OFFERING MEMORANDUM

Dated : August 24, 2001

The Issuer

Name:	**LBC Cryogenics Corp.** (the "Company")
Head Office:	800 – Technology Drive Vancouver, BC V3K 7Q3 Tel: (604) 761-3219 Fax: (604) 761-3222 Life@lbc.com

Currently listed or quoted?	No
Reporting issuer?	No
SEDAR filer?	No

The Offering

Securities offered:	Units, consisting of one common share and one common share purchase warrant
Price per security:	$1.00 per unit
Minimum/maximum offering:	250,000 units ($250,000)/500,000 units ($500,000)
Payment terms:	Bank draft or certified cheque on closing
Proposed closing date:	One or more dates prior to September 15, 2001
Selling agent:	Yes. See item 7.

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See Item 10.

Purchaser's Rights

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel this agreement. See item 11.

No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.

Item 1 Use of Available Funds

1.1 ***Net Proceeds and Available Funds***

The net proceeds of the offering and the funds which will be available to us after this offering are as follows:

		Assuming min. offering	**Assuming max. offering**
A	Amount to be raised by this offering	$250,000	$500,000
B	Selling commissions and fees	$22,500	$45,000
C	Estimated offering costs (including legal, accounting, audit, etc.)	$13,000	$13,000
D	Net Proceeds: D=A-(B+C)	$214,500	$442,000
E	Current working capital (or working capital deficiency) of issuer as at July 31, 2001	($8,227)	($8,227)
F	Available funds: F=D+E	$206,273	$433,773

1.2 ***Use of Available Funds***

We will use the available funds as follows:

Description of intended use of available funds listed in order of priority.	**Assuming min. offering**	**Assuming max. offering**
Complete design of marketing plan	$5,000	$5,000
Start distribution of revamped marketing materials	$80,000	$80,000
Start media campaign	$87,000	$87,000
Start meeting with doctors and other health professionals in B.C. and Toronto	$34,273	$78,000
Lease new Vancouver premises and build out and equip	Nil	$174,773
Loan repayment(1)	Nil	$9,000

Note:
The loan repayment is to Firoz Mohtadi, a principal holder of securities of the Company.

1.3 *Reallocation*

We intend to spend the available funds as stated. However, we may reallocate funds for sound business reasons.

Item 2 Business

2.1 *Structure*

We were originally incorporated under the *Canada Business Corporations Act* on February 21, 1996. On August 19, 1997 we changed our jurisdiction of incorporation to the *Company Act* (British Columbia).

2.2 *Our Business*

Overview

We collect, process and cryopreserve (freeze) placental and umbilical cord blood ("cord blood") stem cells for private clients.

Stem Cells

Stem cells are the parent cells which create all of a person's blood cells: red cells that carry oxygen, white cells that fight disease and platelets that help blood to clot. Human stem cells are only available from three sources: bone marrow, the peripheral blood system and the placenta and umbilical cord. To collect stems cells from either the bone marrow or peripheral blood is expensive and risky to the donor. The placenta and umbilical cord of a new born contain a high concentration of stem cells. Collecting stem cells from the placenta and umbilical cord is a simple, non-invasive process and poses no risk to mother or child.

Stem cell transplants are used to treat a wide range of life threatening illnesses, including leukemia, metabolic disorders, immune deficiencies, bone marrow failure and some genetic disorders. Research involving the use of stem cells for other treatments is ongoing.

Storing a person's stem cells at birth ensures a perfect tissue match for that person with no chance of rejection, should the stem cells be required for transplantation. The stem cells may also be a match for siblings or parents.

Storing cord blood stem cells is a form of biological insurance.

Operations

Our administration office and laboratory are located at 800 – Technology Drive, Vancouver, British Columbia. This is a leased facility covering 1,530 square feet. We estimate that we will require larger premises by January, 2002. We employ 2 full time employees and 4 part-time employees.

We have developed our own protocols and systems for the collection, processing and storage of cord blood.

Collection, Processing and Storage of Cord Blood Stem Cells

The following summarizes the collection and storage of cord blood:

- the expectant mother signs a client agreement with us in advance of her due date
- we provide the expectant mother and her physician with written information as to the collection procedure and a sterile collection kit
- the delivering physician or a midwife draws the blood sample from the umbilical cord or placenta immediately following delivery of the baby
- the sample is returned to us within 36 hours after collection
- the mother and the sample are tested for infectious diseases
- if the infectious disease tests are negative, our technologists process and label the sample and then transfer it to a freezing container which allows storage of the sample in liquid nitrogen at -196^{0}C
- under the client agreement we agree to store the sample for 15 years
- the sample is available exclusively to the client

For each sample, our clients are charged a collection and processing fee of $850.00 plus an annual storage fee of $125.00.

