directors for their board services. From time to time the Company grants stock warrants to the directors with exercise prices equal to the fair value as of grant date based on external expert reports and guidance through the Compensation and Governance Committee recommendations.

Director Compensation Table

Director Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Warrant and Option Awards ($) (1)	Total ($)
Peter Berry	$ —	$ 58,283	$ -	$ 58,283
Gary C. Cannon	—	—	116,917	116,917
Adam M. Michelin	—	—	89,980	89,980
Thomas Fischer	—	—	78,537	78,537
Stephen L. Scott	—	—	77,586	77,586

(1) Reflects the dollar amount recognized for financial reporting purposes for the year ended March 31, 2007, in accordance with SFAS 123(R) of warrant and stock option awards pursuant to the 2002 Stock Option Plan, and thus includes amounts from awards granted in and prior to 2007. Assumptions used in the calculation of these amounts are included in Note 10- Stock Options and Warrants. All stock warrants were granted at the closing market price of the Company's stock on the dates of grant.

Employment Contracts:

Peter Berry is subject to an employment agreement with the Company dated November 1, 2002, as amended March 17, 2003, pursuant to which he has been employed as the Company's President and Chief Operating Officer. The Agreement provides for an initial annual base salary of $84,000, which increased to $88,000 and $93,000 in years two and three, respectively. Pursuant to the terms of the Agreement the Company extended Mr. Berry's employment agreement for a period of one year through November 1, 2007, at a base salary of $96,000. On November 1, 2002, pursuant to the Agreement, the Company granted Mr. Berry a stock option to purchase up to 500,000 shares of common stock at an exercise price of $.50 per share, which option vested as to 125,000 shares on the first anniversary of the date of grant, and thereafter vests in 36 equal monthly installments through November 11, 2006. In the event that the Company terminates Mr. Berry's employment without "cause", as defined in the Agreement, or fails to renew the Agreement except for "cause", then upon such termination, the Company is obligated to pay to Mr. Berry as severance an amount equal to his then current base salary, plus any earned incentive bonus. In March 2003, the Agreement was amended to reflect Mr. Berry's agreement to a reduced base salary during the first year of $60,000, and agreement to forego eligibility for an incentive bonus for such year. In exchange for the foregoing, the Company granted Mr. Berry an additional stock option to purchase an additional 250,000 shares of its common stock at a price of $.50 per share. The option was vested as to 125,000 shares on the date of grant, and 62,500 shares on each of September 30, 2003 and March 31, 2004. All other terms of the Agreement remained unchanged. The agreement was further amended by board consent, due to the financial condition of the Company in 2004 at Mr. Berry's request, to eliminate the 100% bonus provision per the contract in year two and defer this bonus into the third year of the employment contract. This entitled Mr. Berry to earn up to 200% of his then salary in the third contract year. Mr. Berry's bonus earned for the third year of the Agreement was approved for a total of $100,000 which was included in Mr. Berry's accrued salaries as of March 31, 2006 an converted into a note payable during fiscal 2007. Mr. Berry's bonus earned for the fourth year of the agreement was approved for $30,000 and was included in accrued salaries as of March 31, 2007. Of this amount, $15,000 was paid in August 2007.

The Company has no other employment agreements.

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Potential Payments On Termination Or Change In Control:

Pursuant to the terms of Mr. Berry's employment agreement, in the event that the Company terminates Mr. Berry's employment without "cause", as defined in the Agreement, or fails to renew the Agreement except for "cause", then upon such termination, the Company is obligated to pay to Mr. Berry as severance an amount equal to his current base salary, plus any earned incentive bonus. Aside from Mr. Berry's employment contract and one provision in the Company's 2002 Stock Option Plan discussed in the next paragraph, the Company does not provide any additional payments to named executive officers upon their resignation, termination, retirement, or upon a change of control.

The 2002 Stock Option Plan provides that in the event of a "change of control," all options shares will become fully vested and may be immediately exercised by the person who holds the option.

Change in Control Agreements:

There are no understandings, arrangements or agreements known by management at this time which would result in a change in control of CryoPort, Inc. or any subsidiary.

Equity Compensation Plan Information:

The Company currently maintains one equity compensation plan, referred to as the 2002 Stock Incentive Plan (the "2002 Plan"). The Company's Compensation and Governance Committee is responsible for making reviewing and recommending grants of options under this plan which are approved by the Board of Directors. The 2002 Plan, which was approved by its shareholders in October 2002, allows for the grant of options to purchase up to 5,000,000 shares of its common stock. The 2002 Plan provides for the granting of options to purchase shares of the Company's common stock at prices not less than the fair market value of the stock at the date of grant and generally expire ten years after the date of grant. The stock options are subject to vesting requirements, generally 3 or 4 years. The 2002 Plan also provides for the granting of restricted shares of common stock subject to vesting requirements. No restricted shares have been granted pursuant to the 2002 Plan as of September 30, 2007.

The following table sets forth certain information as of March 31, 2007 concerning the Company's common stock that may be issued upon the exercise of options or pursuant to purchases of stock under its 2002 Plan:

Plan Category	(a) Number of Securities to be Issued Upon the Exercise of Outstanding Options	(b) Weighted-Average Exercise Price of Outstanding Options	(c) Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders	2,488,613	$ 0.45	2,511,387
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
	2,488,613	$ 0.45	2,511,387

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of December 18, 2007 regarding the beneficial ownership of our Common Stock, based on information provided by (i) each of our executive officers and directors; (ii) all executive officers and directors as a group; and (iii) each person who is known by us to beneficially own more than 5% of the outstanding shares of our Common Stock. The percentage ownership in this table is based on 39,975,686 shares issued and outstanding as of December 18, 2007.

The address of each beneficial owner is in care of the Company, 20382 Barents Sea Circle, Lake Forest, California 92630. Unless otherwise indicated, we believe that all persons named in the following table have sole voting and investment power with respect to all shares of Common Stock that they beneficially own.

Beneficial Owner	Number of Shares Beneficially Owned		Percentage of Shares Beneficially Owned
Executive Officers and Directors:			
Peter Berry	1,394,170	(1)	3.4%
Dee S. Kelly	331,252	(1)	*
Kenneth G. Carlson	222,000	(1)	*
Gary C. Cannon	185,200	(1)	*
Adam M. Michelin	148,800	(1)	*
Thomas S. Fischer, PhD	135,600	(1)	*
Stephen L. Scott	128,200	(1)	*
			*
All directors and named executive officers as a group (7 persons)	2,545,222		6.0%
Other Stockholders:			
Patrick Mullens, M.D.	2,592,153		6.5%
Raymond Takahashi, M.D.	2,518,012	(2)	6.2%
David Petreccia, M.D.	1,998,418		5.0%

* Less than one percent.

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(1) For each person, consists of shares of common stock issuable upon exercise of currently exercisable warrants.

(2) Includes 583,333 shares of common stock issuable upon exercise of warrants.

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MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock has been included for quotation on the OTC Bulletin Board under the symbol CYRX.OB since September 11, 2007. Prior thereto, our stock was traded in the pink sheets.

The following table shows the reported high and low closing bid quotations per share for our common stock based on information provided by the Pink Sheets Quotation Service until September 11, 2007 and from the OTC Bulletin Board thereafter. Particularly since our common stock is traded infrequently, such over-the-counter market quotations reflect inter-dealer prices, without markup, markdown or commissions and may not necessarily represent actual transactions or a liquid trading market.

Fiscal 2008	High	Low
1st Quarter	$ 3.30	$ 0.77
2nd Quarter	1.70	0.61

Fiscal 2007	High	Low
1st Quarter	$ 4.20	$ 2.00
2nd Quarter	2.50	0.50
3rd Quarter	0.53	0.20
4th Quarter	2.00	0.28

Fiscal 2006	High	Low
1st Quarter	$ 6.10	$ 4.98
2nd Quarter	6.35	5.50
3rd Quarter	6.34	4.90
4th Quarter	6.05	4.00

Number of Stockholders

As of December 18, 2007, there were approximately 186 holders of record of our common stock.

Dividend Policy

Historically, we have not paid any dividends to the holders of our common stock and we do not expect to pay any such dividends in the foreseeable future as we expect to retain our future earnings for use in the operation and expansion of our business.

SELLING STOCKHOLDERS

The following table presents information regarding the selling stockholders.

Selling Stockholder	Shares Beneficially Owned Prior to Offering*	Shares to be Sold in Offering	Shares Beneficially Owned After Offering	Percentage Beneficial Ownership After Offering
Enable Growth Partners LP (1)	7,291,667	7,291,667	-0-	n/a
Enable Opportunity Partners LP (2)	1,288,690	1,288,690	-0-	n/a
Pierce Diversified Strategy Master Fund LLC, Ena (3)	178,573	178,573	-0-	n/a
BridgePoint Master Fund Ltd. (4)	5,252,098	5,252,098	-0-	n/a
Philip Benanti (5)	105,068	105,069	-0-	n/a
Edward Fine (5)	105,068	105,068	-0-	n/a
Stuart Fine (5)	105,069	105,069	-0-	n/a
GunnAllen Financial (5)(6)	6,724	6,724	-0-	n/a
Jason Fisher (5)	38,104	38,104	-0-	n/a
Michele Markowitz (5)	37,320	37,320	-0-	n/a
Fabio Migliaccio (5)	20,623	20,623	-0-	n/a
Patricia Sorbara (5)	37,320	37,320	-0-	n/a
Anthony St. Clair (5)	105,068	105,068	-0-	n/a
Total	**14,571,392**	**14,571,392**		

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* The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares as to which the selling stockholder has sole or shared voting power or investment power and also any shares, which the selling stockholder has the right to acquire within 60 days. Nevertheless, for purposes hereof, for each selling stockholder does not give effect to the 4.9% limitation on the number of shares that may be held by each stockholder as agreed to in the warrant held by each selling stockholder which limitation is subject to waiver by the holder upon 61 days prior written notice to us (subject to a further non-waivable limitation of 9.99%). Unless otherwise indicated, for each selling stockholder, the number of shares beneficially owned prior to this offering consists of shares of common stock currently owned by the selling stockholder as well as an equal number of shares of common stock issuable upon the exercise of warrants.

(1) Consists of 2,916,667 shares issuable upon conversion of convertible debentures and 4,375,000 shares issuable upon exercise of warrants. Mitch Levine in his capacity of Managing Partner holds voting and dispositive power over the shares held by Enable Growth Partners LP.

(2) Consists of 515,476 shares issuable upon conversion of convertible debentures and 773,214 shares issuable upon exercise of warrants. Mitch Levine in his capacity of Managing Partner holds voting and dispositive power over the shares held by Enable Opportunity Partners LP.

(3) Consists of 71,429 shares issuable upon conversion of convertible debentures and 107,144 shares issuable upon exercise of warrants. Mitch Levine in his capacity of Managing Partner holds voting and dispositive power over the shares held by Pierce Diversified Strategy Master Fund LLC, Ena.

(4) Consists of 2,100,839 shares issuable upon conversion of convertible debentures and 3,151,259 shares issuable upon exercise of warrants. Eric S. Swartz holds voting and dispositive power over the shares held by BridgePoint Master Fund Ltd.

(5) For each person, the shares included herein are issuable upon the exercise of an aggregate of 560,364 warrants at $0.84 per share. These warrants were granted to Joseph Stevens & Company, Inc., a registered broker-dealer, as part of its commission in connection with the private placement of the convertible notes and the warrants. Each of these persons, other than GunnAllen Financial, a registered broker dealer, is an affiliate of Joseph Stevens. Pursuant to our agreement with Joseph Stevens, the parties agreed that the securities were to be issued to Joseph Stevens or its designees. Joseph Stevens's transferees received their shares as compensation in the ordinary course of business and none of them has any agreement or understanding, direct or indirect, with any person to distribute the securities offered herewith. Accordingly, the securities were transferred directly from us to the entities and individuals. Each of such entities and individuals is an accredited investor who made the representation that it acquired such securities for investment purposes and not with a view to distribution or resale. Therefore, the transfer of securities was made pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933.

(6) Jim DiCesaro has voting and dispositive power over the shares held by GunnAllen Financial.

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RECENT FINANCING

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

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. We may elect to make interest payment 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 payment 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, holders may convert the Debentures into shares of common stock at a fixed conversion price of $0.84, subject to adjustment in the event we issue 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”).

Following the effective date of the registration statement of which this prospectus forms a part, we may force conversion of the Debentures if the market price of the common stock is at least $2.52 for 30 consecutive days. We may also prepay the Debentures in cash at 120% of the then outstanding principal.

The Debentures rank senior to all of our current and future indebtedness and are secured by substantially all of our assets.

In connection with the financing transaction, we issued to the investors five-year warrants to purchase 5,604,411 shares of our 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 “Warrants”).

We also entered into a registration rights agreement with the investors that requires us to register the shares issuable upon conversion of the Debentures and exercise of the Warrants within 45 days after the closing date of the transaction. If the registration statement 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 fail to attain a timely filing or effectiveness, as the case may be. The number of shares included in the registration statement of which is this prospectus forms a part is based on the total number of shares issuable upon the conversion of the entire principal face amount of the Debentures of $4,707,705 divided by the conversion price of $0.84.

We have been advised by the selling stockholders that they have no existing short position in our common stock. In the ordinary course of our business in trading securities positions, they may from time to time effect short sales. However, no such short sales are effected while in possession of material, nonpublic information.

Joseph Stevens and Company acted as sole placement agent in connection with the transaction. The Company paid to the placement agent cash in the amount of $440,000 and issued warrants to purchase 560,364 shares of the Company’s common stock at $0.84 per share. The warrants expire 30 months from the date of issuance and may be exercised on a cashless basis at any time from the date of issuance. The shares issuable upon exercise of the warrants have piggyback registration rights and are included in this registration statement.

