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U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the quarterly period ended May 31, 2009

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the transition period from_____ to _____

Commission File Number 0-23386

CRYO-CELL INTERNATIONAL, INC.

(Exact name of Registrant as Specified in its Charter)

DELAWARE	**22-3023093**
(State or other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
700 Brooker Creek Blvd. Oldsmar, FL	**34677**
(Address of Principal Executive Offices)	**(Zip Code)**

Issuer's phone number, including area code: (813) 749-2100

(Former name, former address and former fiscal year, if changed since last report).

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date. As of July 10, 2009 11,750,543 shares of $0.01 par value common stock were outstanding net of treasury.

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	May 31, 2009 (unaudited)	November 30, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,154,539	$ 3,566,366
Restricted cash	200,000	200,000
Marketable securities and other investments	1,160,000	1,125,000
Accounts receivable and advances (net of allowance for doubtful accounts of $1,017,442 and $766,524, respectively)	1,941,506	1,906,715
Deferred tax assets	21,000	21,000
Prepaid expenses and other current assets	793,237	521,041
Total current assets	9,270,282	7,340,122
Property and Equipment-net	2,296,804	2,570,597
Other Assets		
Marketable securities and other investments	6,404	6,404
Note receivable	90,976	89,411
Investment in Saneron CCEL Therapeutics, Inc.	684,000	684,000
Deposits and other assets	326,530	282,122
Total other assets	1,107,910	1,061,937
Total assets	$ 12,674,996	$ 10,972,656
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	$ 653,708	$ 835,670
Accrued expenses	1,456,799	1,226,045
Deferred revenue	4,800,485	4,609,291
Total current liabilities	6,910,992	6,671,006
Other Liabilities		
Deferred revenue	7,235,675	7,126,257
Deferred tax liabilities	21,000	21,000
Long-term liability-revenue sharing agreements	3,750,000	3,750,000
Deferred consulting obligation	335,489	382,847
Total other liabilities	11,342,164	11,280,104
Commitments and Contingencies (Note 3)	—	—
Stockholders' Deficit		
Preferred stock ($.01 par value, 500,000 authorized and none issued)	—	—
Common stock ($.01 par value, 20,000,000 authorized; 11,750,543 as of May 31, 2009 and November 30, 2008 issued and outstanding)	117,505	117,505
Additional paid-in capital	24,814,988	24,682,328
Treasury stock, at cost	(807,020)	(807,020)
Accumulated other comprehensive loss	(94,055)	(94,055)
Accumulated deficit	(29,609,578)	(30,877,212)
Total stockholders' deficit	(5,578,160)	(6,978,454)
Total liabilities and stockholders' deficit	$ 12,674,996	$ 10,972,656

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

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2009	May 31, 2008	May 31, 2009	May 31, 2008
Revenue	$ 4,241,904	$ 4,515,491	$ 8,106,861	$ 8,685,807
Costs and Expenses:				
Cost of sales	1,175,342	1,620,776	2,285,032	3,065,849
Marketing, general & administrative expenses	2,217,801	3,005,845	4,313,044	5,741,085
Research, development and related engineering	32,680	49,081	58,320	93,782
Impairment of marketable securities	—	32,940	—	32,940
Depreciation and amortization	94,159	95,265	194,458	201,289
Total costs and expenses	3,519,982	4,803,907	6,850,854	9,134,945
Operating Income (Loss)	721,922	(288,416)	1,256,007	(449,138)
Other (Expense) Income:				
Interest income	18,186	46,683	37,744	94,140
Interest expense	(363,582)	(339,338)	(687,823)	(639,752)
Licensee income	387,202	282,081	725,353	464,628
Total other income (expense)	41,806	(10,574)	75,274	(80,984)
Income (loss) before equity in losses of affiliate and income tax expense	763,728	(298,990)	1,331,281	(530,122)
Equity in losses of affiliate	(31,780)	(56,753)	(63,647)	(72,879)
Income (loss) before income tax expense	731,948	(355,743)	1,267,634	(603,001)
Income tax expense	—	—	—	—
Net Income (Loss)	$ 731,948	$ (355,743)	$ 1,267,634	$ (603,001)
Net income (loss) per common share - basic	$ 0.06	$ (0.03)	$ 0.11	$ (0.05)
Weighted average common shares outstanding - basic	11,750,543	11,672,129	11,750,543	11,672,129
Net income (loss) per common share - diluted	$ 0.06	$ (0.03)	$ 0.11	$ (0.05)
Weighted average common shares outstanding - diluted	11,764,580	11,672,129	11,753,543	11,672,129
Comprehensive income (loss):				
Net income (loss)	$ 731,948	$ (355,743)	$ 1,267,634	$ (603,001)
Unrealized loss on marketable securities	—	(19,693)	—	(17,889)
Write-off unrealized loss on marketable securities	—	32,940	—	32,940
Comprehensive income (loss)	$ 731,948	$ (342,496)	$ 1,267,634	$ (587,950)

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

CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	May 31, 2009	May 31, 2008
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 1,267,634	$ (603,001)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation and amortization expense	335,877	343,127
Gain on sale of marketable securities	—	2,057
Compensatory element of stock options	69,013	131,646
Provision for doubtful accounts	244,742	136,331
Impairment of marketable securities	—	32,940
Equity in losses of affiliate	63,647	72,879
Changes in assets and liabilities:		
Accounts receivable and advances	(279,533)	373,022
Note receivable	(1,565)	(7,811)
Prepaid expenses and other current assets	(272,196)	(244,071)
Deposits and other assets	13,486	(115,570)
Accounts payable	(181,962)	(517,211)
Accrued expenses	230,754	(111,579)
Deferred consulting obligation	(47,358)	(47,625)
Deferred revenue	300,612	413,829
Net cash provided by (used in) operating activities	1,743,151	(141,037)
Cash flows from investing activities:		
Purchases of property and equipment	(58,384)	(77,204)
Purchases of marketable securities and other investments	(1,010,000)	(1,125,000)
Proceeds from sale of marketable securities and other investments	975,000	1,001,570
Investments in patents	(61,594)	—
Net cash used in investing activities	(154,978)	(200,634)
Increase (decrease) in cash and cash equivalents	1,588,173	(341,671)
Cash and cash equivalents - beginning of year	3,566,366	3,364,711
Cash and cash equivalents - end of period	$ 5,154,539	$ 3,023,040
Supplemental disclosure of cash flow information:		
Interest	$ 611,563	$ 622,971
Income taxes	$ —	$ —
Supplemental schedules of non-cash investing and financing activities:		
Unrealized loss on marketable securities	$ —	$ (17,889)