We have stored over 800 samples.

Marketing

Our marketing activities have primarily consisted of the following:

- occasional advertisements in magazines
- articles and editorials in local newspapers
- occasional television interviews on local networks
- distribution of leaflets describing our services to Vancouver area physicians
- establishment of an interactive Internet site (www.lbc.com)
- availability of a 24-hour toll free number

Our target markets are expectant parents and their doctors.

2.3 *Development of the Business*

Since commencing operations in 1996, the number of samples processed and stored at our facility in Vancouver, British Columbia has steadily increased. Initially, there was little awareness among physicians and expectant parents as to the availability of our service or the benefits of collecting cord blood. The increasing public awareness of the importance of stem cells in treating serious diseases and research in the area of stem cells have had a positive influence on our development.

In May 2001 we purchased additional laboratory processing equipment for $220,000. This will expand our processing and storage capabilities. The addition of Dr. Leon Markham to our board of directors in October 2000 has expanded the medical expertise available to the Company. Our revenues have continued to increase and our losses have continued to decrease.

2.4 *Long Term Objectives*

Our long term objectives are:

- to become profitable on a sustainable basis
- to capture a large share of the private cord blood banking business in Canada
- to expand our cord blood banking into other areas of North America and elsewhere through opening or acquiring additional laboratories
- to license or partner our systems and protocols in those international areas in which operations are more feasible through a local operator
- to expand our core stem cell banking business beyond family private storage to include a complimentary research or biotechnical component

2.5 *Short Term Objectives and How We Intend to Achieve Them*

Objectives

Our business objectives for the next 12 months are:

- to implement a comprehensive marketing plan in Canada, initially focused in British Columbia and Toronto
- to move our Vancouver facility to larger and upgraded premises
- to acquire or open a facility in the greater Toronto area
- to increase sales by 15% per month following implementation of a comprehensive marketing plan

How We Intend to Meet Our 12 Month Objectives

We intend to do the following to meet our objectives for the next 12 months:

What we must do and how we will do it	Target completion date or number of months to complete	Our cost to complete
complete the design of our marketing plan through consultation with our external marketing consultants	1 month	$5,000
start the distribution of revamped marketing materials - we have engaged a marketing firm and consultant to develop, print and distribute written marketing materials	2 months	$80,000
start media campaign - we will contact health care and parenting magazines to place advertisements and news articles	2 months	$87,000
start meeting with doctors and other health professionals in B.C. and Toronto - we will hire a marketing co-ordinator and field representatives to conduct a 4 month initial program	4 months	$78,000
appoint a medical advisory board - we will contact medical professionals who have provided referrals and researchers in related fields	3 months	$5,000
lease new Vancouver premises and build out and equip - we have engaged a leasing agent and have contacted equipment suppliers	4 months	$400,000
lease, staff and equip Toronto premises - we will engage a leasing agent in Toronto and contact equipment suppliers	9 to 12 months	$800,000

The proceeds of this offering will not be sufficient to accomplish all of our business objectives for the next 12 months. There is no assurance that additional financing will be available.

2.6 *Material Agreements*

The following summarizes the material agreements to which we are currently a party and any material agreements with a related party:

1. lease agreement dated December 6, 1996 with RDG Properties Ltd. for our premises at 800 – Technology Drive, Vancouver, B.C. The monthly rate is $2,400 plus operating costs and taxes. The lease expires on December 6, 2001 and includes an option to renew

for 5 years at market rates. RDG Properties Ltd. is owned by Leon Markham, a director and medical director.

2. escrow agreements dated October 31, 2000 between the Company and each of Piers Axtell, George Westwood, Henry Owens and Leon Markham, which provide that preferred shares held by them cannot be converted into common shares until various dates and may be cancelled if the holder ceases to be actively involved with the Company.