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The following table sets forth for each Investor, the amount of interest payable with respect to the Debentures on each interest payment date.

Investor	Payment Reference	Date	Amount*
BridgePointe Master Fund Ltd.			
	Interest Payment	January 1, 2008	$ 35,294.10
	Interest Payment	April 1, 2008	$ 35,294.10
	Interest Payment	July 1, 2008	$ 35,294.10
	Interest Payment	October 1, 2008	$ 35,294.10
	Interest Payment	January 1, 2009	$ 35,294.10
	Interest Payment	April 1, 2009	$ 35,294.10
	Interest Payment	July 1, 2009	$ 35,294.10
	Interest Payment	September 1, 2009	$ 35,294.10
	Interest Payment	January 1, 2009	$ 35,294.10
	Interest Payment	February 27, 2010	$ 23,529.40
BridgePointe Master Fund Total:			$ 341,176.30
Enable Growth Partners LP			
	Interest Payment	January 1, 2008	$ 48,999.99
	Interest Payment	April 1, 2008	$ 48,999.99
	Interest Payment	July 1, 2008	$ 48,999.99
	Interest Payment	October 1, 2008	$ 48,999.99
	Interest Payment	January 1, 2009	$ 48,999.99
	Interest Payment	April 1, 2009	$ 48,999.99
	Interest Payment	July 1, 2009	$ 48,999.99
	Interest Payment	September 1, 2009	$ 48,999.99
	Interest Payment	January 1, 2009	$ 48,999.99
	Interest Payment	February 27, 2010	$ 32,666.66
Enable Growth Partners LP Total:			$ 473,666.65

Enable Opportunity Partners LP				
	Interest Payment	January 1, 2008	$	8,660.01
	Interest Payment	April 1, 2008	$	8,660.01
	Interest Payment	July 1, 2008	$	8,660.01
	Interest Payment	October 1, 2008	$	8,660.01
	Interest Payment	January 1, 2009	$	8,660.01
	Interest Payment	April 1, 2009	$	8,660.01
	Interest Payment	July 1, 2009	$	8,660.01
	Interest Payment	September 1, 2009	$	8,660.01
	Interest Payment	January 1, 2009	$	8,660.01
	Interest Payment	February 27, 2010	$	5,773.34
Enable Opportunity Partners LP Total:			$	83,713.43
Pierce Diversified Strategy Master Fund LLC, Ena				
	Interest Payment	January 1, 2008	$	1,200.00
	Interest Payment	April 1, 2008	$	1,200.00
	Interest Payment	July 1, 2008	$	1,200.00
	Interest Payment	October 1, 2008	$	1,200.00
	Interest Payment	January 1, 2009	$	1,200.00
	Interest Payment	April 1, 2009	$	1,200.00
	Interest Payment	July 1, 2009	$	1,200.00
	Interest Payment	September 1, 2009	$	1,200.00
	Interest Payment	January 1, 2009	$	1,200.00
	Interest Payment	February 27, 2010	$	1,200.00
Pierce Diversified Strategy Master Fund LLC, Ena Total:			$	11,600.00
Total payments that have been or may be required to be made in connection with the transaction, excluding principal repayments			$	910,156.30

*

The Company may pay the interest payments in cash, or at the Company's option, in duly authorized, fully paid and non-assessable shares of Common Stock at the Interest Conversion Rate or a combination thereof. The Interest Conversion Rate is the lesser of (a) the Conversion Price or (b) 85% of the lesser of (i) the average of the VWAPs for the 10 consecutive Trading Days ending on the Trading Day that is immediately prior to the applicable Interest Payment Date or (ii) the average of the VWAPs for the 10 consecutive Trading Days ending on the Trading Day that is immediately prior to the date the applicable Interest Conversion Shares are issued and delivered if such delivery is after the Interest Payment Date.

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The following table sets forth certain information concerning the market discount per share that may be realized by each of the Investors. Although the fixed conversion price of the Debentures of $0.84 represents a premium over the market of our common stock of $0.80 on the date the transaction was completed, the Debentures themselves are original issue discount instruments. We issued the Debentures having a principal face amount of $4,707,705, generating gross proceeds to us of $4,001,551. This discount is reflected in the far right column of this table.

Selling Shareholder	Market price per share of securities on the date of sale of the convertible note (October 1, 2007)	Fixed conversion price per share of underlying securities on the date of sale of the convertible note	Total possible shares underlying the convertible note	Combined market price (market price per share * total possible shares)	Total possible shares the selling shareholders may receive and combined conversion price of the total number of shares underlying the convertible note	Total possible discount to market price as of the date of sale of the convertible note (1)
BridgePointe Master Fund Ltd.	$ 0.80	$ 0.84	2,100,839	$ 1,680,671	2,100,839	$ 180,672
Enable Growth Partners LP	$ 0.80	$ 0.84	2,916,667	$ 2,333,334	2,916,667	$ 250,833
Enable Opportunity Partners LP	$ 0.80	$ 0.84	515,476	$ 412,381	515,476	$ 44,331
Pierce Diversified Strategy Master Fund LLC, Ena	$ 0.80	$ 0.84	71,429	$ 57,143	71,429	$ 6,143
			5,604,411	$ 4,483,529	5,604,411	$ 481,979

(1) Discount is based on gross proceeds of $4,001,551 divided by the total possible shares as compared to the market price on the date of the sale of the convertible note.

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The following table set forth information with respect to the warrants issued in the financing transaction.

Selling Shareholder	Transaction	Type	Date	Market Price	Exercise Price	Total To Be Received	Combined Market Price	Combined Exercise Price	Premium to Market
BridgePointe Master Fund Ltd.	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 1.60	525,210	$ 420,168	$ 840,336	$ 420,168
BridgePointe Master Fund Ltd.	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.90	525,210	$ 420,168	$ 472,689	$ 52,521
BridgePointe Master Fund Ltd.	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.92	2,100,839	$ 1,680,671	$ 1,932,772	$ 252,101
Enable Growth Partners LP	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 1.60	729,167	$ 583,334	$ 1,166,667	$ 583,333
Enable Growth Partners LP	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.90	729,167	$ 583,334	$ 656,250	$ 72,916
Enable Growth Partners LP	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.92	2,916,667	$ 2,333,334	$ 2,683,334	$ 350,000
Enable Opportunity Partners LP	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 1.60	128,869	$ 103,095	$ 206,190	$ 103,095
Enable Opportunity Partners LP	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.90	128,869	$ 103,095	$ 115,982	$ 12,887
Enable Opportunity Partners LP	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.92	515,476	$ 412,381	$ 474,238	$ 61,857
Pierce Diversified Strategy Master Fund LLC, Ena	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 1.60	17,857	$ 14,286	$ 28,571	$ 14,285
Pierce Diversified Strategy Master Fund	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.90	17,857	$ 14,286	$ 16,071	$ 1,785

LLC, Ena									
Pierce Diversified Strategy Master Fund LLC, Ena	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.92	71,429	$ 57,143	$ 65,715	$ 8,572
Joseph Stevens & Company	Convertible Notes	Warrants	9/28/07	$ 0.80	$ 0.84	560,364	$ 448,291	$ 470,706	$ 22,415
						8,966,981	$ 7,173,584	$ 9,129,521	$ 1,955,935

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The following table sets forth:

The gross proceeds paid or payable to the Company in the debenture transaction;

All interest payments that have been made or that may be required to be made;

The resulting net proceeds to the Company;

The combined total possible profit to be realized as a result of any conversion discounts regarding the shares underlying the debentures and any warrants that are held by the selling shareholders.

Disclosure - as a percentage - of the total amount of all possible interest payments and the total possible discount to the market price of the shares underlying the debentures divided by the net proceeds to the Company from the sale of the debentures, as well as the amount of that resulting percentage averaged over the term of the debentures.

Gross proceeds paid to the issuer in the convertible note transaction	$	4,001,551
All payments made or required to be made by the Company to the selling shareholders	$	910,156
Fees and expenses (1)		565,000
	$	1,475,156
Net proceeds to issuer, as gross proceeds are reduced by the total of all possible payments (excluding principal)	$	2,526,395
Combined total possible profit to be realized as a result of any conversion discounts (2)	$	481,979
Total amount of all possible payments plus the conversion discount as a percentage of the net proceeds to the issuer from the sale of the notes		57.0%
Annual percentage above averaged over the term of the convertible note		22.8%

(1) Fees and expenses include commissions and legal and other fees, resulting in net proceeds of $3,436,551 excluding deductions for interest payments required to be made by the Company.

(2) Discount is based on gross proceeds of $4,001,551 divided by the total possible shares as compared to the market price on the date of the sale of the convertible notes.

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The following table sets forth additional information about prior transactions involving the named selling shareholders with respect to our securities. None of the other selling shareholders had previously entered into transactions with us. Other than the financing transaction that was completed on October 1, 2007, these entities were not involved in any other financing transactions with us.

Selling Shareholders	**Shares held by persons other than the Investors, affiliates of the company, and affiliates of the Investors prior to the current transaction**	**Shares registered for resale by the Investors or affiliates of the Investors in prior registration statements**	**Shares registered for resale by the Investors or affiliates of the Investors that continue to be held by same (1)**	**Shares registered for resale on behalf of the Investors or affiliates of the Investors in the current transaction**
Others	39,825,686	0	0	0
BridgePointe Master Fund Ltd.	0	0	0	5,252,098
Enable Growth Partners LP	0	0	0	7,291,668
Enable Opportunity Partners LP	0	0	0	1,288,690
Pierce Diversified Strategy Master Fund LLC, Ena	0	0	0	178,572
Totals	39,825,686	0	0	14,011,028

(1) All shares registered on behalf of the Investors are issuable upon conversion of the Debentures. None of the Investors hold any shares.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In connection with the Share Exchange Agreement with CryoPort Systems, Inc. in March 2005 (see Note 1), the Company issued 1,000,000 shares to Mr. Dante Panella, a majority stockholder in exchange for Mr. Panella's surrender of 1,354,891 shares of CryoPort Systems' common stock. At the time of the Share Exchange agreement, Mr. Panella held the position of President, CEO of GT-5 Limited. Pursuant to the Share Exchange Agreement the Company's then directors and officers resigned, and the directors and officers of CryoPort Systems, Inc. were elected to fill the vacancies created by such resignations. The company's name was then changed to CryoPort, Inc. Since the time of the Share Exchange Agreement, Mr. Panella has not been involved in the management of CryoPort, Inc.

During 2004, in connection with a private placement offering, Mr. Panella purchased a total of 1,217,225 shares of CryoPort Systems, Inc. common stock for $0.04 per share with total proceeds of $48,689 received by the Company as follows: 250,000 shares purchased on July 23, 2005, 342,225 shares purchased on October 20, 2005, and 625,000 shares purchased on November 15, 2005.

In August 2006, Peter Berry, the Company's Chief Executive Officer, agreed to convert his deferred salaries to a long term note payable. Under the terms of this note, monthly payments of $3,000 will be made to Mr. Berry beginning in January 2007. In January 2008, these payments will increase to $6,000 and remain at that amount until the loan is fully paid in December 2010. During the year ended March 31, 2007, note payments totaling $9,000 had been made to Mr. Berry pursuant to this note. Interest of 6% per annum on the outstanding principal balance of the note will begin to accrue January 1, 2008 and will be paid on a monthly basis along with the monthly principal payment beginning in January 2008. As of March 31, 2007, the total amount of deferred salaries under this arrangement was $242,950 and is recorded as a note payable in the accompanying consolidated balance sheet (see Note 8).

In June 2005, the Company retained the legal services of Gary C. Cannon, Attorney at Law, for a monthly retainer fee of $6,500. At that same time, Mr. Cannon also became the Company's Secretary and a member of the Company's Board of Directors. The total amount paid to Mr. Cannon for retainer fees and out-of-pocket expenses for the years ended March 31, 2007 and 2006 were $78,500 and $64,624, respectively. In August 2006, Mr. Cannon was granted 103,400 warrants with an exercise price of $1.00 per share which equaled the fair value of the Company's shares on the grant date. In January 2007, Mr. Cannon was granted 51,400 warrants with an exercise price of $0.28 per share which equaled the fair value of Company's shares as of the grant date.

On October 13, 2006, various shareholders advanced the Company short term, zero interest loans ranging from $2,700 to $5,000 each, totaling $12,700. In December 2006 and January 2007, these loans were paid in full and have no outstanding balances as of March 31, 2007.

As of March 31, 2007 the Company had aggregate principal balances of $1,339,500 in outstanding unsecured indebtedness owed to five related parties including four former board of directors representing working capital advances made to the Company from February 2001 through March 2005. These notes bear interest at the rate of 6% per annum and provide for total monthly principal payments beginning April 1, 2006 of $2,500, which increase by $2,500 every six months to a maximum of $10,000. Any remaining unpaid principal and accrued interest is due at maturity on various dates through March 1, 2015. Related party interest expense under these notes was $85,595 and $79,179 for the years ended March 31, 2007 and 2006, respectively. Accrued interest, which is included in notes payable in the accompanying balance sheet, related to these notes amounted to $404,341 and $318,746 as of March 31, 2007 and 2006, respectively. Subsequent to year end the Company failed to make the required payments under the notes. However, pursuant to the note agreements, the Company has a 120 grace period to pay missed payments before the notes enter default. Management expects to pay all payments due prior to the expiration of the 120 day grace period. No new borrowings have been made by the Company from these related parties as of June 29, 2007.