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

CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
May 31, 2009
(Unaudited)

Note 1 - Basis of Presentation

The unaudited consolidated financial statements including the Consolidated Balance Sheets as of May 31, 2009 and November 30, 2008, the related Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended May 31, 2009 and May 31, 2008 and Cash Flows for the six months ended May 31, 2009 and 2008 have been prepared by Cryo-Cell International, Inc. and its subsidiaries ("the Company" or "Cryo-Cell"). In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations, and changes in cash flows for all periods presented have been made.

The unaudited consolidated financial statements herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Certain financial information and note disclosures, which are normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to those rules and regulations. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's November 30, 2008 Annual Report on Form 10-K.

Revenue Recognition

The Company records revenue from processing and storage of specimens. The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin No. 101, ("SAB 101") as amended by SEC Staff Accounting Bulletin No. 104, ("SAB 104"), and Emerging Issues Task Force Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables* ("EITF No. 00-21") for all revenue transactions. The Company recognizes revenue from processing fees upon completion of processing and cellular storage fees ratably over the contractual storage period. Deferred revenue on the accompanying balance sheets includes the portion of the annual storage fee and the twenty-one year storage fee that is being recognized over the contractual storage period. As of May 31, 2009 and November 30, 2008, the current portion of deferred revenue is approximately $4,800,000 and $4,600,000, respectively, and the long-term portion of deferred revenue is approximately $7,200,000 and $7,100,000, respectively. The Company also records revenue from shipping and handling when earned. Shipping and handling costs are expensed and included in cost of sales.

The Company has not had a third party conduct a physical inventory count of all specimens stored; however, the Company from time to time will perform a physical inventory count of specimens stored to ensure that all records are accurate.

Income Taxes

Under the asset and liability method of Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 109*Accounting for Income Tax*es ("SFAS 109"), deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between 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 be recovered or settled. A valuation allowance covering the deferred tax assets of the Company as of May 31, 2009 and November 30, 2008, has been provided as the Company currently believes it is "more likely than not" that the future income tax benefits will not be realized.

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), on December 1, 2007. Previously, the Company had accounted for tax contingencies in accordance with SFAS No. 5, *Accounting for Contingencies* ("SFAS 5"). As required by FIN 48, which clarifies SFAS 109, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Increases or decreases to the unrecognized tax benefits could result from management's belief that a position can or cannot be sustained upon examination based on subsequent information or potential lapse of the applicable statute of limitation for certain tax positions.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of May 31, 2009 and November 30, 2008, the Company had no provisions for interest or penalties related to uncertain tax positions.

Stock Compensation

As of May 31, 2009, the Company has two stock-based employee compensation plans, which are described in Note 5. The Company accounts for stock options under the provisions of SFAS No. 123R, *Share-Based Payment* ("SFAS 123R"). Compensation costs for the portion of awards for which the requisite service had not yet been rendered, and that were outstanding as of December 1, 2006 (the adoption date), are recognized as the service is rendered based on the grant date fair value of those awards calculated under SFAS 123R. The Company recognized approximately $26,000 and $58,000 for the three months ended May 31, 2009 and 2008, respectively of stock compensation expense. The Company recognized approximately $69,000 and $132,000 for the six months ended May 31, 2009 and 2008, respectively of stock compensation expense.

Fair Value of Financial Instruments

Effective December 1, 2007, the Company adopted SFAS No. 157, *Fair-Value Measurements* ("SFAS 157"), for financial assets and liabilities. Management uses the fair value hierarchy of SFAS 157, which gives the highest priority to quoted prices in active markets. The fair value of financial instruments is estimated based on market trading information, where available. Absent published market values for an instrument or other assets, management uses observable market data to arrive at its estimates of fair value. Management believes that the carrying amount of cash and cash equivalents, notes receivable and its liability associated with long term revenue sharing arrangements approximate fair value.

SFAS 157 defines fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, SFAS 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following table summarizes the financial assets and liabilities measured at fair value on a recurring basis as of May 31, 2009, segregated among the appropriate levels within the fair value hierarchy:

Description	Fair Value at May 31, 2009	Fair Value Measurements at May 31, 2009 Using		
		Level 1	Level 2	Level 3
Assets:				
Available-for-sale securities	$1,166,404	$6,404	$1,160,000	—

The following is a description of the valuation techniques used for these items, as well as the general classification of such items pursuant to the fair value hierarchy of SFAS No. 157.

Available-for-sale securities – the Company invested $1,160,000 in variable rate, long-term, tax-exempt municipal bonds. The investments are held at cost, which approximates fair value, and are therefore classified within Level 2 of the fair value hierarchy. The Company further invests in exchange-traded equity securities. Fair values for these investments are based on quoted prices in active markets and are therefore classified within Level 1 of the fair value hierarchy.

Product Warranty and Cryo-Cell Cares™ Program

The Company provides its customers enrolled under the new pricing structure with a payment warranty under which the Company agrees to pay $50,000 to its client if the U-Cord® product retrieved is used for a stem cell transplant for the donor or an immediate family member and fails to engraft, subject to various restrictions. Additionally, under the Cryo-Cell Cares™ program, the Company will pay $10,000 to the client to offset personal expenses if the U-Cord® product is used for bone marrow reconstitution in a myeloblative transplant procedure. The Company has not experienced any claims under the warranty program nor has it incurred costs related to these warranties. The Company does not maintain insurance for this warranty program and therefore maintains reserves to cover estimated potential liabilities. The Company accounts for the warranty as an obligation and recognizes the obligation in accordance with SFAS 5. The Company's reserve balance is based on the $50,000 maximum payment and the $10,000 maximum expense reimbursement multiplied by formulas to determine the projected number of units requiring a payout. The Company determined the estimated expected usage and engraftment failure rates based on an analysis of the Company's historical usage and failure rates and the historical usage and failure rates in other private and public cord blood banks based on published data. The Company's estimates of expected usage and engraftment failure could change as a result of changes in actual usage rates or failure rates and such changes would require an adjustment to the established reserves. The historical usage and failure rates have been very low and a small increase in the number of transplants or engraftment failures could cause a significant increase in the estimated rates used in determining our reserve. In addition, the reserve will increase as additional U-Cord® specimens are stored which are subject to the warranty. As of May 31, 2009 and November 30, 2008 the Company recorded reserves under these programs in the amounts of approximately $119,000 and $105,000, respectively, which are included in accrued expenses in the accompanying consolidated balance sheets.