Holder of preferred shares	Total number of preferred shares held	Number of shares convertible into common shares		
		at June 30, 2001	during the 12 months ending June 30, 2002	during the 12 months ending June 30, 2003
Piers Axtell	2,000,000	1,000,000	1,000,000	
George Westwood	500,000	250,000	250,000	
Henry Owens	250,000	125,000	75,000	50,000
Leon Markham	250,000	75,000	100,000	75,000
Total	3,000,000	1,450,000	1,425,000	125,000

3. employment contract dated June 8, 1998 between Piers Axtell and the Company. This contract expires on June 8, 2003. Mr. Axtell receives an annual salary of $65,000 pursuant to the contract.

4. in February 2001 we purchased a cryogenic storage unit from Piers Axtell, a director and president. The storage unit was originally purchased by Mr. Axtell in 1999 for $24,000 and was sold to us for $26,000.

5. on September 18, 2000 we loaned $16,500 to Henry Owens, a director and treasurer. The loan bears interest at 6% per year and is repayable on demand. As at July 31, 2001, $16,500 is outstanding on the loan.

6. in April, 1998 Firoz Mohtadi, a principal holder of our securities, loaned $9,000 to the Company for working capital. The loan is repayable on demand and does not bear interest. If the maximum number of units is sold, the loan will be repaid.

7. debenture dated October 15, 1999 issued to Rain Ventures Ltd. evidencing a loan to the Company originally in the principal amount of $105,000. See item 4.2.

Item 3 Directors, Management, Promoters and Principal Holders

3.1 *Compensation and Securities Held*

The following table sets out information about each director, officer and promoter of the Company and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Company (a "principal holder").

Name and municipality of principal residence	**Positions held (eg. director, officer, promoter and/or principal holder) and the date of obtaining that position**	**Compensation paid by the Company in the most recently completed financial year (or if the issuer has not completed a financial year, since inception) and the compensation anticipated to be paid in the current financial year**	**Number and percentage of securities of the Company held prior to completion of minimum offering(1)(2)**	**Number and percentage of securities of the Company held after completion of maximum offering(1)(2)**
Piers Axtell Seattle, WA	Director since March 30, 1996; President since April 1, 1997	$65,000 for the financial year ended June 30, 2001 $65,000 for the financial year ending June 30, 2002	112,004 common shares being 4.98% 2,000,000 preferred shares being 66.23%	112,004 common shares being 4.48% 2,000,000 preferred shares being 66.23%
Henry Owens Vancouver, B.C.	Director since May 26, 2000; Treasurer since September 18, 2000	Nil	250,000 preferred shares being 8.28%	250,000 preferred shares being 8.28%
George Westwood Vancouver, B.C.	Director since May 26, 2000; Secretary since September 18, 2000	Nil	48,697 common shares being 2.16% 500,000 preferred shares being 16.56%	48,697 common shares being 1.95% 500,000 preferred shares being 16.56%
Leon Markham Vancouver, B.C.	Director and Medical Director since October 31, 2000	Nil	250,000 preferred shares being 8.28%	250,000 preferred shares being 8.28%
Firoz Mohtadi Vancouver, B.C.	Principal holder since November 25, 1997	Nil	1,000,000 common shares being 44.44%	1,000,000 common shares being 40%

Notes:

(1) The preferred shares are convertible into common shares on a 1 for 1 basis. See item 4.

(2) The percentages calculated do not include common shares issuable on the exercise of the warrants comprising part of the units or on the conversion of the outstanding special warrants.

3.2 *Management Experience*

The following table, discloses the principal occupations of our directors and senior officers over the past five years.

Name	Principal occupations and related experience
Piers Axtell	Piers Axtell currently holds the position of Laboratory Manager at the Federal Blood Services Seattle Center; previously he was the Clinical Laboratory Manager at the Seattle Hospital, WSU Pavilion. Since 1975 he has been involved with a number of laboratories across the United States and Canada in the capacities of instruction, management and quality control specifically in the field of hematology. Mr. Axtell has a Health Care Management Certificate and is a registered Technologist from the Canadian Society of Laboratory Technologists. Besides his activities as President of the Company, he is a Laboratory Inspector with the Washington State Laboratory Accreditation Program and a Clinical Instructor for the Bachelor of Med Lab Science Program at Washington State University. He is currently near completion of a Masters in Business Administration (Marketing).
Henry Owens	Henry Owens is a 1981 B.A. graduate from Simon Fraser University and has been a Certified Management Accountant since 1986. From 1983 to date he has been employed in a variety of accounting and financial management positions with Vancouver companies in the mining resource industry. He has been a director of companies listed on the TSE, CDNX, and NASD Over-The-Counter markets. Since 1989, he has been a director and the secretary treasurer of Pacific Enterprises Corporation, a public company engaged in the manufacture of disposable paper and polyethylene products for the medical industry.
George Westwood	George Westwood is a 1983 law graduate from the University of British Columbia. He has practised in Vancouver since 1983 and currently is a partner with Black & White, a firm practising primarily in corporate finance and securities. Mr. Westwood has clients in a wide range of industries and in various geographical locations.
Leon Markham	Dr. Markham is a practising surgeon and medical doctor and holds a Ph.D. from the University of British Columbia, Department of Experimental Medicine. Since 1991, in addition to practising as a medical doctor, Dr. Markham has conducted biomedical research at the University of Toronto, the University of Alberta and Chicago University Hospital, Chicago, Illinois, in the areas of high energy radiation physiology, myocardial function in sepsis and leukocyte-endothelial interaction.