Explanation of Responses:

DESCRIPTION OF SECURITIES

Our authorized capital consists of 125,000,000 shares of common stock, $.001 par value per share, of which 39,975,686 shares were issued and outstanding as of December 18, 2007. The following description is a summary and is qualified in its entirety by our Certificate of Incorporation and By-laws as currently in effect.

Common Stock

Each holder of common stock is entitled to receive ratable dividends, if any, as may be declared by the Board of Directors out of funds legally available for the payment of dividends. As of the date of this prospectus, we have not paid any dividends on our common stock, and none are contemplated in the foreseeable future. We anticipate that all earnings that may be generated from our operations will be used to finance our growth.

Holders of common stock are entitled to one vote for each share held of record. There are no cumulative voting rights in the election of directors. Thus the holders of more than 50% of the outstanding shares of common stock can elect all of our directors if they choose to do so.

The holders of our common stock have no preemptive, subscription, conversion or redemption rights. Upon our liquidation, dissolution or winding-up, the holders of our common stock are entitled to receive our assets pro rata.

Transfer Agent and Registrar

The Transfer Agent and Registrar for the Company's Common Stock is Integrity Stock Transfer, 3027 E. Sunset Road, Suite 103, Las Vegas, Nevada, 89120.

PLAN OF DISTRIBUTION

Each Selling Stockholder (the " Selling Stockholders") of the common stock and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on the OTC Bulletin Board or any other stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with NASDR Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with NASDR IM-2440.

In connection with the sale of the common stock or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The Selling Stockholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the Common Stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because Selling Stockholders may be deemed to be "underwriters" within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the Selling Stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the Selling Stockholders without registration and without regard to any volume limitations by reason of Rule 144(k) under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

LEGAL MATTERS

The validity of the common stock has been passed upon by Sichenzia Ross Friedman Ference LLP, New York, New York.

EXPERTS

The consolidated financial statements of CryoPort, Inc. as of March 31, 2007 and 2006 and for each of the years in the two year period ended March 31, 2007, included in this prospectus, have been audited by KMJ Corbin & Company LLP, an independent registered public accounting firm, as stated in their report appearing herein, and elsewhere in the registration statement, and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

We filed with the SEC a registration statement on Form SB-2 under the Securities Act for the common stock to be sold in this offering. This prospectus does not contain all of the information in the registration statement and the exhibits and schedules that were filed with the registration statement. For further information with respect to the common stock and us, we refer you to the registration statement and the exhibits and schedules that were filed with the registration statement. Statements made in this prospectus regarding the contents of any contract, agreement or other document that is filed as an exhibit to the registration statement are not necessarily complete, and we refer you to the full text of the contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits and schedules that were filed with the registration statement may be inspected without charge at the public reference facilities maintained by the SEC, 100 F Street, Washington, DC 20549. Copies of all or any part of the registration statement may be obtained from the SEC upon payment of the prescribed fee. Information regarding the operation of the public reference rooms may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is http://www.sec.gov.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Under the Nevada General Corporation Law and our Articles of Incorporation, as amended, our directors will have no personal liability to us or our stockholders for monetary damages incurred as the result of the breach or alleged breach by a director of his "duty of care". This provision does not apply to the directors' (i) acts or omissions that involve intentional misconduct or a knowing and culpable violation of law, (ii) acts or omissions that a director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director, (iii) approval of any transaction from which a director derives an improper personal benefit, (iv) acts or omissions that show a reckless disregard for the director's duty to the corporation or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of serious injury to the corporation or its shareholders, (v) acts or omissions that constituted an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation or its shareholders, or (vi) approval of an unlawful dividend, distribution, stock repurchase or redemption. This provision would generally absolve directors of personal liability for negligence in the performance of duties, including gross negligence.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

INDEX TO FINANCIAL STATEMENTS
CRYOPORT, INC.

CryoPort, Inc.
Consolidated Financial Statements
March 31, 2007 and 2006

CryoPort, Inc.
Consolidated Financial Statements
September 30, 2007 and 2006
(unaudited)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
CryoPort, Inc.

We have audited the accompanying consolidated balance sheets of CryoPort, Inc. (the "Company") as of March 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' deficit and cash flows for each of the years in the two year period ended March 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CryoPort, Inc. at March 31, 2007 and 2006, and the results of its operations and its cash flows for each of the years in the two year period ended March 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred recurring losses, and has a stockholders' deficit of $2,287,832 and negative working capital of $478,396 at March 31, 2007. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

KMJ Corbin & Company LLP
Irvine, California
June 29, 2007

CRYOPORT, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 2007		March 31, 2006	
ASSETS				
Current assets:				
Cash	$	264,392	$	4,723
Accounts receivable, net		10,172		22,306
Inventories		146,008		190,321
Prepaid expenses and other current assets		15,320		9,270
Total current assets		435,892		226,620
Fixed assets, net		38,400		57,520
Intangible assets, net		4,696		9,365
Deferred financing costs, net		4,699		-
	$	483,687	$	293,505
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	$	306,682	$	223,070
Accrued expenses		97,227		112,061
Accrued warranty costs		55,407		59,532
Accrued salaries and related		169,537		301,192
Convertible notes payable and accrued interest, net of discount of $29,638		96,435		-
Current portion of related party notes payable		120,000		45,000
Current portion of note payable to officer		45,000		-
Current portion of note payable		24,000		24,000
Total current liabilities		914,288		764,855
Related party notes and accrued interest payable, net of current portion		1,623,841		1,643,246
Note payable, net of current portion		35,440		35,440
Note payable to officer, net of current portion		197,950		-
Total liabilities		2,771,519		2,443,541
Commitments and contingencies				
Stockholders' deficit:				
Common stock, $0.001 par value; 100,000,000 shares authorized; 34,782,029 (2007) and 30,081,696 (2006) shares issued and outstanding		34,782		30,082
Additional paid-in capital		7,042,536		4,858,773
Accumulated deficit		(9,365,150)		(7,038,891)
Total stockholders' deficit		(2,287,832)		(2,150,036)
	$	483,687	$	293,505

See Accompanying Notes to Consolidated Financial Statements.

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CRYOPORT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For The Years Ended March 31, 2007	2006
Net sales	$ 67,103	$ 152,298
Cost of sales	176,939	315,650
Gross loss	(109,836)	(163,352)
Operating expenses:		
Selling, general and administrative expenses	1,899,228	1,023,088
Research and development expenses	87,857	254,487
Total operating expenses	1,987,085	1,277,572
Loss from operations	(2,096,921)	(1,440,924)
Interest expense	(227,738)	(80,377)
Loss before income taxes	(2,324,659)	(1,521,301)
Income taxes	1,600	800
Net loss	$ (2,326,259)	$ (1,522,101)
Net loss available to common stockholders per common share:		
Basic and diluted loss per common share	$ (0.08)	$ (0.05)
Basic and diluted weighted average common shares outstanding	30,943,154	29,888,702

See Accompanying Notes to Consolidated Financial Statements.

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CRYOPORT, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

	Common Stock				Additional Paid-in		Accumulated		Total Stockholders'
	Shares		Amount		Capital		Deficit		Deficit
Balance, April 1, 2005	29,708,105	$	29,708	$	4,307,047	$	(5,516,790)	$	(1,180,035)
Issuance of common stock for cash, net of issuance costs of $61,460	142,000		142		435,398		-		435,540
Exercise of warrants for cash	159,999		160		54,840		-		55,000
Exercise of cashless warrants	71,592		72		(72)		-		-
Fair value of stock options issued to consultants	-		-		61,560		-		61,560
Net loss	-		-		-		(1,522,101)		(1,522,101)
Balance, March 31, 2006	30,081,696		30,082		4,858,773		(7,038,891)		(2,150,036)
Issuance of common stock for cash, net of issuance costs of $112,372	4,692,000		4,692		897,336		-		902,028
Exercise of warrants for cash	8,333		8		2,492		-		2,500
Fair value of stock options and warrants issued to consultants, employees and directors	-		-		1,177,768		-		1,177,768
Beneficial conversion feature related to issuance of convertible debentures	-		-		106,167		-		106,167
Net loss	-		-		-		(2,326,259)		(2,326,259)
Balance, March 31, 2007	34,782,029	$	34,782	$	7,042,536	$	(9,365,150)	$	(2,287,832)

See Accompanying Notes to Consolidated Financial Statements.

CRYOPORT, INC.
STATEMENTS OF CASH FLOWS
For The Years Ended March 31, 2007 and 2006

	For The Years Ended March 31, 2007	2006
Cash flows from operating activities:		
Net loss	$ (2,326,259)	$ (1,522,101)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	23,789	88,753
Amortization of deferred financing costs	10,901	-
Amortization of debt discount	76,529	-
Bad debt expense	-	48,610
Fair value of stock options and warrants issued to consultants, employees and directors	1,177,768	61,560
Changes in operating assets and liabilities:		
Accounts receivable	12,134	(26,369)
Inventories	44,313	(39,341)
Prepaid expenses and other current assets	(6,050)	41,848
Accounts payable	83,612	60,085
Accrued expenses	(14,834)	8,021
Accrued warranty costs	(4,125)	(10,968)
Accrued salaries and related	120,295	54,761
Accrued interest	91,668	70,179
Net cash used in operating activities	(710,259)	(1,155,962)
Cash flows used in investing activities:		
Purchases of fixed assets	-	(42,050)
Cash flows from financing activities:		
Proceeds from borrowings under notes payable	92,700	-
Proceeds from borrowings under convertible notes	120,000	-
Payment of deferred financing costs	(15,600)	-
Repayments of notes payable	(122,700)	(8,000)
Payments of notes payable to officer	(9,000)	-
Proceeds from issuance of common stock, net	902,028	435,540
Proceeds from exercise of warrants	2,500	55,000
Net cash provided by financing activities	969,928	482,540
Net change in cash	259,669	(715,472)
Cash, beginning of year	4,723	720,195
Cash, end of year	$ 264,392	$ 4,723
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 47,729	$ 1,198

Income taxes	$	1,600	$	800
Supplemental disclosure of non-cash activities:				
Conversion of accrued salaries to note payable	$	251,950	$	-
Beneficial conversion feature for convertible notes	$	106,167	$	-

See Accompanying Notes to Consolidated Financial Statements.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 1 - ORGANIZATION AND BUSINESS

Organization

CryoPort, Inc. (the "Company") was originally incorporated under the name G.T.5-Limited ("GT5") on May 25, 1990 as a Nevada Corporation. The Company was engaged in the business of designing and building exotic body styles for automobiles compatible with the vehicle's existing chassis.

On March 15, 2005, the Company entered into a Share Exchange Agreement (the "Agreement") with CryoPort Systems, Inc. ("CryoPort Systems"), a California corporation, and its stockholders whereby the Company acquired all of the issued and outstanding shares of CryoPort Systems in exchange for 24,108,105 shares of its common stock (which represented approximately 81% of the total issued and outstanding shares of common stock following the close of the transaction). CryoPort Systems was originally formed in 1999 as a California limited liability company and was reorganized into a California corporation on December 11, 2000. CryoPort Systems was founded to capitalize on servicing the transportation needs of the growing global "biotechnology revolution." Effective March 16, 2005, the Company changed its name to CryoPort, Inc. The transaction has been recorded as a reverse acquisition (see Note 2).

The principal focus of the Company is to develop a line of disposable (or one-way) dry cryogenic shippers for the transport of biological materials. These materials include live cell pharmaceutical products; e.g., cancer vaccines, diagnostic materials, reproductive tissues, infectious substances and other items that require continuous exposure to cryogenic temperature (less than -150 ° C). The Company currently manufactures a line of reusable cryogenic dry shippers. These primarily serve as vehicles for the development of the cryogenic technology that supports the disposable product development but also are essential components of the infrastructure that supports testing and research activities of the pharmaceutical and biotechnology industries. The Company's mission is to provide cost effective packaging systems for biological materials requiring, or benefiting from, a cryogenic temperature environment over an extended period of time.

Going Concern

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has not generated significant revenues from operations and has no assurance of any future revenues. The Company incurred net losses of $2,326,259 and $1,522,101 during the years ended March 31, 2007 and 2006, respectively, and used $710,259 and $1,155,962 of cash in operations during 2007 and 2006, respectfully. The Company has a cash balance of $264,392 at March 31, 2007. In addition, at March 31, 2007, the Company's stockholders' deficit was $2,287,832 and has negative working capital of $478,396. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The Company's management recognizes that the Company must obtain additional capital for the eventual achievement of sustained profitable operations. Management's plans include obtaining additional capital through equity funding sources. However, no assurance can be given that additional capital, if needed, will be available when required or upon terms acceptable to the Company or that the Company will be successful in its efforts to negotiate an extension of its existing debt. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The acquisition of CryoPort Systems by the Company has been accounted for as a reverse acquisition, whereby the assets and liabilities of CryoPort Systems are reported at their historical cost. The Company had no assets or operations at the date of acquisition. The reverse acquisition resulted in a change in reporting entity for accounting and reporting purposes. Accordingly, the accompanying consolidated financial statements have been retroactively restated for all periods presented to report the historical financial position, results of operations and cash flows of CryoPort Systems. Since the Company's stockholders retained 5,600,000 shares of common stock in connection with the reverse acquisition, such shares have been reflected as if they were issued to the Company on the date of acquisition for no consideration as part of a corporate reorganization.

Principles of Consolidation

The consolidated financial statements include the accounts of CryoPort, Inc. and its wholly owned subsidiary, CryoPort Systems, Inc. All intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from estimated amounts. The Company's significant estimates include allowances for doubtful accounts and sales returns, recoverability of long-lived assets, allowances for inventory obsolescence, accrued warranty costs, deferred tax assets and their accompanying valuations, the value of options and warrants, and product liability reserves.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Concentrations of Credit Risk

Cash

The Company maintains its cash accounts in financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $100,000. At March 31, 2007 and 2006, the Company had cash balances of $214,469 and $0, respectively, which were in excess of the FDIC insurance limit. The Company performs ongoing evaluations of these institutions to limit its concentration risk exposure.