Recently Issued Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (Revised),*Business Combinations* ("SFAS 141 R"), to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS 141R establishes principles and requirements for how the acquirer, recognizes and ensures the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, recognizes and measures goodwill or a gain from a bargain purchase, and identifies financial statement disclosures related to the business combination.

SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is currently assessing the impact that SFAS 141R may have on its consolidated financial statements upon adoption on December 1, 2009.

In December 2007, FASB issued SFAS No. 160,*Noncontrolling Interests in Consolidated Financial Statements* ("SFAS 160"), to improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008. The Company is currently assessing the impact that SFAS 160 may have on its consolidated financial statements upon adoption on December 1, 2009.

In May 2009, FASB issued SFAS No. 165,*Subsequent Events* ("SFAS 165"), to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 is effective for financial statements issued for interim and annual periods ending after June 15, 2009.

In June 2009, FASB issued SFAS No. 168,*The FASB Accounting Standard Codification and the Hierarchy of the Generally Accepted Accounting Principles – a replacement of SFAS No. 162* ("SFAS 168"), to become the source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company is currently assessing the impact that SFAS 168 may have on its consolidated financial statements.

In November 2008, the FASB issued EITF Issue No. 08-06,*Equity Method Investment Accounting Considerations* ("EITF 08-06"), to clarify the accounting for certain transactions and impairment considerations involving equity method investments. EITF 08-06 is effective in fiscal periods beginning on or after December 15, 2008. The Company is currently assessing the impact that EITF 08-06 may have on its consolidated financial statements upon adoption on December 1, 2009.

Note 2 – Net Income (Loss) per Common Share

The following table sets forth the calculation of basic and diluted earnings per share:

	Three Months Ended		Six Months Ended	
	May 31, 2009	May 31, 2008	May 31, 2009	May 31, 2008
Numerator:				
Net Income (Loss)	$ 731,948	$ (355,743)	$ 1,267,634	$ (603,001)
Denominator:				
Weighted-average shares outstanding-basic	11,750,543	11,672,129	11,750,543	11,672,129
Dilutive common shares issuable upon exercise of stock options	14,037	—	3,000	—
Weighted-average shares-diluted	11,764,580	11,672,129	11,753,543	11,672,129
Earnings per share:				
Basic	$ .06	$ (.03)	$ .11	$ (.05)
Diluted	$ .06	$ (.03)	$ .11	$ (.05)

The Company excluded the effect of 910,047 and 1,002,621 outstanding stock options for the three months ended May 31, 2009 and May 31, 2008, respectively, from the computation of diluted earnings per share, as the effect of potentially dilutive shares would be anti-dilutive. The Company excluded the effect of 975,047 and 1,002,621 outstanding stock options for the six months ended May 31, 2009 and May 31, 2008, respectively, from the computation of diluted earnings per share, as the effect of potentially dilutive shares would be anti-dilutive.

Note 3 – Legal Proceedings

The Company is involved in the following legal proceedings:

PharmaStem Therapeutics, Inc. (“PharmaStem”) filed a complaint dated February 22, 2002 against the Company and several other defendants in the United States District Court for the District of Delaware, alleging infringement of United States Patents No. 5,004,681 and No. 5,192,553, relating to certain aspects of the collection, cryopreservation and storage of hematopoietic stem cells and progenitor cells from umbilical cord blood. After several years of proceedings at the District Court level, the United States Court of Appeals for the Federal Circuit issued a decision in July 2007 that Cryo-Cell did not infringe these two patents and that the two patents are invalid. PharmaStem filed a certiorari petition in January 2008 seeking to have the United States Supreme Court review the appellate court’s decision as to the invalidity of the patents, but did not seek any further review of the non-infringement decision. However, the United States Supreme Court denied certiorari in March 2008, so the decision by the United States Court of Appeals for the Federal Circuit in favor of the Company is final and non-appealable. PharmaStem had also filed a second complaint against the Company and other defendants in July 2004 in the United States District Court for the Middle District of Florida, alleging infringement of United States Patents No. 6,461,645 and 6,569,427, which also relate to certain aspects of the collection, cryopreservation and storage of hematopoietic stem cells and progenitor cells from umbilical cord blood. The Delaware court granted Cryo-Cell’s motion in October 2005 to stay the proceedings in the second case pending the outcome of the first case and a decision from the United States Patent and Trademark Office (“U.S. PTO”) on certain patent re-examination issues. On September 2, 2008, the U.S. PTO issued a Re-examination Certificate cancelling all claims of United States Patent No. 6,461,645, and on September 16, 2008, the U.S. PTO issued a Re-examination Certificate cancelling all claims of United States Patent No. 6,569,427. As a result of the cancellation of all patent claims involved in the second case by the U.S. PTO, we will seek a dismissal of all claims for relief set forth by PharmaStem in the second case.

Note 4 – Investment in Saneron CCEL Therapeutics, Inc. ("Saneron")

As of May 31, 2009 and November 30, 2008, the Company had an ownership interest of approximately 36% in Saneron, which is accounted for under the equity method of accounting. During 2008, the Company had an independent valuation performed on the Company's interest in Saneron. Management believes that this valuation accurately reflects the fair value of the Company's interest in Saneron as of May 31, 2009 and November 30, 2008 and that the investment was not impaired. During 2006, the Company ceased recording equity in losses against the investment balance once the investment balance was written down to the total amount of goodwill, as goodwill should not be amortized. As of May 31, 2009 and November 30, 2008, the net Saneron investment, which includes goodwill, is reflected on the consolidated balance sheets at approximately $684,000.