3.3 *Penalties or Sanctions*

On July 5, 1998 the British Columbia Securities Commission issued a cease trade order against Tosca Resources Ltd. for failing to file its annual financial statements for its financial year ended December 31, 1997. The cease trade order was lifted August 18, 1998 following filing of the financial statements. Henry Owens was a director of Tosca Resources Ltd. from July 18, 1997 to March 3, 2000.

Item 4 Capital Structure

4.1 *Outstanding Securities (other than debt)*

Description of security	Number authorized to be issued	Number outstanding as at July 31, 2001	Number outstanding assuming completion of min. offering	Number outstanding assuming completion of max. offering
Common shares	50,000,000	2,000,000	2,250,000	2,500,000
Preferred shares(1)	10,000,000	3,020,000	3,020,000	3,020,000
Special warrants(2)	N/A	1,143,250	1,143,250	1,143,250
Agent's compensation option(3)	N/A	150,000	150,000	150,000

Notes:

1. The preferred shares votes equally with the common shares. The preferred stock does not participate in the earnings of the Company and participates in the distribution of the assets of the Company upon wind-up or other dissolution at the rate of 0.4% of the amount being distributed per common share. Each share of preferred stock is convertible at the option of the holder into one share of common stock upon payment of an additional $0.009 per share to the Company.

   If the Company gives notice to the holders of outstanding preferred shares that:

   (a) it intends to file a preliminary prospectus in not more than 60 days and not less than 45 days, or

   (b) the preferred shares will have been issued and outstanding for three years in not more than 60 days and not less than 45 days,

   then the Company has the right to cancel any preferred shares that have not been converted into common stock on the earlier of:

   (a) the day before the preliminary prospectus is filed, and

   (b) three years after the initial issuance of the preferred shares.

2. Each special warrant is convertible into one share of common stock at the option of the holder and will be deemed to have been converted into a common share on the earlier of April 17, 2011 and the fifth day after the day on which a receipt is issued for a final prospectus qualifying the issuance of common shares on exercise or deemed exercise of the special warrants.

3. Each compensation option is convertible into one agent's warrant at the option of the holder and will be deemed to have been converted into one agent's warrant on the earlier of April 17, 2003 and the fifth business day after the day on which a receipt is issued for a final prospectus qualifying the issuance of agent's warrants on exercise or deemed exercise of the compensation options.

   Each agent's warrant entitles the holder to buy one common share until April 17, 2003 at $0.40 per share until April 17, 2002 and $0.46 per share thereafter.

4.2 *Long Term Debt*

The following table summarizes information about outstanding long term debt of the Company.

Description	Interest rate	Repayment terms	Amount outstanding at July 31, 2001
Debenture	Canadian Imperial Bank of Commerce prime plus 2%	repayable on October 15, 2002	$89,000

Note:

The debenture is secured by a general security agreement on all of the assets and undertaking of the Company.

4.3 *Prior Sales*

During the last 12 months we have issued the following securities:

Date of Issuance	Type of Security issued	Number of securities issued	Price per security	Total funds received
October 3, 2000	preferred shares	150,000	$0.001	$150
October 31, 2000	preferred shares	250,000	$0.001	$250
January 15, 2001	preferred shares	20,000	$0.001	$20
April 17, 2001	special warrants	1,143,250	$0.40	$457,300
April 17, 2001	agent's compensation warrant	150,000	nil	nil

Item 5 Description of Securities Offered

5.1 *Terms*

We are offering a minimum of 250,000 and a maximum of 500,000 units, each unit consisting of one common share of the Company and one common share purchase warrant, at a price of $1.00 per unit.