Customers

The Company grants credit to customers within the United States of America and to a limited number of international customers, and does not require collateral. Sales to international customers are secured by advance payments or letters of credit. The Company's ability to collect receivables is affected by economic fluctuations in the geographic areas and industries served by the Company. Reserves for uncollectible amounts and estimated sales returns are provided based on past experience and a specific analysis of the accounts which management believes are sufficient. Accounts receivable at March 31, 2007 and 2006 are net of reserves for doubtful accounts and sales returns of approximately $7,000 and $54,000, respectively. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts.

The Company has foreign sales primarily in Europe, Latin America, Asia and Canada. Foreign sales are primarily under exclusive distribution agreements with international distributors. During 2007 and 2006, the Company had foreign sales of approximately $32,000 and $55,000, respectively, which constituted approximately 47% and 36% of net sales, respectively.

The majority of the Company's customers are in the bio-pharmaceutical and animal breeding industries. Consequently, there is a concentration of receivables within these industries, which is subject to normal credit risk.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value of Financial Instruments

The Company's consolidated financial instruments consist of cash, accounts receivable, related party notes payable, payables, accrued expenses, note payable to officer, convertible notes payable and a note payable to a third party. The carrying value for all such instruments, except the related party notes payable, approximates fair value at March 31, 2007 and 2006. The fair value of the related party notes payable is not determinable as the transactions were with related parties.

Inventories

Inventories are stated at the lower of standard cost or current estimated market value. Cost is determined using the first-in, first-out method. Work in process and finished goods include material, labor and applied overhead. The Company periodically reviews its inventories and records a provision for excess and obsolete inventories based primarily on the Company's estimated forecast of product demand and production requirements. Once established, write-downs of inventories are considered permanent adjustments to the cost basis of the obsolete or excess inventories. Work in process and finished goods include material, labor and applied overhead.

Fixed Assets

Fixed assets are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization of fixed assets are provided using the straight-line method over the following useful lives:

Furniture and fixtures	7 years
Machinery and equipment	5-7 years
Leasehold improvements	Lesser of lease term or estimated useful life

Betterments, renewals and extraordinary repairs that extend the lives of the assets are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation and amortization applicable to assets retired are removed from the accounts, and the gain or loss on disposition is recognized in current operations.

Intangible Assets

Patents and Trademarks

Patents and trademarks are amortized using the straight-line method over their estimated useful life of five years.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Long-Lived Assets

The Company's management assesses the recoverability of its long-lived assets upon the occurrence of a triggering event by determining whether the depreciation and amortization of long-lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. At March 31, 2007 and 2006, the Company's management believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Company's products will continue, which could result in impairment of its long-lived assets in the future.

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of the convertible notes payable. Deferred financing costs are being amortized over the term of the financing instrument on a straight-line basis, which approximates the effective interest method. During the year ended March 31, 2007, the Company capitalized deferred financing costs of $15,600 and amortized deferred financing costs of $10,901 to interest expense.

Accrued Warranty Costs

Estimated costs of the Company's standard warranty, included with products at no additional cost to the customer for a period up to one year, are recorded as accrued warranty costs at the time of product sale. Costs related to servicing the standard warranty are charged to the accrual as incurred.

The following represents the activity in the warranty accrual during the years ended March 31:

		2007		2006
Beginning warranty accrual	$	59,532	$	70,500
Increase in accrual (charged to cost of sales)		4,875		13,484
Charges to accrual (product replacements)		(9,000)		(24,452)
Ending warranty accrual	$	55,407	$	59,532

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition

Revenue is recognized in accordance with Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements* , as revised by SAB 104. The Company recognizes revenue when products are shipped to a customer and the risks and rewards of ownership and title have passed based on the terms of the sale. The Company records a provision for sales returns and claims based upon historical experience. Actual returns and claims in any future period may differ from the Company's estimates.

Accounting for Shipping and Handling Revenue, Fees and Costs

The Company classifies amounts billed for shipping and handling as revenue in accordance with Emerging Issues Task Force ("EITF") Issue No. 00-10, *Accounting for Shipping and Handling Fees and Costs* . Shipping and handling fees and costs are included in cost of sales.

Advertising Costs

The Company expenses the cost of advertising when incurred as a component of consolidated selling, general and administrative expenses. During 2007 and 2006, the Company expensed approximately $21,000 and $72,000, respectively, in advertising costs.

Research and Development Expenses

The Company expenses internal research and development costs as incurred. Third party research and development costs are expensed when the contracted work has been performed.

Stock-Based Compensation

Adoption of SFAS 123(R)

On April 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* , ("SFAS 123(R)") which establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on accounting for transactions where an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments, including stock options, based on the grant-date fair value of the award and to recognize it as compensation expense over the period the employee is required to provide service in exchange for the award, usually the vesting period. SFAS 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"). In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 ("SAB 107") relating to SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of April 1, 2006, the first day of the Company's fiscal year 2007. The Company's consolidated financial statements as of and for the year ended March 31, 2007 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company's consolidated financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R).

SFAS 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's consolidated statement of operations. Prior to the adoption of SFAS 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123"). Under the intrinsic value method, no stock-based compensation expense had been recognized in the Company's consolidated statements of operations, other than as related to option grants to employees and consultants below the fair market value of the underlying stock at the date of grant.

Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period.

Stock-based compensation expense recognized in the Company's consolidated statement of operations for the year ended March 31, 2007 included compensation expense for share-based payment awards granted prior to, but not yet vested as of March 31, 2006 based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123 and compensation expense for the share-based payment awards granted subsequent to March 31, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). As stock-based compensation expense recognized in the consolidated statement of operations for the year ended March 31, 2007 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures, if any. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The estimated average forfeiture rate for the year ended March 31, 2007 was zero as the Company has not had a significant history of forfeitures and does not expect forfeitures in the future. There were 1,258,950 warrants and no stock options granted to employees and directors during the year ended March 31, 2007.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

SFAS 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options to be classified as financing cash flows. Due to the Company’s loss position, there were no such tax benefits during the year ended March 31, 2007. Prior to the adoption of SFAS 123(R) those benefits would have been reported as operating cash flows had the Company received any tax benefits related to stock option exercises.

Plan Description

The Company’s stock option plan provides for grants of incentive stock options and nonqualified options to employees, directors and consultants of the Company to purchase the Company’s shares at the fair value, as determined by management and the board of directors, of such shares on the grant date. The options generally vest over a five-year period beginning on the grant date and have a ten-year term. As of March 31, 2007, the Company is authorized to issue up to 5,000,000 shares under this plan and has 2,511,387 shares available for future issuances.

Summary of Assumptions and Activity

The fair value of stock-based awards to employees and directors is calculated using the Black-Scholes option pricing model, even though this model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Company’s stock options. The Black-Scholes model also requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate selected to value any particular grant is based on the U.S Treasury rate that corresponds to the pricing term of the grant effective as of the date of the grant. The expected volatility is based on the historical volatility of the Company’s stock price. These factors could change in the future, affecting the determination of stock-based compensation expense in future periods.

	March 31, 2007	**March 31, 2006**
Stock options and warrants:		
Expected term	5 years	N/A
Expected volatility	282% - 233%	N/A
Risk-free interest rate	4.75% - 4.82%	N/A
Expected dividends	N/A	N/A

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The following table illustrates the effect on net loss and net loss per share for the year ended March 31, 2006 as if the Company had applied the fair value recognition provisions of SFAS 123 to options granted under the Company's stock option plans. For purposes of this pro forma disclosure, the fair value of the options is estimated using the Black Scholes option-pricing model and amortized on a straight-line basis to expense over the options' vesting period:

		For The Year Ended March 31, 2006
Net loss - as reported	$	(1,522,101)
Add: Share based employee compensation included in net loss, net of tax effects		-
Deduct: Share-based employee compensation expense determined under fair value method, net of tax effects		(86,106)
Net loss - pro forma	$	(1,608,207)
Net loss per common share - basic and diluted		
As reported	$	(0.05)
Pro forma	$	(0.05)

A summary of employee and director option and warrant activity for the year ended March 31, 2007, is presented below:

	Shares		**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (Yrs.)**		**Aggregate Intrinsic Value**
Outstanding at March 31, 2006	2,488,613	$	0.45	6.45		
Granted	1,258,950	$	0.76	9.47		
Exercised	-	$	-			
Forfeited	-	$	-			
Outstanding at March 31, 2007	3,747,563	$	0.59	7.46	$	1,503,862
Exercisable at March 31, 2007	3,747,563	$	0.59	7.46	$	1,503,862

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

There were 1,258,950 warrants and no stock options granted to employees and directors during the year ended March 31, 2007. In connection with the warrants granted, the modification of previous options granted, and the vesting of prior options issued, the Company recorded total charges of $1,177,768 in accordance with the provisions of SFAS 123(R), which have been included in selling, general and administrative expenses for the year ended March 31, 2007 in the accompanying consolidated statement of operations. No employee or director warrants or stock options expired during the year ended March 31, 2007. The Company issues new shares from its authorized shares upon exercise of warrants or options.

In December 2006, the Company modified the expiration dates of 2,488,613 of its employee and director stock options by extending their terms by five years. In connection with the modification, the Company recorded a charge of $133,759 at the date of the modification in accordance with the provisions of SFAS 123(R), which has been included in selling, general and administrative expenses for the year ended March 31, 2007 in the accompanying consolidated statement of operations.

A summary of the status of the Company’s non-vested employee and director stock options and warrants as of March 31, 2007 and changes during the year then ended is presented below:

	Shares	Weighted Average Grant Date Fair Value Per Share
Non-vested at March 31, 2006	177,352	$ 0.52
Non-vested granted	1,258,950	0.76
Vested	(1,436,302)	0.67
Forfeited/cancelled	-	-
Non-vested at March 31, 2007	-	$ 0.60

As of March 31, 2007, there was no unrecognized compensation cost related to employee and director stock option compensation arrangements after the modification noted above. The total fair value of shares vested during the year ended March 31, 2007 was $1,044,009.

As a result of adopting SFAS 123(R) on April 1, 2006, the Company’s loss before income taxes and net loss for the year ended March 31, 2007 was $763,677 higher than if the Company had continued to account for share-based compensation under APB Opinion No. 25. Basic and diluted net loss per share for the year ended March 31, 2007 was approximately $0.04 higher than if it had continued to account for share-based compensation under APB Opinion No. 25.

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The following table summarizes stock-based compensation expense related to stock options and warrants under SFAS 123(R) for the year ended March 31, 2007, which was allocated as follows:

		Year Ended March 31, 2007
Stock-based compensation expense included in:		
Cost of sales	$	-
Research and development expense		-
Selling, general and administrative expense		1,177,768
Stock-based compensation expense related to employee stock options and warrants	$	1,177,768

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes* . Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. The Company is a subchapter "C" corporation and files a federal income tax return. The Company files separate state income tax returns for California and Nevada.

Basic and Diluted Loss Per Share

The Company has adopted SFAS No. 128, *Earnings Per Share* .

Basic loss per common share is computed by dividing the net loss available to common stockholders by the weighted average number of shares outstanding for the period. Diluted loss per share is computed by dividing net loss by the weighted average shares outstanding assuming all dilutive potential common shares were issued. Basic and diluted loss per share are the same as the effect of stock options and warrants on loss per share are anti-dilutive and thus not included in the diluted loss per share calculation. The impact under the treasury stock method of dilutive stock options and warrants and shares to be issued for convertible debt would have resulted in an increase of 2,998,382 and 2,915,972 incremental shares for the years ended March 31, 2007 and 2006.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The following is a reconciliation of the numerators and denominators of the basic and diluted loss per share computations for the years ended March 31:

		2007		2006
Numerator for basic and diluted loss per share:				
Net loss available to common stockholders	$	(2,326,259)	$	(1,522,101)
Denominator for basic and diluted loss per common share:				
Weighted average common shares outstanding		30,943,154		29,888,702
Net loss per common share available to common Stockholders - basic and diluted	$	(0.08)	$	(0.05)

Convertible Debentures

If the conversion feature of conventional convertible debt provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature ("BCF"). A BCF is recorded by the Company as a debt discount pursuant to EITF Issue No. 98-5, *"Accounting for Convertible Securities with Beneficial Conversion Features or Contingency Adjustable Conversion Ratio,"* ("EITF 98-05") and EITF Issue No. 00-27, *"Application of EITF Issue No. 98-5 to Certain Convertible Instruments"* ("EITF 00-27"). In those circumstances, the convertible debt will be recorded net of the discount related to the BCF. The Company amortizes the discount to interest expense over the life of the debt using the effective interest method (see Note 8).