For the three and six months ended May 31, 2009, the Company recorded equity in losses of Saneron operations of approximately $32,000 and $64,000, respectively, related to certain stock and warrant awards that were granted by Saneron at below fair value to certain employees, consultants and members of Saneron management who represent owners of Saneron and serve on its board of directors. For the three and six months ended May 31, 2008, the Company recorded equity in losses of Saneron operations of approximately $57,000 and $73,000, respectively, related to certain stock and warrant awards that were granted by Saneron at below fair value to certain employees, consultants and members of Saneron management who represent owners of Saneron and serve on its board of directors. The Company will continue to record equity in losses of affiliates related to stock compensation expense as this offsets additional paid-in capital and not the investment balance.

As of May 31, 2009 and November 30, 2008, the Company has classified the Company's portion of the initial value of Company stock held by Saneron of approximately $807,000 within stockholders' equity as treasury stock.

Note 5 – Stock Options

The Company maintains the Stock Incentive Plan ("the Plan") that has reserved 2,250,000 shares of the Company's common stock for issuance pursuant to stock options or restricted stock. During 2004, the Plan was amended to allow issuance of options to certain consultants of the Company. Options issued under the Plan have a term ranging from five to seven years from the date of grant and have a vesting period ranging from immediately upon issuance to three years from the date of grant. The options are exercisable for a period of 90 days after termination.

The Company also maintains the 2006 Stock Incentive Plan (the "2006 Plan"). The 2006 Plan has reserved 1,000,000 shares of the Company's common stock for issuance pursuant to stock options, restricted stock, stock-appreciation rights (commonly referred to as "SARs"), stock awards (i.e. performance shares and performance units). No options have been issued from the 2006 Plan to date.

The fair value of each option award is estimated on the date of the grant using the Black-Scholes valuation model that uses the assumptions noted in the following table. Expected volatility is based on the historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding.

Variables used to determine the fair value of the options granted for the three and six months ended May 31, 2009 and May 31, 2008 are as follows:

	Three Months Ended		Six Months Ended	
	May 31, 2009	May 31, 2008	May 31, 2009	May 31, 2008
Weighted average values:				
Expected dividends	0%	0%	0%	0%
Expected volatility	102.5%	88.6%	100.16%	88.7%
Risk free interest rate	1.97%	2.76%	1.81%	2.85%
Expected life	5 years	5 years	5 years	5 years

Stock option activity for the six months ended May 31, 2009, was as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at November 30, 2008	1,002,683	$ 2.88	3.05	$ 0
Granted	22,500	0.75		11,750
Exercised	—	—		—
Terminated	(27,636)	1.94		3,025
Outstanding at May 31, 2009	997,547	$ 2.85	2.62	$64,375
Exercisable at May 31, 2009	903,384	$ 3.05	2.27	$28,207

The weighted average grant date fair value of options granted during the six months ended May 31, 2009 and May 31, 2008 was $0.57 and $0.84, respectively. There were no options exercised during the six months ended May 31, 2009 and May 31, 2008. The aggregate intrinsic value of exercisable options at May 31, 2009 was $28,207.

Significant option groups exercisable at May 31, 2009 and related price and contractual life information are as follows:

	Outstanding			Exercisable	
Range of Exercise Prices	Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
$0.45 to $1.00	132,500	5.81	$ 0.76	60,832	$ 0.79
$1.01 to $ 2.00	52,667	5.22	$ 1.44	36,837	$ 1.48
$2.01 to $ 3.00	98,000	3.34	$ 2.34	91,335	$ 2.35
$3.01 to $ 4.00	524,871	2.12	$ 3.20	524,871	$ 3.20
$4.01 to $ 5.00	189,509	0.68	$ 4.02	189,509	$ 4.02
	997,547	2.62	$ 2.85	903,384	$ 3.05

A summary of the status of the Company's non-vested shares as of May 31, 2009, and changes during the six months ended May 31, 2009, is presented below:

	Shares	Weighted Average Grant-Date Fair Value
Non-vested at November 30, 2008	190,951	$ 1.39
Granted	22,500	0.57
Vested	(105,956)	1.90
Forfeited	(13,332)	0.93
Non-vested at May 31, 2009	94,163	$ 0.69

As of May 31, 2009 there was approximately $47,000 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan. The cost is expected to be recognized over a weighted-average period of 1.39 years as of May 31, 2009. The total fair value of shares vested during the six months ended May 31, 2009 was approximately $202,000.

Note 6 – Marketable Securities and Other Investments

The Company accounts for marketable securities and other investments at fair value or considers fair value in their measurement under various accounting literature, including SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Instruments*("SFAS 115") and SFAS 157. Adjustments to the fair value in the Company's marketable securities and other investments are reflected in accumulated other comprehensive income (loss).

Marketable securities were $1,160,000 at May 31, 2009 and $1,125,000 at November 30, 2008. Included within marketable securities on the accompanying consolidated balance sheets as of May 31, 2009 and November 30, 2008 are variable rate, long-term, tax-exempt municipal bonds. The interest rate on these variable rate municipal bonds resets every seven days to adjust to current market conditions. The Company can redeem these investments at cost at any time with seven days notice. Therefore, the investments are held at cost, which approximate fair value and are classified as short-term investments on the accompanying consolidated balance sheets. The Company holds these investments as available for sale.

Other Investments

The Company uses the guidance as described above, to account for the other investments. The fair value of other investments as of May 31, 2009 and November 30, 2008 was approximately $6,400. The Company did not record an unrealized holding loss as a component of stockholders equity on other investments as of May 31, 2009 and November 30, 2008.

Note 7 – License Agreements

On February 20, 2008, the Company entered into an agreement with Cryo-Cell de Venezuela for storage services and the exclusive license to market the Company's U-Cord program. The agreement was amended on August 29, 2008. The license allows Cryo-Cell de Venezuela to directly market the U-Cord program throughout Venezuela and to collect and ship the specimens to the Company's facility in Oldsmar, Florida for which the Company receives a fee for processing and storage of the specimens. The initial up-front storage services and license fee is $200,000 and is non-refundable. The Company received the first installment payment of $100,000 during the first quarter of fiscal 2008 and the second installment payment of $100,000 during the first quarter of fiscal 2009.