Each warrant entitles the holder to purchase one common share of the Company for 12 months following closing at an exercise price of $1.25 per share.

Each common share of the Company is entitled to one vote at a meeting of shareholders. The common shares are not convertible into shares of any other class and are not redeemable or retractable. We have no present intention of paying dividends. Future dividends, if any, will be determined by our directors.

5.2 ***Subscription Procedure***

You may subscribe for units by returning to us at 800 – Technology Drive, Vancouver, B.C. V3K 7Q3, the following:

1. a completed subscription agreement in the form accompanying this offering memorandum
2. a completed copy of a Risk Acknowledgement (Form 45-103F3) - you should keep a signed copy of this form.
3. a certified cheque or bank draft in the amount of your investment payable to "LBC Cryogenics Corp.".

We will hold your subscription funds in trust until midnight on the second business day after the day on which we received your signed subscription agreement.

The closing of the offering is subject to us receiving subscriptions for at least 250,000 units.

We reserve the right to accept or reject subscriptions in whole or in part at our discretion and to close the subscription books at any time without notice. Any subscription funds for subscriptions that we do not accept will be returned promptly after we have determined not to accept the funds.

We expect to close the offering prior to September 15, 2001. We may close the offering on an earlier or later date as we may determine.

At the closing of the offering we will deliver to you certificates representing fully paid and non-assessable common shares and warrants, provided the subscription price has been paid in full.

Item 6 Income Tax Consequences

You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.

Item 7 Compensation Paid to Sellers and Finders

We have agreed to pay to persons who locate and introduce investors to the Company cash finder's fees equal to 9% of the gross proceeds of this offering. Directors, officers and employees of the Company will not be paid finder's fees. If the maximum offering is sold through persons entitled to a finder's fee, the maximum aggregate finder's fee will be $45,000.

Item 8 Risk Factors

Our securities are speculative

The purchase of units is highly speculative. You should buy them only if you are able to bear the risk of the entire loss of your investment and have no need for immediate liquidity in your investment. An investment in the units should not constitute a major portion of your portfolio. You should consult your own independent advisors as to the tax, business and legal considerations regarding an investment in our securities.

Because there is no market for our securities, you may not be able to sell your securities

You may never be able to sell your securities and recover any part of your investment, unless we are able to complete a subsequent public offering or we are able to sell the Company for cash or merge with a public company.

Value of securities of the company

We determined the price of the units arbitrarily. The price bears no relationship to earnings, book value or other valuation criteria.

We have limited operating history

We have experienced losses in all fiscal periods since inception. Our accumulated deficit is $528,217 as at June 30, 2001. There is no assurance that we will be able to achieve and maintain profitable operations.

We will need to raise additional capital

There is no assurance that our sales will continue to increase or even maintain current levels. Even if we sell all the units, we anticipate that we will need additional working capital to significantly expand our operations as part of our strategy to increase operating profits. There is no assurance that we will be able to obtain additional financing on reasonable terms or at all. If we raise additional capital through equity, existing stockholders will experience dilution. If we are unable to raise additional financing when needed, we may be unable to grow or maintain our then current level of business operations.

We may not be able to compete successfully

As the market for our services is new and evolving, it is difficult to predict the size of the market, its future rate of growth, if any, or the level of prices the market will pay for our services. There are at least 5 companies in North America that provide services similar to ours. We expect competition in the market to increase because there are few barriers to entry. We will be competing with established businesses that have longer operating histories, and greater financial resources, management experience and market share than we have. There is no assurance that we will be able to compete or capture adequate market share. We will not remain profitable if we cannot compete successfully with other businesses.

We depend on the services of a key employee, whose knowledge of stem cell banking would be difficult to replace

Our success depends substantially on the services of Piers Axtell. Our business may be harmed if we lose his services and we are not able to attract and retain a qualified replacement.

Management of growth

We anticipate rapid growth and plan to capitalize on this growth. Our future operating results will depend on our management's ability to manage this anticipated growth, hire and retain qualified employees, properly generate revenues and control expenses. A decline in the growth rate of revenues without a corresponding reduction in expense growth could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We may need to change the manner in which we conduct our business if government regulation increases or changes

There are currently few laws or regulations that specifically regulate umbilical cord blood banking in Canada. Laws and regulations may be adopted in the future, however, that could have a material adverse impact on our business.