Recent Accounting Pronouncements

FASB Statement No. 157, *Fair Value Measurements,* has been issued by the Financial Accounting Standards Board ("FASB"). This new standard provides guidance for using fair value to measure assets and liabilities. Under Statement 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, Statement 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of Statement 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including any financial statements for an interim period within that fiscal year. The adoption of this pronouncement is not expected to have material effect on the Company's financial statements.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The FASB has issued FASB Staff Position ("FSP") EITF 00-19-2, *Accounting for Registration Payment Arrangements.* This FSP specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with FASB Statement No. 5, *Accounting for Contingencies.* The FSP further clarifies that a financial instrument subject to a registration payment arrangement should be accounted for in accordance with other applicable GAAP without regard to the contingent obligation to transfer consideration pursuant to the registration payment arrangement. This FSP amends various authoritative literature notably FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities,* FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,* and FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.* This FSP is effective immediately for registration payment arrangements and the financial instruments subject to those arrangements that are entered into or modified subsequent to December 21, 2006. For registration payment arrangements and financial instruments subject to those arrangements that were entered into prior to December 21, 2006, the guidance in the FSP is effective for financial statements issued for fiscal years beginning after December 15, 2006, and interim periods within those fiscal years. The adoption of this pronouncement did not have a material effect on the Company's financial statements.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006 and is required to be adopted by the Company on April 1, 2007. The Company does not expect the adoption of FIN 48 to have a material impact on its consolidated results of operations and financial condition.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections* , a replacement of APB Opinion No. 20, *Accounting Changes* , and Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements* . SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle. Previously, most voluntary changes in accounting principles were required recognition via a cumulative effect adjustment within net income of the period of the change. SFAS No. 154 requires retrospective application to prior periods' financial statements, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005; however, SFAS No. 154 does not change the transition provisions of any existing accounting pronouncements. The adoption of SFAS No. 154 did not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

On February 15, 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115.* SFAS 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities, including not-for-profit organizations. Most of the provisions in Statement 159 are elective; however, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities,* applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. The fair value option established by Statement 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. A not-for-profit organization will report unrealized gains and losses in its statement of activities or similar statement. The fair value option: (*a*) may be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method; (*b*) is irrevocable (unless a new election date occurs); and (*c*) is applied only to entire instruments and not to portions of instruments. Statement 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of FASB Statement No. 157, *Fair Value Measurements.* The adoption of this pronouncement is not expected to have material effect on the Company's consolidated financial statements .

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 3 - INVENTORIES

Inventories at March 31, 2007 and 2006 consist of the following:

	2007	2006
Raw materials	$ 61,142	$ 106,950
Work in process	42,950	57,790
Finished goods	41,916	25,581
	$ 146,008	$ 190,321

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following at March 31:

	2007	2006
Furniture and fixtures	$ 22,982	$ 22,982
Machinery and equipment	437,501	437,501
Leasehold improvements	15,611	15,611
	476,094	476,094
Less accumulated depreciation and amortization	(437,694)	(418,574)
	$ 38,400	$ 57,520

Depreciation and amortization expense for fixed assets for the years ended March 31, 2007 and 2006 was $19,120 and $81,470, respectively.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist of the following at March 31:

	2007	2006
Assets subject to amortization:		
Patents and trademarks	$ 46,268	$ 46,268
Less accumulated amortization	(41,572)	(36,903)
	$ 4,696	$ 9,365

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 5 - INTANGIBLE ASSETS, continued

Amortization expense for intangible assets for the years ended March 31, 2007 and 2006 was $4,669 and $7,283, respectively. All of the Company's intangible assets are subject to amortization.

Estimated future annual amortization expense pursuant to these intangible assets is as follows:

Years Ending March 31,		
2008	$	4,696

NOTE 6 - INCOME TAXES

The tax effects of temporary differences that give rise to deferred taxes at March 31, 2007 and 2006 are as follows:

		2007		2006
Deferred tax asset:				
Net operating loss carryforward	$	3,074,000	$	2,593,000
Accrued expenses and reserves		86,000		85,000
Expenses recognized for granting of options and warrants		552,000		81,000
Total gross deferred tax asset		3,712,000		2,759,000
Less valuation allowance		(3,712,000)		(2,759,000)
	$	-	$	-

The valuation allowance increased during the years ended March 31, 2007 and 2006 by approximately $953,000 and $318,000, respectively. No current provision for income taxes for the years ended March 31, 2007 and 2006 is required, except for minimum state taxes, since the Company incurred taxable losses during such years.

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 6 - INCOME TAXES, continued

The provision for income taxes for fiscal 2007 and 2006 was $1,600 and $800, respectively, and differs from the amount computed by applying the U.S. Federal income tax rate of 34% to loss before income taxes as a result of the following:

		2007		**2006**
Computed tax benefit at federal statutory rate	$	(790,000)	$	(518,000)
State income tax benefit, net of federal effect		(136,000)		(90,000)
Increase in valuation allowance		953,000		318,000
Other		(25,400)		290,800
	$	1,600	$	800

As of March 31, 2007, the Company had net operating loss carry forwards of approximately $7,700,000 and $7,700,000 for federal and state income tax reporting purposes, respectively, which expire at various dates through 2026 and 2016, respectively.

The utilization of the net operating loss carry forwards might be limited due to restrictions imposed under federal and state laws upon a change in ownership. The amount of the limitation, if any, has not been determined at this time. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. As a result of the Company's continued losses and uncertainties surrounding the realization of the net operating loss carry forwards, the Company has recorded valuation allowances equal to the net deferred tax asset amounts as of March 31, 2007 and 2006.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Operating Leases

On April 1, 2005, the Company entered into a noncancelable operating lease on its facility in Brea, California, requiring ten monthly payments of $7,500 and expiring on April 1, 2007. In June 2006, the building was sold and the Company was granted approximately two months free rent by the previous owner. On April 1, 2007, the Brea facility lease was extended under month-to-month terms for $7,500 per month with a 60-day notification to terminate requirement.

As of March 31, 2007, future minimum rental payments required under the existing facility operating lease are as follows:

Years Ending March 31,		**Operating Lease**
2008	$	15,000

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 7 - COMMITMENTS AND CONTINGENCIES, continued

Total rental expense was approximately $ 63,000 and $ 75,000 for the years ended March 31, 2007 and 2006, respectively.

Litigation

The Company becomes a party to product litigation in the normal course of business. The Company accrues for open claims based on its historical experience and available insurance coverage. In the opinion of management, there are no legal matters involving the Company that would have a material adverse effect on the Company's consolidated financial condition or results of operations.

Indemnities and Guarantees

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the States of California and Nevada. In connection with its facility lease, the Company has indemnified its lessor for certain claims arising from the use of the facility. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying consolidated balance sheets.

NOTE 8 - NOTES PAYABLE

On May 12, 2006, the Company arranged for short-term financing of $175,000, pursuant to a Loan Agreement and related Secured Promissory Note with Ventana Group, LLC. Disbursements to the Company under the Loan Agreement are based on achievement of milestones reached towards finalizing a long-term equity financing agreement. The note is secured by machinery and equipment owned by the Company. During the year ended March 31, 2007, the Company received $80,000 of funds and recorded $47,729 of interest and financing fees expense pursuant to this Loan Agreement. Per the terms of the note, on February 22, 2007 the Company paid the total $47,729 interest and financing fees and repaid the $80,000 principal balance of the note. As of March 31, 2007 there are no remaining outstanding balances due under this note.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 8 - NOTES PAYABLE, continued

The Company has a non-interest bearing note payable to a third-party lender which was due in April 2003. The Company is scheduled to make monthly payments of $2,000 as agreed with the third party lender. During the year ended March 31, 2007 the Company made no payments against the balance of this note. As of March 31, 2007 and 2006, the remaining unpaid balance was $59,440 and $59,440, respectively.

As of March 31, 2007 and 2006, the Company had aggregate principal balances of $1,339,500 and $1,369,500 respectively, in outstanding unsecured indebtedness owed to five related parties, including four former members of the board of directors, representing working capital advances made to the Company from February 2001 through March 2005. These notes bear interest at the rate of 6% per annum and provide for aggregate monthly principal payments which began April 1, 2006 of $2,500, and which increase by an aggregate of $2,500 every six months to a maximum of $10,000 per month. Any remaining unpaid principal and accrued interest is due at maturity on various dates through March 1, 2015.

Related-party interest expense under these notes was $85,595 and $79,179 for the years ended March 31, 2007 and 2006, respectively. Accrued interest, which is included in related-party notes payable in the accompanying balance sheets, related to these notes amounted to $404,341 and $318,746 as of March 31, 2007 and 2006, respectively. As of March 31, 2007, the Company had not made the required payments under the related-party notes which were due on January 1, February 1, and March 1, 2007. However, pursuant to the note agreements, the Company has a 120-day grace period to pay missed payments before the notes are in default. On April 29, 2007, May 30, 2007, and June 30, 2007, the Company paid the January 1, February 1 and March 1 payments respectively, 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.

In October 2006, the Company entered into an Agency Agreement with a broker to raise capital in a private placement offering of convertible debentures under Regulation D. As of March 31, 2007, the Company received $120,000 under this private placement offering of convertible debenture debt. Related to the issuance of the convertible debentures, the Company paid commissions to the broker totaling $15,600, which were capitalized as deferred financing costs. During the year ended March 31, 2007, the Company amortized $10,901 of deferred financing costs to interest expense.

Per the terms of the convertible debenture agreements, the notes have a term of 180 days from issuance and are redeemable by the Company with two days notice. The notes bear interest at 15% per annum and are convertible into shares of the Company’s common stock at a ratio of 6.67 shares for every dollar of debt converted. The proceeds of the convertible notes have and will be used in the ongoing operations of the Company. During the year ended March 31, 2007, the Company recorded interest expense of $6,073 related to these notes.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 8 - NOTES PAYABLE, continued

In connection with the issuance of the convertible debt, the Company recorded a debt discount totaling $106,167 related to the beneficial conversion feature of the notes. The Company is amortizing the debt discount using the effective interest method through the maturity dates of the notes. During the year ended March 31, 2007, the Company recorded additional interest expense of $76,529 related to the amortization of the debt discounts.

In August 2006, Peter Berry, the Company's Chief Executive Officer, agreed to convert his deferred salaries to a long-term note payable. Under the terms of this note, monthly payments of $3,000 will be made to Mr. Berry beginning in January 2007. In January 2008, these payments will increase to $6,000 and remain at that amount until the loan is fully paid in December 2010. Interest of 6% per annum on the outstanding principal balance of the note will begin to accrue on January 1, 2008 and will be paid on a monthly basis along with the monthly principal payment beginning in January 2008. As of March 31, 2007, the total amount of deferred salaries under this arrangement was $242,950, of which $197,950 is recorded as a long-term liability in the accompanying consolidated balance sheet.

Future maturities of notes payable at March 31, 2007 are as follows:

Years Ending March 31,	Convertible Debentures	Officer	Related Party	Third Party	Total
2008	$ 120,000	$ 45,000	$ 120,000	$ 24,000	$ 309,000
2009	-	72,000	120,000	24,000	216,000
2010	-	125,950	120,000	11,440	257,390
2011	-	-	120,000	-	120,000
2012	-	-	120,000	-	120,000
Thereafter	-	-	739,500	-	739,500
	$ 120,000	$ 242,950	$ 1,339,500	$ 59,440	$ 1,761,890

NOTE 9 - COMMON STOCK

During fiscal 2007, the Company entered into Agency Agreements with a broker to raise funds in private placement offerings of common stock under Regulation D. In connection with these private placement offerings, the Company sold 4,692,000 shares of common stock at an average price of $0.22 per share resulting in gross proceeds of $1,014,400 net of offering costs of $112,372 during the year ended March 31, 2007.

During fiscal 2007, the Company issued 8,333 shares of common stock resulting from exercises of warrants at an average exercise price of $0.30 per share resulting in proceeds of $2,500.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 9 - COMMON STOCK, continued

During fiscal 2006, the Company entered into an Agency Agreement with a broker to raise funds in private placement offerings of common stock under Regulation D. In connection with this private placement offering, the Company sold 142,000 shares of common stock at an average price of $3.50 per share resulting in gross proceeds of $497,000 net of offering costs of $61,460 during the year ended March 31, 2006.

During fiscal 2006, the Company issued 71,592 shares of common stock resulting from cashless exercises of 82,134 warrants converted using an average market price of approximately $5.80 per share resulting in 10,621 warrants used for the cashless conversion.

During fiscal 2006, the Company issued 159,999 shares of common stock resulting from exercises of warrants at an average exercise price of $0.34 per share resulting in proceeds of $55,000.

NOTE 10 - STOCK OPTIONS AND WARRANTS

Effective October 1, 2002, the Company adopted the 2002 Stock Option Plan (the “2002 Plan”). The stockholders of the Company approved the 2002 Plan on October 1, 2002. Under the 2002 Plan, incentive stock options and nonqualified options may be granted to officers, employees and consultants of the Company for the purchase of up to 5,000,000 shares of the Company’s common stock. The exercise price per share under the incentive stock option plan shall not be less than 100% of the fair market value per share on the date of grant. The exercise price per share under the non-qualified stock option plan shall not be less than 85% of the fair market value per share on the date of grant. Expiration dates for the grants may not exceed 10 years from the date of grant. The 2002 Plan terminates on October 1, 2012.

No incentive stock options or non-qualified stock options were granted during the years ended March 31, 2007 and March 31, 2006. All options granted have an exercise price equal to the fair market value at the date of grant, vest upon grant or agreed upon vesting schedules and expire five years from the date of grant. Therefore, there was no compensation expense recognized for options issued to employees during 2006. Pursuant to SFAS No. 123, total compensation expense recognized for options issued to consultants in prior years was $222,761 (including a $133,759 charge related to the modification of the option’s expiration dates) and $61,560 during 2007 and 2006, respectively. As of March 31, 2007 and 2006, there were 2,488,613 and 2,488,613 options outstanding, respectively, at an average exercise price of $0.45 per share under the 2002 Plan. There were no stock options granted subsequent to March 31, 2007. The Company had 2,511,387 options available for grant under the 2002 Plan at March 31, 2007.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 10 -STOCK OPTIONS AND WARRANTS, continued

From time to time, the Company issues warrants pursuant to various consulting agreements and other compensatory arrangements. During 2007 and 2006 the Company did not issue any warrants as the result of any third party service provider agreements.