On March 17, 2008, the Company entered into a definitive License and Royalty Agreement with LifeCell International Private Ltd. ("ACCPL") to establish and market its C'elle™ preservation program in India and optionally, into the countries of Bangladesh, Nepal, Pakistan and Sri Lanka. The non-refundable up-front license fee of $250,000 is payable by ACCPL in installments. The first installment of $89,000, net of taxes, was paid during the second quarter of fiscal 2008. The final payment of $150,000, before taxes, was initially payable in the second quarter of fiscal 2009. However, the payment arrangement was restructured to allow for the final payment to be made in two payments. Therefore, the second installment of $63,750, net of taxes, was paid during the second quarter of fiscal 2009 and the final payment of $75,000, before taxes, will be paid in the third quarter of fiscal 2009. In consideration for the up-front license fee, the Company licensed its technology, know-how and quality systems to ACCPL. In addition, the Company will receive royalty fees of 8% of the C'elle collection and processing revenues generated by ACCPL up to 10,000 specimens. The Company will also receive royalty fees of 8% on storage revenues up to 10,000 specimens. Once ACCPL has processed 10,000 specimens, the parties have agreed to renegotiate the royalty fee on collection, processing and storage revenues.

On June 27, 2009, the Company amended the original definitive License and Royalty agreement with ACCPL dated July 14, 2004 to establish and market its U-Cord program in India. The amendment expands the licensed territory to include Pakistan, Bangladesh, Nepal, Sri Lanka, Bhutan, Maldives, Oman, Saudi Arabia and the United Arab Emirates. There are no incremental license fees associated with the expanded licensed territory.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

The Company is engaged in cellular processing and cryogenic storage, with a current focus on the collection and preservation of umbilical cord (U-Cord®) blood stem cells for family use. The Company's principal sources of revenues are service fees for cord blood processing and preservation for new customers and recurring annual storage fees. The Company currently charges fees of $1,595 to new clients for the collection kit, processing and testing and return medical courier service, with discounts in the case of multiple children from the same family and in other circumstances. The Company currently charges an annual storage fee of $125 for new clients; storage fees for existing customers depend on the contracts with such customers. The Company also receives other income from licensing fees and royalties from global affiliates.

In recent years, the Company has expanded its research and development activities to develop technologies related to stem cells harvested from sources beyond umbilical cord blood stem cells. During 2007, much of the Company's research and development activities focused on the development of proprietary technology related to maternal placental stem cells (MPSCs). Also in 2006, the Company discovered novel technology related to menstrual stem cells. In November 2007, the Company announced the commercial launch of C'elle℠ service related to this patent-pending technology. The Company continues to focus independently-funded research and development activities through a vast network of research collaboration partners.

During the six months ended May 31, 2009, the Company's revenues decreased 7% as compared to the same period in 2008. The Company reported net income of approximately $1,268,000, or $.11 per basic common share for the six months ended May 31, 2009 compared to a net loss of approximately ($603,000) or ($.05) per basic common share for the same period in 2008. The increase in net income for the six months ended May 31, 2009 principally resulted from a 25% decrease in marketing, general and

administrative expenses, due mainly to the decrease in operational expenses that have resulted in improved operating efficiencies, as well as, a 25% decrease in cost of sales primarily due to decreased operating expenses and a decline in the number of specimens processed. In addition, research and development expenses were approximately $58,000 for the six months ended May 31, 2009, a decrease of approximately 38% in comparison to the same period in 2008. The expenses for the six months ended May 31, 2008 are primarily comprised of expenses related to the initial commercialization of the Company's new stem cell technology, C'elle, which was launched in November 2007.

As of May 31, 2009, the Company had cash and cash equivalents of $5,154,539. The Company's cash increased by approximately $1,588,000 during the first six months of fiscal 2009, primarily as a result of positive cash flow from operations. The increase in operating cash flow was primarily attributable to the Company's net income during the first six months of fiscal 2009. As of July 10, 2009, the Company maintains no long-term indebtedness.

Results of Operations - - Six Month Period Ended May 31, 2009

Revenues. Revenues for the six months ended May 31, 2009 were $8,106,861 as compared to $8,685,807 for the same period in 2008, representing a 7% decrease. The decrease is primarily attributable to a decrease in specimens processed of 13%, in addition to an increase in sales discounts of 13%, partially offset by a 10% increase in recurring annual storage fee revenue for the six months ended May 31, 2009 compared to the 2008 period. Sales discounts represent discounts to returning clients and promotions offered to newly enrolled clients.

Cost of Sales. Cost of sales for the six months ended May 31, 2009 was $2,285,032 as compared to $3,065,849 for the same period in 2008, representing a 25% decrease. Cost of sales was 28% of revenues for the six months ended May 31, 2009 and 35% for the six months ended May 31, 2008. Cost of sales includes wages and supplies associated with process enhancements to the existing production procedures and quality systems in the processing of cord blood specimens at the Company's facility in Oldsmar, Florida and depreciation expense of approximately $141,000 and $142,000 for the six months ended May 31, 2009 and 2008, respectively. The decrease in cost of sales is primarily attributable to the decrease in operational expenses and the decrease in specimens processed during the six months ended May 31, 2009 compared to the 2008 period.

Marketing, General and Administrative Expenses. Marketing, general and administrative expenses for the six months ended May 31, 2009 were $4,313,044 as compared to $5,741,085 for the 2008 period representing a 25% decrease. These expenses are primarily comprised of expenses for consumer advertising, salaries and wages for personnel and professional fees. The higher expenses in the 2008 period were principally attributable to the implementation of the Company's strategic initiatives to increase market share and achieve unit growth by strengthening the resources allocated to sales and marketing. The Company reduced these expenses in the 2009 period.

Research, Development and Related Engineering Expenses. Research, development and related engineering expenses for the six months ended May 31, 2009 were $58,320 as compared to $93,782 for the 2008 period. The expenses for the six months ended May 31, 2009 and 2008 are primarily comprised of expenses related to commercialization of the Company's new stem cell technology, C'elle, which was launched in November 2007.