Item 9 Reporting Obligations

The Company is not a reporting issuer in British Columbia. As a shareholder of the Company you will receive audited financial statements annually and unaudited interim financial statements on a half yearly basis in accordance with the *Company Act* (British Columbia). You will also be given notice of and entitled to attend general meetings of the holders of outstanding common shares of the Company in accordance with the *Company Act* (British Columbia).

Item 10 Resale Restrictions

These securities will be subject to a number of resale restrictions including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the earlier of the date that is 12 months and a day after the date the Company:

1. becomes a reporting issuer in the Canadian province or territory in which you reside or,

2. first becomes a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan and is a SEDAR filer.

Item 11 Purchaser's Rights

You have the following rights under securities legislation:

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase the securities offered by this offering memorandum. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

2. **Rights in the Event of a Misrepresentation** - If there is a misrepresentation in this offering memorandum you have a right to sue:

   (a) to cancel your agreement to buy the securities offered by this offering memorandum, or

   (b) for damages against the Company, every person who was a director at the date of the offering memorandum and every other person who signed the offering memorandum.

If you intend to rely on the rights described in 2 (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the transaction. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation or 3 years after the transaction.

You may have other rights in addition to those described above. For information about your rights, you should consult a lawyer.

LBC Cryogenics Corp.

Financial Statements

Years ended June 30, 2001 and 2000

Revised 10/23/01

AUDITORS' REPORT

To the Directors of LBC Cryogenics Corp.

We have audited the balance sheets of LBC Cryogenics Corp. as at June 30, 2001 and 2000 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2001 and 2000 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the *Company Act* (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

(signed) *"Tique, Baup & Co."*

Vancouver, Canada
August 2, 2001

Chartered Accountants

LBC Cryogenics Corp.
Balance Sheets

	June 30, 2001 $	June 30, 2000 $
A S S E T S		
Current Assets		
Cash and cash equivalents	96,930	563
Accounts receivable	5,743	4,446
Prepaid expenses	2,671	3,218
Total Current Assets	105,344	8,227
Loan Receivable from Related Party (note 3)	16,500	-
Capital Assets (note 4)	335,273	94,562
Total Assets	457,117	102,789
L I A B I L I T I E S		
Current Liabilities		
Bank overdraft	-	1,896
Accounts payable and accrued liabilities	39,808	31,848
Loan payable to related party (note 5)	9,000	9,000
Current portion of long-term debt (note 6)	16,000	16,000
Unearned revenue	35,352	24,558
Total Current Liabilities	100,160	83,302
Long-Term Debt (note 6)	73,000	89,000
Total Liabilities	173,160	172,302
S H A R E H O L D E R S' E Q U I T Y		
Share Capital (note 7)		
Authorized		
- 50,000,000 common shares without par value		
- 10,000,000 preferred shares without par value		
Issued and outstanding		
- 2,000,000 common shares	425,350	425,350
- 3,020,000 preferred shares (2000 - 2,600,000)	3,020	2,600
Special warrants	383,804	-
Total Share Capital	812,174	427,950
Deficit	(528,217)	(497,463)
Net Shareholders' Equity (Deficiency)	283,957	(69,513)
Total Liabilities and Shareholders' Equity	457,117	102,789

Continuance of Operations (note 1)

APPROVED BY THE BOARD OF DIRECTORS

(signed) *"Piers Axtell"*
Director

(signed) *"Henry Owens"*
Director

The accompanying notes are an integral part of these financial statements.

Revised 10/23/01

LBC Cryogenics Corp.
Statements of Operations and Deficit

	Year ended June 30, 2001 $	Year ended June 30, 2000 $
Revenue	238,955	160,585
Expenses		
Operating expenses		
Supplies	28,718	19,305
Sample processing	9,263	5,428
Delivery costs	7,696	6,558
Other	6,256	6,087
Total operating expenses	51,933	37,378
General and administrative expenses		
Administration and office	12,464	11,242
Depreciation and amortization	11,383	9,280
Insurance	9,056	7,942
Interest on long-term debt	7,440	6,308
Marketing	15,013	4,956
Professional fees	10,232	1,734
Rent	37,965	40,994
Telephone	3,997	3,982
Wages, salaries and consulting fees	110,226	99,368
Total general and administrative expenses	217,776	185,806
Total Expenses	269,709	223,184
Net Loss	30,754	62,599
Deficit, Beginning of Year	497,463	434,864
Deficit, End of Year	528,217	497,463
Weighted Average Number of Common Shares Outstanding	2,000,000	2,000,000
Net Loss per Common Share	0.015	0.031

The accompanying notes are an integral part of these financial statements.