During fiscal 2007, the Company issued a total of 1,258,750 warrants to various board members, advisory board members, employees, and ongoing consultants to purchase shares of the Company’s common stock. The weighted average exercise price of these warrants is $0.76. The exercise prices of these warrants are equal to the fair values of the Company’s shares as of the dates of each grant. The Company has determined the aggregate fair value of the issued warrants, based on the Black-Scholes pricing model, to be approximately $955,007 as of the dates of each grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate ranging from 4.75% to 4.82%; volatility ranging from 233% to 282%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the year ended March 31, 2007.

Certain warrants issued in conjunction with fundraising activities contain a cashless exercise provision. Under the provision, the holder of the warrant surrenders those warrants whose fair market value is sufficient to affect the exercise of the entire warrant quantity. The warrant holder then is issued shares based on the remaining net warrant and no proceeds are obtained by the Company. The surrendered warrants are cancelled by the Company in connection with this transaction.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 10 -STOCK OPTIONS AND WARRANTS, continued

The following represents a summary of all stock option and warrant activity for the years ended March 31, 2007 and 2006:

	2007			2006		
	Options and Warrants		Weighted Average Exercise Price	Options and Warrants		Weighted Average Exercise Price
Outstanding, beginning of year	3,632,737	$	0.57	4,341,245	$	0.57
Issued	1,258,950		0.76	-		-
Exercised	(8,333)		0.30	(242,133)		0.10
Expired/forfeited	(363,333)		1.16	(466,375)		0.08
Outstanding and exercisable, end of year	4,520,021	$	0.58	3,632,737	$	0.57
Weighted average exercise price of warrants granted		$	0.76		$	-

The following table summarizes information about stock options and warrants outstanding and exercisable at March 31, 2007:

Exercise Price	Number of Options and Warrants Outstanding and Exercisable	Weighted Average Remaining Contractual Life (Years)		Weighted Average Exercise Price
$0.80 - $1.00	1,240,501	7.5	$	0.98
$0.50 - $0.75	2,223,707	5.4	$	0.56
$0.04 - $0.30	1,055,813	8.3	$	0.13
	4,520,021			

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 12 - RELATED PARTY TRANSACTIONS

In August 2006, Peter Berry, the Company's Chief Executive Officer, agreed to convert his deferred salaries to a long term note payable. Under the terms of this note, monthly payments of $3,000 will be made to Mr. Berry beginning in January 2007. In January 2008, these payments will increase to $6,000 and remain at that amount until the loan is fully paid in December 2010. During the year ended March 31, 2007, note payments totaling $9,000 had been made to Mr. Berry pursuant to this note. Interest of 6% per annum on the outstanding principal balance of the note will begin to accrue January 1, 2008 and will be paid on a monthly basis along with the monthly principal payment beginning in January 2008. As of March 31, 2007, the total amount of deferred salaries under this arrangement was $242,950 and is recorded as a note payable in the accompanying consolidated balance sheet (see Note 8).

In June 2005, the Company retained the legal services of Gary C. Cannon, Attorney at Law, for a monthly retainer fee of $6,500. At that same time, Mr. Cannon also became the Company's Secretary and a member of the Company's Board of Directors. The total amount paid to Mr. Cannon for retainer fees and out-of-pocket expenses for the years ended March 31, 2007 and 2006 were $78,500 and $64,624, respectively. In August 2006, Mr. Cannon was granted 103,400 warrants with an exercise price of $1.00 per share which equaled the fair value of the Company's shares on the grant date. In January 2007, Mr. Cannon was granted 51,400 warrants with an exercise price of $0.28 per share which equaled the fair value of Company's shares as of the grant date.

On October 13, 2006, various shareholders advanced the Company short term, zero interest loans ranging from $2,700 to $5,000 each, totaling $12,700. In December 2006 and January 2007, these loans were paid in full and have no outstanding balances as of March 31, 2007.

As of March 31, 2007 the Company had aggregate principal balances of $1,339,500 in outstanding unsecured indebtedness owed to five related parties including four former board of directors representing working capital advances made to the Company from February 2001 through March 2005. These notes bear interest at the rate of 6% per annum and provide for total monthly principal payments beginning April 1, 2006 of $2,500, which increase by $2,500 every six months to a maximum of $10,000. Any remaining unpaid principal and accrued interest is due at maturity on various dates through March 1, 2015. Related party interest expense under these notes was $85,595 and $79,179 for the years ended March 31, 2007 and 2006, respectively. Accrued interest, which is included in notes payable in the accompanying balance sheet, related to these notes amounted to $404,341 and $318,746 as of March 31, 2007 and 2006, respectively. Subsequent to year end the Company failed to make the required payments under the notes. However, pursuant to the note agreements, the Company has a 120 grace period to pay missed payments before the notes enter default. Management expects to pay all payments due prior to the expiration of the 120 day grace period. No new borrowings have been made by the Company from these related parties as of June 29, 2007.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Years Ended March 31, 2007 and 2006

NOTE 13 - SUBSEQUENT EVENTS

In January 2007, the Company entered into an Agency Agreement with a broker to raise funds in a private placement offering of common stock under Regulation D. In connection with this agreement, in April and May 2007, 3,524,584 shares of the Company's common stock were sold to investors at an average price of $0.19 per share for gross proceeds of $672,000 to the Company, net of issuance costs of $74,360.

In May 2007, the Company issued 703,478 shares of common stock pursuant to the terms of convertible debenture agreements. The Company converted $105,469 of convertible notes with aggregate principal balances of $98,500 and accrued interest of $6,969. The interest on the convertible notes was accrued at 15% per annum through the conversion dates. The notes were converted into common stock at a ratio of 6.67 shares for every dollar of debt converted, representing $0.15 per share.

In April, 2007, the Company issued 350,000 shares of common stock pursuant to the payment terms of a consulting agreement. The shares were valued at $420,000, based on the underlying fair value of the shares on the date of grant, and have been recorded in prepaid assets to be expensed in selling, general and administrative expenses over the contract period during fiscal 2008.

In June 2007, the Company issued 6,052,000 warrants to investors in connection with recent Regulation D private placement agreements. These warrants were issued with average exercise prices of $0.33 and expiration dates of 18 months from the original dates of investments.

CRYOPORT, INC.

CONSOLIDATED BALANCE SHEET

		September 30, 2007 (Unaudited)
ASSETS		
Current assets:		
Cash	$	160,310
Accounts receivable, net		28,520
Inventories		139,245
Prepaid expenses and other current assets		58,195
Total current assets		386,270
Fixed assets, net		157,955
Intangible assets, net		2,362
Other assets, net		50,219
	$	596,806
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$	306,071
Accrued expenses		105,409
Accrued warranty costs		58,407
Accrued salaries and related		135,387
Short term note payable		54,440
Current portion of related party notes payable		142,500
Current portion of note payable to officer		63,000
Total current liabilities		865,214
Related-party notes payable and accrued interest payable, net of current portion		1,603,618
Note payable to officer, net of current portion		161,950
Total liabilities		2,630,782
Commitments and contingencies		
Stockholders' deficit:		
Common stock, $0.001 par value; 100,000,000 shares authorized; 39,825,686 shares issued and outstanding 39,826 Additional paid-in capital		8,665,926
Accumulated deficit		(10,739,728)
Total stockholders' deficit		(2,033,976)
	$	596,806

See accompanying notes to unaudited consolidated financial statements

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CRYOPORT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Three Months Ended September 30, 2007 (Unaudited)	For The Three Months Ended September 30, 2006 (Unaudited)	For The Six Months Ended September 30, 2007 (Unaudited)	For The Six Months Ended September 30, 2006 (Unaudited)
Net sales	$ 32,447	$ 8,214	$ 37,988	$ 26,675
Cost of sales	82,709	33,434	151,016	72,774
Gross loss	(50,262)	(25,220)	(113,028)	(46,099)
Operating expenses:				
Selling, general and administrative expenses	536,449	1,039,260	1,131,004	1,242,567
Research and development expenses	21,713	19,950	50,300	39,059
Total operating expenses	558,162	1,059,210	1,181,304	1,281,626
Loss from operations	(608,424)	(1,084,430)	(1,294,332)	(1,327,725)
Interest expense	(20,646)	(25,387)	(78,646)	(51,663)
Loss before income taxes	(629,070)	(1,109,817)	(1,372,978)	(1,379,388)
Income taxes	-	800	1,600	800
Net loss	$ (629,070)	$ (1,110,617)	$ (1,374,578)	$ (1,380,188)
Net loss available to common stockholders per common share:				
Basic and diluted loss per common share	$ (0.02)	$ (0.04)	$ (0.04)	$ (0.05)
Basic and diluted weighted average common shares outstanding	39,721,581	30,239,599	38,807,022	30,152,616

See accompanying notes to unaudited consolidated financial statements

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CRYOPORT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Six Months Ended September 30, 2007 (Unaudited)	For The Six Months Ended September 30, 2006 (Unaudited)
Cash flows from operating activities:		
Net loss	$ (1,374,578)	$ (1,380,188)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12,430	14,053
Bad debt recovery	(1,800)	(7,256)
Amortization of deferred financing costs	4,699	-
Amortization of debt discount	29,638	-
Stock issued to consultants	382,500	-
Estimated fair value of stock options issued to consultants, employees and directors	286,084	910,331
Changes in operating assets and liabilities:		
Accounts receivable	(16,548)	25,187
Inventories	6,763	15,136
Prepaid expenses and other current assets	(42,875)	-
Other assets	(36,593)	-
Accounts payable	(611)	77,983
Accrued expenses	8,182	(14,716)
Accrued warranty costs	3,000	(1,377)
Accrued salaries and related	(34,150)	51,233
Accrued interest	42,562	51,664
Net cash used in operating activities	(731,297)	(257,951)
Cash flows used in investing activities:		
Purchases of fixed assets	(119,651)	-
Cash flows from financing activities:		
Proceeds from borrowings under notes payable	-	80,000
Repayment of short term notes payable	(5,000)	-
Repayment of related party notes payable	(37,500)	(7,500)
Repayment of note payable to officer	(18,000)	
Proceeds from issuance of common stock, net	699,866	191,290
Proceeds from exercise of options and warrants	107,500	-
Net cash provided by financing activities	746,866	263,790
Net change in cash	(104,082)	5,839
Cash, beginning of period	264,392	4,723
Cash, end of period	$ 160,310	$ 10,562

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CRYOPORT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Six Months Ended September 30,			
	2007 (Unaudited)		2006 (Unaudited)	
Supplemental disclosure of non- cash activities:				
Cash paid during the period for:				
Interest	$	-	$	-
Income taxes	$	1,600	$	800
Supplemental disclosure of non-cash activities:				
Conversion of debt and accrued interest to common stock	$	128,857	$	-
Value of warrants issued to lessor	$	15,486	$	-
Purchase of fixed assets with warrants	$	10,000	$	-
Conversion of accrued salaries to note payable	$	-	$	242,388

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 1 - MANAGEMENT'S REPRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by CryoPort, Inc. (the "Company") in accordance with accounting principles generally accepted in the United States of America for interim financial information, and pursuant to the instructions to Form 10-QSB and Article 10 of Regulation S-X promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statement presentation. However, the Company believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments (consisting primarily of normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for the six months ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending March 31, 2008. It is suggested that the unaudited consolidated financial statements be read in conjunction with the audited consolidated financial statements and related notes thereto included in the Company's Form 10-KSB for the fiscal year ended March 31, 2007.

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

CryoPort, Inc. (the "Company") was originally incorporated under the name G.T.5-Limited ("GT5") on May 25, 1990 as a Nevada Corporation. The Company was engaged in the business of designing and building exotic body styles for automobiles compatible with the vehicle's existing chassis.

On March 15, 2005, the Company entered into a Share Exchange Agreement (the "Agreement") with CryoPort Systems, Inc. ("CryoPort Systems"), a California corporation, and its stockholders whereby the Company acquired all of the issued and outstanding shares of CryoPort Systems in exchange for 24,108,105 shares of its common stock (which represented approximately 81% of the total issued and outstanding shares of common stock following the close of the transaction). CryoPort Systems was originally formed in 1999 as a California limited liability company and was reorganized into a California corporation on December 11, 2000. CryoPort Systems was founded to capitalize on servicing the transportation needs of the growing global "biotechnology revolution." Effective March 16, 2005, the Company changed its name to CryoPort, Inc. The transaction has been recorded as a reverse acquisition.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The principal focus of the Company is to market its newly developed CryoPort Express® One-Way Shipper System, a line of rent-and-return dry cryogenic shippers, for the transport of biological materials. These materials include live cell pharmaceutical products; e.g., cancer vaccines, diagnostic materials, reproductive tissues, infectious substances and other items that require continuous exposure to cryogenic temperature (less than -150 ° C). The Company currently manufactures a line of reusable cryogenic dry shippers. These primarily have served as vehicles for the development of the cryogenic technology, supporting the product development of the CryoPort Express® One-Way Shipper System, but also are essential components of the infrastructure that supports testing and research activities of the pharmaceutical and biotechnology industries. The Company's mission is to provide cost effective packaging systems for biological materials requiring, or benefiting from, a cryogenic temperature environment over an extended period of time.