Depreciation and Amortization. Depreciation and amortization for the six months ended May 31, 2009 was $194,458 compared to $201,289 for the 2008 period. The decrease was caused by a portion of the Company's property and equipment becoming fully depreciated during fiscal 2008.

Interest Expense. Interest expense during the six months ended May 31, 2009, was $687,823 compared to

$639,752 during the comparable period in 2008. Interest expense is mainly comprised of payments made to the other parties to the Company's Revenue Sharing Agreements ("RSAs") based on the Company's storage revenue. Prior to fiscal 2002, the Company entered into RSAs with individuals and entities for specific geographic areas. The Company's RSAs provide that in exchange for an up-front payment, the Company would share in perpetuity a percentage of its future revenue derived from the annual storage fees charged related to a certain number of specimens that originated from specific areas. The Company currently has four RSAs in effect covering the following areas: New York, Texas, Florida and Illinois (including contiguous states). If the Company's storage revenues continue to increase in areas covered by RSAs, the Company's interest expense related to the RSA payments will also increase.

Licensee Income. Licensee income for the six months ended May 31, 2009, was $725,353 as compared to $464,628 for the 2008 period. Licensee income for the six months ended May 31, 2009 principally consisted of $561,603 in royalty income earned on the processing and storage of cord blood stem cell specimens in geographic areas where the Company has license agreements. The remaining 2009 licensee income related to installment payments of non-refundable up-front license fees from the licensee of the Company's U-Cord program in India and Venezuela. Licensee income for the 2008 period consisted of royalty income earned on subsequent processing and storage of specimens in geographical areas where the Company has license agreements, and from the sale of sub-license agreements by licensees.

Equity in Losses of Affiliate. Equity in losses of affiliate was $63,647 for the six months ended May 31, 2009, compared to $72,879 for the 2008 period. Equity in losses of affiliate for the six months ended May 31, 2009 and 2008, solely consists of amounts related to compensation expense for stock option awards that were granted by Saneron to certain consultants and employees.

Income Taxes. There was no income tax expense for the six months ended May 31, 2009 and for the same period in 2008. The Company did not record income tax expense during the second quarter of 2009 or 2008 due to the utilization of net operating losses and foreign tax credit carryforwards, which were not previously benefited in the Company's financial statements. It is managements' current belief it is "more likely than not" that future tax benefits will not be realized in the future and, as a result, no net deferred tax asset is reflected in the Company's financial statements.

Results of Operations - Three Month Period Ended May 31, 2009

Revenues. Revenues for the three months ended May 31, 2009 were $4,241,904 as compared to $4,515,491 for the same period in 2008, representing a 6% decrease. The decrease is primarily attributable to a decrease in specimens processed of 10%, in addition to an increase in sales discounts of 13%, partially offset by an 11% increase in recurring annual storage fee revenue for the three months ended May 31, 2009 compared to the 2008 period. Sales discounts represent discounts to returning clients and promotions offered to newly enrolled clients.

Cost of Sales. Cost of sales for the three months ended May 31, 2009 was $1,175,342 as compared to $1,620,776 for the same period in 2008, representing a 27% decrease. Cost of sales was 28% of revenues for the three months ended May 31, 2009 and 36% for the three months ended May 31, 2008. Cost of sales includes wages and supplies associated with process enhancements to the existing production procedures and quality systems in the processing of cord blood specimens at the Company's facility in Oldsmar, Florida and depreciation expense of approximately $71,000 and $73,000 for the three months ended May 31, 2009 and 2008, respectively. The decrease in cost of sales is primarily attributable to the decrease in operational expenses and the decrease in specimens processed during the three months ended May 31, 2009 compared to the 2008 period.

Marketing, General and Administrative Expenses. Marketing, general and administrative expenses for the three months ended May 31, 2009 were $2,217,801 as compared to $3,005,845 for the 2008 period

representing a 26% decrease. These expenses are primarily comprised of expenses for consumer advertising, salaries and wages for personnel and professional fees. The higher expenses in the 2008 period were principally attributable to the implementation of the Company's strategic initiatives to increase market share and achieve unit growth by strengthening the resources allocated to sales and marketing. The Company reduced these expenses in the 2009 period.

Research, Development and Related Engineering Expenses. Research, development and related engineering expenses for the three months ended May 31, 2009 were $32,680 as compared to $49,081 for the 2008 period. The expenses for the three months ended May 31, 2009 and 2008 are primarily comprised of expenses related to commercialization of the Company's new stem cell technology, C'elle, which was launched in November 2007.

Depreciation and Amortization. Depreciation and amortization for the three months ended May 31, 2009 was $94,159 compared to $95,265 for the 2008 period. The slight decrease was caused by a portion of the Company's property and equipment becoming fully depreciated during fiscal 2008.

Interest Expense. Interest expense during the three months ended May 31, 2009, was $363,582 compared to $339,338 during the comparable period in 2008. Interest expense is mainly comprised of payments made to the other parties to the Company's RSAs based on the Company's storage revenue. Prior to fiscal 2002, the Company entered into RSAs with individuals and entities for specific geographic areas. The Company's RSAs provide that in exchange for an up-front payment, the Company would share in perpetuity a percentage of its future revenue derived from the annual storage fees charged related to a certain number of specimens that originated from specific areas. The Company currently has four RSAs in effect covering the following areas: New York, Texas, Florida and Illinois (including contiguous states). If the Company's storage revenues continue to increase in areas covered by RSAs, the Company's interest expense related to the RSA payments will also increase.

Licensee Income. Licensee income for the three months ended May 31, 2009, was $387,202 as compared to $282,081 for the 2008 period. Licensee income for the three months ended May 31, 2009 principally consisted of $323,452 in royalty income earned on the processing and storage of cord blood stem cell specimens in geographic areas where the Company has license agreements. The remaining 2009 licensee income related to an installment payment of a non-refundable up-front license fee from the licensee of the Company's U-Cord program in India. Licensee income for the 2008 period consisted of approximately $193,000 of royalty income earned on subsequent processing and storage of specimens in geographical areas where the Company has license agreements, and from the sale of sub-license agreements by licensees and $89,443 related to an installment of a non-refundable up-front license fee from the licensee of the Company's C'elle program in India.