Revised 10/23/01

LBC Cryogenics Corp.
Statements of Cash Flows

	Year ended June 30, 2001 $	Year ended June 30, 2000 $
Operating Activities		
Net loss	(30,754)	(62,599)
Adjustments to reconcile net loss to net cash flows from operating activities:		
- depreciation and amortization	11,383	9,280
- (increase) decrease in accounts receivable	(1,297)	2,037
- decrease (increase) in prepaid expenses	547	(1,000)
- increase (decrease) in accounts payable and accrued liabilities	7,960	(57,570)
- increase in unearned revenue	10,794	8,373
Net Cash Flows from Operating Activities	(1,367)	(101,479)
Investing Activities		
Purchase of capital assets	(252,094)	(4,976)
Loan to related party	(16,500)	-
Total Cash Flows from Investing Activities	(268,594)	(4,976)
Financing Activities		
Proceeds from sale of special warrants	457,300	-
Special warrant issuance costs	(73,496)	-
Proceeds from sale of preferred shares	420	100
Long-term debt (repayments) proceeds	(16,000)	105,000
(Decrease) increase in bank overdraft	(1,896)	1,896
Net Cash Flows from Financing Activities	366,328	106,996
Increase in Cash and Cash Equivalents	96,367	541
Cash and Cash Equivalents at the Beginning of the Year	563	22
Cash and Cash Equivalents at the End of the Year	96,930	563
Interest Paid	8,408	-

The accompanying notes are an integral part of these financial statements.

Revised 10/23/01

LBC Cryogenics Corp.

Notes to the Financial Statements
June 30, 2001 and 2000

1. Operations and Basis of Presentation

The company is a British Columbia company that operates a private cryogenic facility in Vancouver, British Columbia, dedicated to the collection, processing and cryopreservation of umbilical cord blood stem cells.

The company has experienced losses in all fiscal periods since its inception and has an accumulated deficit of $528,217 at June 30, 2001. Its ability to continue as a going-concern is dependent upon its ability to achieve profitability and fund any additional losses it may incur. These financial statements are prepared on a going-concern basis, which implies that the company will realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary if the company were unable to achieve and maintain profitable operations.

2. Significant Accounting Policies

General Principles - These financial statements have been prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

Currency and Foreign Exchange - The functional currency of the company is the Canadian dollar. Monetary assets and liabilities denominated in another currency are translated at year-end exchange rates. Other balance sheet items denominated in another currency are translated at the rates of exchange in effect at the time the items arose. Revenue and expenses are translated at the exchange rates in effect at the time of the transaction. Gains and losses arising from fluctuations in exchange rates are included in operations for the year.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of deposit.

Financial Instruments - The company has various financial instruments, including cash and cash equivalents, accounts receivable, loan receivable from related party, bank overdraft, accounts payable and accrued liabilities, loan payable to related party and long-term debt. The fair values of these financial instruments other than the loan payable to related party, approximate their carrying values. The fair value of the loan payable to related party is not determinable.

2. Significant Accounting Policies (continued)

Capital Assets - Capital assets are carried at cost less accumulated depreciation. Depreciation is charged to earnings using the straight-line method in amounts sufficient to depreciate the costs of capital assets over their estimated useful lives as follows:

Laboratory and cryogenics equipment - 5 to 25 years
Office equipment and furnishings – 3 to 10 years
Leasehold improvements - 5 years.

Revenue – Revenue is recognized in the period during which the related services are performed. Storage revenue received in advance is deferred and allocated on a monthly basis to the storage period.

Income Taxes - Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet and unutilized losses carried forward are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The carrying value of future income tax assets is limited to the amount that is more likely than not to be realized.

Loss per Share - The loss per share amounts have been calculated using the weighted average number of common shares outstanding during the year. Fully diluted loss per share has not been disclosed because the effect of common shares issuable upon the exercise of warrants and the conversion of preferred shares would not be dilutive.