Going Concern

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has not generated significant revenues from operations and has no assurance of any future revenues. The Company incurred a net loss of $1,374,578 during the six month period ended September 30, 2007 and had a cash balance of $160,310 at September 30, 2007. In addition, at September 30, 2007, the Company's stockholders' deficit was $2,033,976 and the Company had negative working capital of $478,944. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

The Company's management recognizes that the Company must obtain additional capital for the eventual achievement of sustained profitable operations. On October 1, 2007, the Company issued to a number of 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 and legal and other fees, the net proceeds to the Company totaled $3,436,551 (see Note 8). 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.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The acquisition of CryoPort Systems by the Company has been accounted for as a reverse acquisition, whereby the assets and liabilities of CryoPort Systems are reported at their historical cost. The Company had no assets or operations at the date of acquisition. The reverse acquisition resulted in a change in reporting entity for accounting and reporting purposes. Accordingly, the accompanying consolidated financial statements have been retroactively restated for all periods presented to report the historical financial position, results of operations and cash flows of CryoPort Systems. Since the Company's stockholders retained 5,600,000 shares of common stock in connection with the reverse acquisition, such shares have been reflected as if they were issued to the Company on the date of acquisition for no consideration as part of a corporate reorganization.

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Principles of Consolidation

The consolidated financial statements include the accounts of CryoPort, Inc. and its wholly owned subsidiary, CryoPort Systems, Inc. All intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from estimated amounts. The Company's significant estimates include allowances for doubtful accounts and sales returns, recoverability of long-lived assets, allowances for inventory obsolescence, accrued warranty costs, deferred tax assets and their accompanying valuations, product liability reserves and the valuations of common stock shares and warrants and stock options for the purchase of common stock shares issued for employee compensation or for products and services.

Concentrations of Credit Risk

Cash

The Company maintains its cash accounts in financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $100,000. At September 30, 2007 the Company had $134,737 of cash balances which were in excess of the FDIC insurance limit. The Company performs ongoing evaluations of these institutions to limit its concentration risk exposure.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Customers

The Company grants credit to customers within the United States of America and to a limited number of international customers, and does not require collateral. Sales to other international customers are secured by advance payments, letters of credit, or cash against documents. The Company's ability to collect receivables is affected by economic fluctuations in the geographic areas and industries served by the Company. Reserves for uncollectible amounts, totaling approximately $5,300 as of September 30, 2007, are provided based on past experience and a specific analysis of the accounts which management believes are sufficient. Although the Company expects to collect amounts due, actual collections may differ from the estimated amounts.

The Company has foreign sales primarily in Europe, Latin America, Asia and Canada. Foreign sales are primarily under exclusive distribution agreements with international distributors. During the six-month periods ended September 30, 2007 and 2006, the Company had foreign sales of approximately $2,000 and $11,000, respectively, which constituted approximately 6% and 42%, respectively, of net sales.

The majority of the Company's customers are in the bio-tech, bio-pharmaceutical and animal breeding industries. Consequently, there is a concentration of receivables within these industries, which is subject to normal credit risk.

Fair Value of Financial Instruments

The Company's consolidated financial instruments consist of cash, accounts receivable, related-party notes payable, accounts payable, accrued expenses and a note payable to a third party. The carrying value for all such instruments, except the related party notes payable, approximates fair value at September 30, 2007. The difference between the fair value and recorded values of the related party notes payable is not significant.

Inventories

Inventories are stated at the lower of standard cost or current estimated market value. Cost is determined using the first-in, first-out method. The Company periodically reviews its inventories and records a provision for excess and obsolete inventories based primarily on the Company's estimated forecast of product demand and production requirements. Once established, write-downs of inventories are considered permanent adjustments to the cost basis of the obsolete or excess inventories. Work in process and finished goods include material, labor and applied overhead. Inventories at September 30, 2007 consist of the following:

Raw materials	$	39,005
Work in process		57,859
Finished goods		42,381
	$	139,245

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fixed Assets

Depreciation and amortization of fixed assets are provided using the straight-line method over the following useful lives:

Furniture and fixtures	7 years
Machinery and equipment	5-7 years
Leasehold improvements	Lesser of lease term or estimated useful life

Betterments, renewals and extraordinary repairs that extend the lives of the assets are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation applicable to assets retired are removed from the accounts, and the gain or loss on disposition is recognized in current operations.

Intangible Assets

Patents and trademarks are amortized, using the straight-line method, over their estimated useful life of five years.

Long-Lived Assets

The Company’s management assesses the recoverability of its long-lived assets upon the occurrence of a triggering event by determining whether the depreciation and amortization of long-lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. At September 30, 2007, the Company’s management believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Company’s products will continue, which could result in impairment of its long-lived assets in the future.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accrued Warranty Costs

Estimated costs of the standard warranty, included with products at no additional cost to the customer for a period up to one year, are recorded as accrued warranty costs at the time of product sale. Costs related to servicing the extended warranty plan are expensed as incurred.

The following represents the activity in the warranty accrual account during the six month periods ended September 30:

	2007	2006
Beginning warranty accrual	$ 55,407	$ 59,532
Increase in accrual (charged to cost of sales)	4,125	1,623
Charges to accrual (product replacements)	(1,125)	(3,000)
Ending warranty accrual	$ 58,407	$ 58,155

Revenue Recognition

Revenue is recognized in accordance with Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements* , as revised by SAB No. 104. The Company recognizes revenue when products are shipped to a customer and the risks and rewards of ownership and title have passed based on the terms of the sale. The Company records a provision for sales returns and claims based upon historical experience. Actual returns and claims in any future period may differ from the Company's estimates.

Accounting for Shipping and Handling Revenue, Fees and Costs

The Company classifies amounts billed for shipping and handling as revenue in accordance with Emerging Issues Task Force ("EITF") Issue No. 00-10, *Accounting for Shipping and Handling Fees and Costs* . Shipping and handling fees and costs are included in cost of sales.

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Advertising Costs

The Company expenses the cost of advertising when incurred as a component of selling, general and administrative expenses. During the six-month periods ended September 30, 2007 and 2006, the Company expensed approximately $9,000 and $1,000, respectively, in advertising costs.

Research and Development Expenses

The company expenses internal research and development costs as incurred. Third-party research and development costs are expensed when the contracted work has been performed.

Stock-Based Compensation

The Company accounts for equity issuances to employees and directors in accordance to Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* , (“SFAS 123(R)”) which establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on accounting for transactions where an entity obtains employee services in share-based payment transactions. SFAS 123(R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments, including stock options, based on the grant-date fair value of the award and to recognize it as compensation expense over the period the employee is required to provide service in exchange for the award, usually the vesting period.

As stock-based compensation expense recognized in the consolidated statements of operations for the three and six-month periods ended September 30, 2007 and 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures, if any. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The estimated average forfeiture rate for the three and six-month periods ended September 30, 2007 and 2006 was zero as the Company has not had a significant history of forfeitures and does not expect forfeitures in the future.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Plan Description

The Company's stock option plan provides for grants of incentive stock options and nonqualified options to employees, directors and consultants of the Company to purchase the Company's shares at the fair value, as determined by management and the board of directors, of such shares on the grant date. The options generally vest over a five-year period beginning on the grant date and have a ten-year term. As of September 30, 2007, the Company is authorized to issue up to 5,000,000 shares under this plan and has 2,511,387 shares available for future issuances.

Summary of Assumptions and Activity

The fair value of stock-based awards to employees and directors is calculated using the Black-Scholes option pricing model, even though this model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Company's stock options. The Black-Scholes model also requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate selected to value any particular grant is based on the U.S Treasury rate that corresponds to the pricing term of the grant effective as of the date of the grant. The expected volatility is based on the historical volatility of the Company's stock price. These factors could change in the future, affecting the determination of stock-based compensation expense in future periods.

	September 30, 2007	September 30, 2006
Stock options and warrants:		
Expected term	5 years	5 years
Expected volatility	293%	233%
Risk-free interest rate	4.75%	4.82%
Expected dividends	-	-

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

A summary of employee and director options and warrant activity for the six-month period ended September 30, 2007 is presented below:

	Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Yrs.)		Aggregate Intrinsic Value
Outstanding at March 31, 2007	3,747,563	$	0.59	7.46		
Granted	266,000	$	0.75			
Exercised	50,000	$	1.00			
Forfeited	-	$	-			
Outstanding and exercisable at September 30, 2007	3,963,563	$	0.57	7.18	$	2,353,450

On August 3, 2006, the Company issued a total of 846,750 warrants to purchase shares of the Company's common stock to various employees and directors. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be approximately $839,755 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.82%; volatility of 233%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the employee and director warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2006.

On August 27, 2007, the Company issued a total of 266,000 warrants to purchase shares of the Company's common stock to various employees and directors. These warrants have an average exercise price of $0.75 per share equal to the market value of the Company's common stock on the date of issuance, and have expiration dates that range from two to ten years. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be $199,314 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.75%; volatility of 293%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the employee and director warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2007.

There were no vesting of prior warrants or stock options issued to employees and directors during the six months ended September 30, 2007. During the six months ended September 30, 2006, in connection with the vesting of prior options issued, the Company recorded total charges of $70,576 in accordance with the provisions of SFAS 123(R), which have been included in selling, general and administrative expenses in the accompanying consolidated statements of operations. No employee or director warrants or stock options expired during the six months ended September 30, 2007 and 2006. The Company issues new shares from its authorized shares upon exercise of warrants or options.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

As of March 31, 2007, all previously issued stock options and warrants were fully vested. Therefore, as of September 30, 2007 there were no unvested stock options or warrants and no unrecognized compensation cost related to employee and director stock based compensation arrangements. The total fair value of shares vested during the six months ended September 30, 2007 and 2006 was $0 and $70,576, respectively.

Issuance of Stock for Non-Cash Consideration

All issuances of the Company's stock for non-cash consideration have been assigned a per share amount equaling either the market value of the shares issued or the value of consideration received, whichever is more readily determinable. The majority of the non-cash consideration received pertains to services rendered by consultants and others and has been valued at the market value of the shares on the dates issued. In certain instances, the Company has discounted the values assigned to the issued shares for illiquidity and/or restrictions on resale.

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of EITF 96-18, *Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services* and EITF 00-18, *Accounting Recognition for Certain Transactions Involving Equity Instruments Granted to Other Than Employees* . The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. In accordance with EITF 00-18, an asset acquired in exchange for the issuance of fully vested, nonforfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes. Accordingly, the Company records the fair value of the fully vested non-forfeitable common stock issued for future consulting services as prepaid services in its consolidated balance sheet.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes* . Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. The Company is a subchapter "C" corporation and files a federal income tax return. The Company files separate state income tax returns for California and Nevada.

Basic and Diluted Loss Per Share

The Company has adopted SFAS No. 128, *Earnings Per Share* (see Note 6).

Basic loss per common share is computed based on the weighted average number of shares outstanding during the period. Diluted loss per share is computed by dividing net loss by the weighted average shares outstanding assuming all dilutive potential common shares were issued. Basic and diluted loss per share are the same as the effect of stock options and warrants on loss per share are anti-dilutive and thus not included in the diluted loss per share calculation. The impact under the treasury stock method of dilutive stock options and warrants and the if-converted method of convertible debt would have resulted in weighted average common shares outstanding of 44,177,869 as for the period ended September 30, 2007 and 32,821,475 for the period ended September 30, 2006.

Convertible Debentures

If the conversion feature of conventional convertible debt provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature (“BCF”). A BCF is recorded by the Company as a debt discount pursuant to EITF Issue No. 98-5, *Accounting for Convertible Securities with Beneficial Conversion Features or Contingency Adjustable Conversion Ratio,* (“EITF 98-05”) and EITF Issue No. 00-27, *Application of EITF Issue No. 98-5 to Certain Convertible Instruments* (“EITF 00-27”). In those circumstances, the convertible debt will be recorded net of the discount related to the BCF. The Company amortizes the discount to interest expense over the life of the debt using the effective interest method (see Note 4).

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued SFAS No. 157, *Fair Value Measurements.* This new standard provides guidance for using fair value to measure assets and liabilities. Under SFAS No. 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, SFAS No. 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of SFAS No. 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including any financial statements for an interim period within that fiscal year. The adoption of this pronouncement is not expected to have material effect on the Company's consolidated financial statements.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 2 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company adopted FIN 48 is effective on April 1, 2007. The adoption of FIN 48 has not had a material impact on the Company's consolidated results of operations and financial condition.

On February 15, 2007, the FASB issued FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115.* SFAS No. 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities, including not-for-profit organizations. Most of the provisions in SFAS No. 159 are elective; however, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities,* applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. The fair value option established by SFAS No. 159 permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157, *Fair Value Measurements.* The adoption of this pronouncement is not expected to have material effect on the Company's consolidated financial statements .

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Commitments

On July 2, 2007, the Company entered into a new lease agreement with Viking Investors - Barents Sea, LLC for a building with approximately 11,881 square feet of manufacturing and office space located at 20382 Barents Sea Circle, Lake Forest, CA, 92630. The lease agreement is for a period of two years with renewal options for three, one-year periods, beginning September 1, 2007. The lease requires lease payments of approximately $15,000 per month. In connection with the lease agreement, the Company issued 10,000 warrants to the lessor at an exercise price of $1.55 per share for a period of two years, valued at $15,486 as calculated using the Black Scholes option pricing model. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.75%; volatility of 293%; an expected exercise term of 5 years; and no annual dividend rate. The Company amortizes the value of the warrants over the life of the lease and the remaining unamortized value of the warrants has been recorded in other long-term assets. As of September 30, 2007, the unamortized balance of the value of the warrants issued to the lessor was $13,626.

Litigation

The Company becomes a party to product litigation in the normal course of business. The Company accrues for open claims based on its historical experience and available insurance coverage. In the opinion of management, there are no legal matters involving the Company that would have a material adverse effect upon the Company’s condition or results of operations.