Equity in Losses of Affiliate. Equity in losses of affiliate was $31,780 for the three months ended May 31, 2009, compared to $56,753 for the 2008 period. Equity in losses of affiliate for the three months ended May 31, 2009 and 2008, solely consists of amounts related to compensation expense for stock option awards that were granted by Saneron to certain consultants and employees.

Income Taxes. There was no income tax expense for the six months ended May 31, 2009 and for the same period in 2008. The Company did not record income tax expense during the second quarter of 2009 or 2008 due to the utilization of net operating losses and foreign tax credit carryforwards, which were not previously benefited in the Company's financial statements. It is managements' current belief it is "more likely than not" that future tax benefits will not be realized in the future and, as a result, no net deferred tax asset is reflected in the Company's financial statements.

Liquidity and Capital Resources

Through May 31, 2009, the Company's principal source of cash has been from sales of its U-Cord® program to customers, the sale of license agreements and proceeds from licensees. Currently, the Company's cash flow is derived primarily from sales relating to its storage services, including the initial fee and ongoing storage fees. The Company does not expect a change in its principal source of cash flow.

At May 31, 2009, the Company had cash and cash equivalents of $5,154,539 as compared to $3,566,366 at November 30, 2008. The increase in cash and cash equivalents during the six months ended May 31, 2009 was primarily attributable to the following:

Net cash provided by operating activities for the six months ended May 31, 2009 was $1,743,151, which was primarily attributable to the Company's operating activities, including the receipt of the second $100,000 installment payment from the sale of the Cryo-Cell de Venezuela licensee agreement and the receipt of the second installment payment from ACCPL of $63,750.

Net cash used in operating activities for the six months ended May 31, 2008 was $173,977, which was primarily attributable to the Company's net loss during the first six months of 2008.

Net cash used in investing activities for the six months ended May 31, 2009 was $154,978, which was primarily attributable to the costs associated with the application and development of patents and the purchase of property and equipment.

Net cash used in investing activities for the six months ended May 31, 2008 was $167,694, which was primarily attributable to the purchase of property and equipment and purchase of marketable securities.

There was no cash provided by or used in financing activities during the first six months of fiscal 2009 and 2008.

The Company does not have a line of credit or other type of financing instrument. The Company anticipates making non-discretionary capital expenditures of approximately $300,000 over the next twelve months. The Company anticipates funding future property and equipment purchases with cash flows from operations.

The Company anticipates that its cash and cash equivalents, marketable securities and cash flows from operations will be sufficient to fund its known cash needs for at least the next 12 months. Cash flows from operations will depend primarily upon increasing revenues from sales of its umbilical cord blood cellular storage services and the C'elle service, and controlling expenses. If expected increases in revenues are not realized, or if expenses are higher than anticipated, the Company may be required to reduce or defer cash expenditures or otherwise manage its cash resources during the next 12 months so that they are sufficient to meet the Company's cash needs for that period. In addition, the Company may consider seeking equity or debt financing if deemed appropriate for its plan of operations, and if such financing can be obtained on acceptable terms. There is no assurance that the reductions in expenditures, if necessary, will not have an adverse effect on the Company's business operations, including sales activities and the development of new services and technology.

Critical Accounting Policies

The preparation of consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of

contingent assets and liabilities in the consolidated financial statements and accompanying notes. The SEC has defined a company's critical accounting policies as the ones that are most important to the portrayal of the company's financial condition and results of operations, and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The Company believes that its estimates and assumptions are reasonable under the circumstances; however, actual results may vary from these estimates and assumptions. We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of the consolidated financial statements.

Revenue Recognition

The Company records revenue from processing and storage of specimens. The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin No. 101, ("SAB 101") as amended by SEC Staff Accounting Bulletin No. 104, ("SAB 104"), and Emerging Issues Task Force Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables* ("EITF No. 00-21") for all revenue transactions. The Company recognizes revenue from processing fees upon completion of processing and cellular storage fees ratably over the contractual storage period. Deferred revenue on the accompanying balance sheets includes the portion of the annual storage fee and the twenty-one year storage fee that is being recognized over the contractual storage period. As of May 31, 2009 and November 30, 2008, the current portion of deferred revenue is approximately $4,800,000 and $4,600,000, respectively, and the long-term portion of deferred revenue is approximately $7,200,000 and $7,100,000, respectively. The Company also records revenue from shipping and handling when earned. Shipping and handling costs are expensed and included in cost of sales.

Accounts Receivable

Accounts receivable consist of the amounts due from clients that have enrolled in the U-Cord® processing and storage program and amounts due from license affiliates and do not require collateral. Accounts receivable due from clients are due within 30 days and are stated at amounts due from clients net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering the length of time accounts receivable are past due, the Company's previous loss history, and the customer's current ability to pay its obligations. Therefore, if the financial condition of the Company's clients were to deteriorate beyond the estimates, the Company may have to increase the allowance for doubtful accounts which could have a negative impact on earnings. The Company writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Income Taxes

Under the asset and liability method of SFAS No. 109 *"Accounting for Income Taxes"*, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between 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 be recovered or settled. The ultimate realization of our deferred tax assets depends upon generating sufficient future taxable income prior to the expiration of the tax attributes. In assessing the need for a valuation allowance we must project future levels of taxable income. This assessment requires significant judgment. We examine the evidence related to the recent history of tax losses, the economic conditions which we operate and our forecasts and projections to make that determination.

The Company adopted the provisions of FIN 48 on December 1, 2007. Previously, the Company

had accounted for tax contingencies in accordance with SFAS 5. As required by FIN 48, which clarifies SFAS 109, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Increases or decreases to the unrecognized tax benefits could result from management's belief that a position can or cannot be sustained upon examination based on subsequent information or potential lapse of the applicable statute of limitation for certain tax positions.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of the date of the adoption of FIN 48 and May 31, 2009, the Company had no provisions for interest or penalties related to uncertain tax positions.