3. Loan Receivable from Related Party

The loan receivable from related party is due from a director and officer of the company. The loan bears interest at 6% per annum and is repayable on demand. $773 interest income has been included in revenue for the year ended June 30, 2001 (2000 - $nil) in respect of this loan.

4. Capital Assets

	June 30, 2001			2000
	Cost $	Accumulated depreciation $	Net book value $	Net book value $
Laboratory and cryogenics equipment	377,009	45,865	331,144	87,886
Office equipment and furnishings	13,078	9,239	3,839	4,411
Leasehold improvements	3,774	3,484	290	2,265
Total capital assets	393,861	58,588	335,273	94,562

During the year ended June 30, 2001 the company purchased cryogenics equipment from a director and officer of the company for $26,000.

5. Loan Payable to Related Party

The loan payable to related party is owed to a significant shareholder of the company. There are no interest or repayment terms.

6. Long-Term Debt

The long-term debt comprises a debenture that bears interest at bank prime rate plus 2% per annum. A $16,000 payment is due on October 15, 2001 and the balance of $73,000 is due on October 15, 2002. All of the assets and undertaking of the company have been pledged as collateral for loans under the debenture.

7. Share Capital

Preferred Shares

During the year ended June 30, 2001 the company issued 420,000 preferred shares for net proceeds of $420 (2000 - 100,000 shares, $100).

The preferred shares vote equally with the common shares. The preferred shares are not entitled to receive dividends but participate in the distribution of the assets of the company upon wind-up or other dissolution at the rate of 0.4% of the amount being distributed per common share. Each preferred share is convertible at the option of the holder into one common share upon payment of an additional $0.009 to the company.

If the company intends to file a preliminary prospectus, or the preferred shares have been issued and outstanding for three years, then the company has the right to cancel any preferred shares that have not been converted into common shares on the earlier of: the day before the preliminary prospectus is filed, and three years after the initial issuance of the preferred shares.

3,000,000 of the preferred shares are also subject to agreements that provide that the shares cannot be converted into common shares until various dates and may be cancelled if the holder ceases to be actively involved with the company.

		Number of shares convertible into common shares		
Holder of preferred shares	Total number of preferred shares held	at June 30, 2001	during the 12 months ending June 30, 2002	during the 12 months ending June 30, 2003
Piers Axtell	2,000,000	1,000,000	1,000,000	-
George Westwood	500,000	250,000	250,000	-
Henry Owens	250,000	125,000	75,000	50,000
Leon Markham	250,000	75,000	100,000	75,000
Total	3,000,000	1,450,000	1,425,000	125,000

Special Warrants

During the year ended June 30, 2001 the company issued 1,143,250 special warrants at $0.40 per warrant for gross proceeds of $457,300. Issue costs of $73,496 were incurred in connection with the issuance of the warrants, for net proceeds of $383,804. Each special warrant is convertible into one

7. Share Capital (continued)

common share until April 17, 2011 without payment of additional consideration. Any special warrants not converted into common shares by the earlier of five business days after the company receives a receipt for a prospectus qualifying the issuance of common shares pursuant to the conversion of special warrants and April 17, 2011 will be automatically converted into common shares. There are no voting or participation rights attached to the special warrants.

Agent's Warrants

The sales agent for a portion of the special warrants issued received warrants to purchase up to 150,000 common shares of the company at $0.40 per share until April 17, 2002 or at $0.46 per share until April 17, 2003.

8. Income Taxes

The potential benefits arising from differences in the tax and accounting bases of capital assets and from non-capital losses and other deductions carried forward for income tax purposes have been recognized as future income tax assets. As it is more likely than not that all or a portion of the future income tax assets will not be realized, a valuation allowance has been provided for the full value of the future income tax assets.

The components of the company's future income tax assets are as follows.

	2001	2000
	$	$
Capital assets	31,834	26,826
Non-capital losses carried forward	150,637	145,267
Deferred financing costs	25,871	-
Total future income tax assets	208,342	172,093
Valuation allowance	208,342	172,093
Net book value	-	-

The company has non-capital losses available to reduce future taxable income of $342,357 which expire as follows:

June 30, 2005	$ 172,733
2006	125,401
2007	32,018
2008	12,205

Item 12 Date and Certificate

Dated August 24, 2001.

This offering memorandum does not contain a misrepresentation.

______________________________	______________________________
Piers Axtell, Chief Executive Officer	Henry Owens, Chief Financial Officer
______________________________	______________________________
George Westwood, Director	Leon Markham, Director