Indemnities and Guarantees

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the States of California and Nevada. In connection with its facility lease, the Company has indemnified its lessor for certain claims arising from the use of the facility. The Company has indemnified the merger candidate for certain claims arising from the failure of the Company to perform any of its representation or obligations under the agreements. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying consolidated balance sheet.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 4 - NOTES PAYABLE

As of September 30, 2007, the Company had aggregate principal balances of $1,302,000 in outstanding unsecured indebtedness owed to five related parties, including four former members of the board of directors, representing working capital advances made to the Company from February 2001 through March 2005. These notes bear interest at the rate of 6% per annum and provide for aggregate monthly principal payments which began April 1, 2006 of $2,500, and which increase by an aggregate of $2,500 every six months to a maximum of $10,000 per month. As of September 30, 2007, the aggregate principal payments totaled $7,500 and are scheduled to increase to an aggregate of $10,000 per month beginning January 2008. Any remaining unpaid principal and accrued interest is due at maturity on various dates through March 1, 2015.

Related-party interest expense under these notes was $39,777 and $44,954 for the six months ended September 30, 2007 and 2006, respectively. Accrued interest, which is included in notes payable in the accompanying consolidated balance sheet, related to these notes amounted to $444,118 as of September 30, 2007. As of September 30, 2007, the Company had not made the required payments under the related-party notes which were due on July 1, August 1, and September 1, 2007. However, pursuant to the note agreements, the Company has a 120-day grace period to pay missed payments before the notes are in default. On October 31, 2007, the Company paid the July 1 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.

In October 2006, the Company entered into an Agency Agreement with a broker to raise capital in a private placement offering of convertible debentures under Regulation D. From February 2006 through January 2007, the Company received a total of $120,000 under this private placement offering of convertible debenture debt. Related to the issuance of the convertible debentures, the Company paid commissions to the broker totaling $15,600, which were capitalized as deferred financing costs. During the six months ended September 30, 2007, the Company amortized $4,699 of deferred financing costs to interest expense.

Per the terms of the convertible debenture agreements, the notes had a term of 180 days from issuance and were redeemable by the Company with two days notice. The notes bore interest at 15% per annum and were convertible into shares of the Company's common stock at a ratio of 6.67 shares for every dollar of debt converted. The proceeds of the convertible notes were used in the ongoing operations of the Company. During the six months ended September 30, 2007, the Company converted the full $120,000 of principal balances and $8,857 of accrued interest relating to these convertible debentures into 859,697 shares of common stock at a conversion price of $0.15 per share. As of September 30, 2007, the remaining balance of the convertible debenture notes and accrued interest was zero. During the six months ended September 30, 2007, the Company recorded interest expense of $2,784 related to these notes.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 4 - NOTES PAYABLE, continued

In connection with the issuance of the convertible debt, the Company recorded a debt discount totaling $106,167 related to the beneficial conversion feature of the notes. The Company amortized the debt discount using the effective interest method through the maturity dates of the notes. As of September 30, 2007, the remaining balance of the debt discount was zero. During the six months ended September 30, 2007, the Company recorded interest expense of $29,638 related to the amortization of the debt discount.

In August 2006, Peter Berry, the Company's Chief Executive Officer, agreed to convert his deferred salaries to a long-term note payable. Under the terms of this note, the Company began to make monthly payments of $3,000 to Mr. Berry in January 2007. In January 2008, these payments will increase to $6,000 and remain at that amount until the loan is fully paid in December 2010. Interest of 6% per annum on the outstanding principal balance of the note will begin to accrue on January 1, 2008 and will be paid on a monthly basis along with the monthly principal payment beginning in January 2008. As of September 30, 2007, the total amount of deferred salaries under this arrangement was $224,950, of which $161,950 is recorded as a long-term liability in the accompanying consolidated balance sheet.

The Company has a non-interest bearing note payable to a third party for $77,304, which was due in April 2003. As of September 30, 2007, the remaining unpaid balance was $54,440. In October 2007 the company agreed to make payments of $5,000 per month until the note balance is paid in full.

NOTE 5 - EQUITY

During the six months ended September 30, 2007, 156,250 warrants were exercised at an average price of $0.69 per share for proceeds of $107,500.

In connection with Agency Agreements with a broker to raise funds in private placement offerings of common stock under Regulation D, during the six months ended September 30, 2007, the Company sold 3,652,710 shares of the Company's common stock to investors at an average price of $0.22 per share for proceeds of $699,866 to the Company, net of issuance costs of $89,635.

In October 2006, the Company entered into an Agency Agreement with a broker to raise capital in a private placement offering of convertible debentures under Regulation D. From February 2006 through January 2007, the Company received a total of $120,000 under this private placement offering of convertible debenture debt. Per the terms of the convertible debenture agreements, the notes have a term of 180 days from issuance and are redeemable by the Company with two days notice. During the six months ended September 30, 2007, the Company converted the full $120,000 of principal balances and $8,857 of accrued interest relating to these convertible debentures into 859,697 common stock shares at a conversion price of $0.15 per share (see Note 4).

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 5 - EQUITY, continued

In June 2007, the Company issued a total of 6,052,000 warrants to purchase shares of the Company's common stock at an average price of $0.35 per share to 68 individual investors in connection with funds raised in private placement offerings. The warrants have exercise periods of 18 months originating from the related investment date. The expiration dates range from December 2007 to October 2008.

In July 2007, the Company issued warrants to purchase a total of 699,438 shares of the Company's common stock at an average exercise price of $0.29 per share to a broker in connection with funds raised in previous private placement offerings. These warrants have 5 year terms beginning from the dates of the placement offerings and the expiration dates range from March 2011 to March 2012.

In April 2007, the Company issued 375,000 shares of restricted common stock in lieu of fees paid to a consultant. These shares were issued at a value of $1.02 per share (based on the underlying stock price on the agreement date after a fifteen percent deduction as the shares are restricted) for a total cost of $382,500 which has been included in selling, general and administrative expenses for the six months ended September 30, 2007.

On July 2, 2007, in connection with the new facility lease agreement, the Company issued 10,000 warrants to the lessor, at an exercise price of $1.55 per share for a period of two years, valued at $15,486 as calculated using the Black Scholes option pricing model. The Company amortizes the value of the warrants over the life of the lease and the remaining unamortized value of the warrants has been recorded in other long term assets. As of September 30, 2007, the unamortized balance of the value of the warrants issued to the lessor was $13,626 and $1,860 has been included in selling, general and administrative expenses as additional rent expense for the six months ended September 30, 2007.

On July 30, 2007, in connection with the purchase of manufacturing equipment, the Company issued 79,208 warrants to the seller at an exercise price of $1.01 per share, with a five year term. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be $79,926 as of the date of grant of which $10,000 has been recorded as fixed assets as of September 30, 2007 (which approximates the fair market value of the equipment acquired) and $69,926 has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for services performed by the seller for the three and six months ended September 30, 2007.

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 5 - EQUITY, continued

On August 21, 2007, in connection with the extension of payment terms of outstanding amounts owed, the Company issued 20,000 warrants to First Capital Investors, LLC, at an exercise price of $0.75 per share with a term of two years. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be $14,984 as of the date of grant which has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2007.

On August 3, 2006, the Company issued a total of 846,750 warrants to purchase shares of the Company’s common stock to various consultants, board members, and employees. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be approximately $839,755 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.82%; volatility of 233%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2006.

On August 27, 2007, the Company issued a total of 266,000 warrants to purchase shares of the Company’s common stock to various consultants, board members, and employees. These warrants have an exercise price of $0.75 per share equal to the market value of the Company’s common stock on the date of issuance, and have ten year expiration dates. The Company has determined the fair value of the issued warrants, based on the Black-Scholes pricing model, to be approximately $199,314 as of the date of grant. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 4.75%; volatility of 293%; an expected exercise term of 5 years; and no annual dividend rate. The fair market value of the warrants has been recorded as consulting and compensation expense and is included in selling, general and administrative expenses for the three and six months ended September 30, 2007.

During the six months ended September 30, 2007 and 2006, compensation expense from the vesting of options issued to employees and non-employees totaled $0 and $70,576, respectively, and has been included in selling, general and administrative expenses in the accompanying consolidated statements of operations (see Note 2).

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 6 - LOSS PER SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted loss per share computations for the three and six month periods ended September 30:

	For Three Months Ended September 31,		For Nine Months Ended September 31,	
	2007	2006	2007	2006
Numerator for basic and diluted earnings per share:				
Net loss available to common stockholders	$ (629,070)	$ (1,110,617)	$ (1,374,578)	$ (1,380,188)
Denominator for basic and diluted loss per common share:				
Weighted average common shares outstanding	39,721,581	30,239,599	38,807,022	30,152,616
Net loss per common share available to common stockholders	$ (0.02)	$ (0.04)	$ (0.04)	$ (0.05)

NOTE 7 - RELATED PARTY TRANSACTIONS

In June 2005, the Company retained the legal services of Gary C. Cannon, Attorney at Law, for a monthly retainer fee of $6,500. At that same time, Mr. Cannon also became the Company's Secretary and a member of the Company's Board of Directors. The total amount paid to Mr. Cannon for retainer fees and out-of-pocket expenses for the six months ended September 30, 2007 and 2006 was $39,000 and $39,000, respectively.

In August 2006, Peter Berry, the Company's Chief Executive Officer, agreed to convert his deferred salaries to a long-term note payable. Under the terms of this note, monthly payments of $3,000 have been made to Mr. Berry beginning in January 2007. In January 2008, these payments will increase to $6,000 and remain at that amount until the loan is fully paid in December 2010. Interest of 6% per annum on the outstanding principal balance of the note will begin to accrue on January 1, 2008 and will be paid on a monthly basis along with the monthly principal payment beginning in January 2008. During the six months ended September 30, 2007, $18,000 was paid to Mr. Berry against the principal balance of this note. As of September 30, 2007, the total amount of deferred salaries under this arrangement was $224,950, of which $161,950 is recorded as a long-term liability in the accompanying consolidated balance sheet.

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CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 8 - SUBSEQUENT EVENTS

In October 2007, the Company issued a total of 40,625 warrants to purchase shares of the Company's common stock at an average price of $2.50 per share to investors in connection with funds raised in private placement offerings. The warrants have exercise periods of 18 months originating from the related investment date. The expiration date for these warrants is February 28, 2009.

In October 2007, the Company engaged the firm of Carpe DM, Inc. to perform the services as the Company's investor relations and public relations representative for a monthly fee of $7,500 per month. Pursuant to the terms of this consulting agreement, the Company issued 250,000 warrants to purchase shares of the Company's common stock with a term of 30 months and exercise price of $1.50 and the Company agreed to issue Carpe DM 150,000 shares of S-8 registered stock. On November 13, 2007, the Company filed the Form S-8 as required by this agreement with the Securities and Exchange Commission.

On October 16, 2007, a special shareholders' meeting was held in Las Vegas, Nevada for the purpose of holding a shareholder vote on a proposal to amend and restate the Company's Articles of Incorporation. Prior to the meeting and in compliance with Nevada law and the Bylaws of the Company, a Proxy Statement and Proxy were provided to all shareholders of the record date, September 19, 2007. A quorum of shareholders required to hold the meeting were present, appearing either by Proxy or in person. The proposal to Amend and Restate the Company's Articles of Incorporation passed with 88.5% of the votes present or by Proxy cast in favor of the proposal; 9.9% of the votes present or by Proxy cast against the proposal; and 1.6% of the votes present or by Proxy abstained. The Amended and Restated Articles of Incorporation became effective as of October 16, 2007 and can be viewed as Exhibit 5.1 filed with the Company's Form 8-K on October 19, 2007. The Amended and Restated Articles of Incorporation effectively increased the total number of voting common stock authorized to be issued of the Company to 125,000,000 and increased the authorized number of directors to 9.

Recent Financing

On October 1, 2007, the Company issued to a number of 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 and legal and other fees, the net proceeds to the Company totaled $3,436,551.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 8 - SUBSEQUENT EVENTS, continued

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. 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 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 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.

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 we issue 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").

The Debentures rank senior to all of our current and future indebtedness and are secured by substantially all of our assets.

In connection with the financing transaction, the Company issued to the investors five-year warrants to purchase 5,604,411 shares of our 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 "Warrants").

The Company also entered into a registration rights agreement with the investors that requires the Company to register the shares issuable upon conversion of the Debentures and exercise of the Warrants within 45 days after the closing date of the transaction. If the registration statement 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), the Company 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 fail to attain a timely filing or effectiveness, as the case may be.

Pursuant to the registration rights agreement, on November 9, 2007 the Company filed Form SB-2 Registration Statement with the Securities and Exchange Commission. Following the effective date of the registration statement, the Company may force conversion of the Debentures if the market price of the common stock is at least $2.52 for 30 consecutive days. The Company may also prepay the Debentures in cash at 120% of the then outstanding principal.

CRYOPORT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For The Three and Six Months Ended September 30, 2007 and 2006

NOTE 8 - SUBSEQUENT EVENTS, continued

Joseph Stevens and Company acted as sole placement agent in connection with the above financing transaction. The Company paid to the placement agent cash in the amount of $440,000 and issued warrants to purchase 560,364 shares of the Company's common stock at $0.84 per share.

On November 5, 2007, the Company secured financing for a $200,000 one-year revolving line of credit secured by a Certificate of Deposit with Bank of the West. The Company intends to utilize the funds advanced from this line of credit for capital equipment purchases to support the launch of the Company's newly developed product, the CryoPort Express® One-Way Shipper.

[Back Cover of Prospectus]

14,571,392 Shares

Common Stock

PROSPECTUS

January 25, 2008

Until April 25, 2008, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that which is set forth in this prospectus. We are offering to sell shares of our common stock and seeking offers to buy shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities. Our business, financial condition, results of operation and prospects may have changed after the date of this prospectus.