Investment in Saneron

The Company made a significant investment in an entity that is involved in the area of stem cell research. The Company accounts for this investment under the equity method, and reviews its investment for impairment when there are indicators of possible impairment and, if necessary, adjusts the carrying value of such investment. The Company records equity in losses of affiliates until the investment balance is zero and only goodwill is remaining. The investment is reviewed annually to determine if an other than temporary impairment exists. The Company does not believe that an impairment exists as of May 31, 2009 and November 30, 2008. If actual future results are not consistent with the Company's assumptions and estimates, the Company may be required to record impairment charges in the future which could have a negative impact on earnings.

Patents

The Company incurs certain legal and related costs in connection with patent applications. If a future economic benefit is anticipated from the resulting patent or an alternate future use is available to the Company, such costs are capitalized and amortized over the expected life of the patent. The Company's assessment of future economic benefit involves considerable management judgment. A different conclusion could result in the reduction of the carrying value of these assets.

Revenue Sharing Agreements

The Company has entered into RSAs with various parties whereby these parties contracted with the Company for a percentage of future storage revenues the Company generates from clients in specific geographical areas. The RSAs have no definitive term or termination provisions. The sharing applies to the storage fees for all specified specimens in the area up to the number covered in the contract. When the number of specimens is filled, any additional specimens stored in that area are not subject to revenue sharing. As there are empty spaces resulting from attrition, the Company agrees to fill them as soon as possible. The parties typically pay the Company a non-refundable up-front fee for the rights to these future payments. The Company had recognized these non-refundable fees as a long-term liability. Given the criteria under which these RSAs are established, cash payments on these contracts can fluctuate from period to period. All payments made to the other parties to the RSAs are recognized as interest expense. At such time as the total payments can be determined, the Company will commence amortizing these liabilities under the effective interest method. The Company does not intend to enter into additional RSAs.

License and Royalty Agreements

The Company has entered into licensing agreements with certain investors in various international markets in an attempt to capitalize on the Company's technology. The investors typically pay a licensing fee to receive Company marketing programs, technology and know-how in a selected area. The investor may be given a right to sell sub-license agreements as well. As part of the accounting for the up-front license revenue, revenue from the up-front license fee is recognized based on such factors as when the payment is due, collectability and when all material services or conditions relating to the sale have been substantially performed based on the terms of the agreement. The Company has four active licensing agreements, one covering Mexico, Central America, and Ecuador, one covering Venezuela, and two covering India.

In addition to the license fee, the Company earns royalties on subsequent processing and storage revenues by the licensee in the selected area and a fee on any sub-license agreements that are sold by the licensee where applicable. The Company also processes and stores specimens sent directly from customers of sub-licensees in Mexico, Central America, Ecuador and Venezuela. These fees are included in revenue on the consolidated statements of operations and comprehensive income (loss). As part of the accounting for royalty revenue, the Company uses estimates and judgments based on historical processing and storage volume in determining the timing and amount of royalty revenue to recognize. The Company periodically, and at least annually, reviews license and royalty receivables for collectability and, if necessary, will record an expense for an allowance for uncollectible accounts. If the financial condition of the Company's sub-licensees were to deteriorate beyond the estimates, the Company may have to increase the allowance for doubtful accounts which could have a negative impact on earnings. If the licensee's customer base were to decrease, it would negatively impact the Company's ongoing license income.

Litigation

The Company is periodically involved in litigation and regulatory proceedings incidental to the conduct of our business and the Company expects that it will be involved in such litigation and regulatory proceedings from time to time. The Company regularly reviews any such litigation and regulatory proceedings for possible adverse outcomes, and provides estimates for the possible liability to the Company from such adverse outcomes, as it considers appropriate.

Product Warranty and Cryo-Cell Cares™ Program

In December 2005, the Company began providing its customers enrolled under the new pricing structure with a payment warranty under which the Company agrees to pay $50,000 to its client if the U-Cord® product retrieved is used for a stem cell transplant for the donor or an immediate family member and fails to engraft, subject to various restrictions. Additionally, under the Cryo-Cell Cares™ program, the Company will pay $10,000 to the client to offset personal expenses if the U-Cord® product is used for bone marrow reconstitution in a myeloblative transplant procedure. The Company has not experienced any claims under the warranty program nor has it incurred costs related to these warranties. The Company does not maintain insurance for this warranty program and therefore maintains reserves to cover estimated potential liabilities. The Company accounts for the warranty as an obligation and recognizes the obligation in accordance with SFAS 5, *Accounting for Contingencies.* The Company's reserve balance is based on the $50,000 maximum payment and the $10,000 maximum expense reimbursement multiplied by formulas to determine the projected number of units requiring a payout. The Company determined the estimated expected usage and engraftment failure rates based on an analysis of the Company's historical usage and failure rates and the historical usage and failure rates in other private and public cord blood banks based on published data. The Company's estimates of expected usage and engraftment failure could change as a result of changes in actual usage rates or failure rates and such changes would require an adjustment to the established reserves. The historical usage and failure rates have been very low and a small increase in the number of transplants or engraftment failures could cause a significant increase in the estimated rates used in determining our reserve. In addition, the reserve will increase as additional U-Cord® specimens are stored which are subject to the warranty.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have or are reasonable likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Forward Looking Statements

This Form 10-Q, press releases and certain information provided periodically in writing or orally by the Company's officers or its agents may contain statements which constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. The terms "Cryo-Cell International, Inc.," "Cryo-Cell," "Company," "we," "our" and "us" refer to Cryo-Cell International, Inc. The words "expect," "anticipate", "believe," "goal," "strategy", "plan," "intend," "estimate" and similar expressions and variations thereof, if used, are intended to specifically identify forward-looking statements. Those statements appear in a number of places in this Form 10-Q and in other places, and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things:

(i) our future performance and operating results;

(ii) our future operating plans;

(iii) our liquidity and capital resources; and

(iv) our legal proceedings

Investors and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. The factors that might cause such differences include, among others, the risk factors set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Information" of our most recent Annual Report on Form 10-K and the following:

(i) any adverse effect or limitations caused by recent increases in government regulation of stem cell storage facilities;

(ii) any increased competition in our business;

(iii) any decrease or slowdown in the number of people seeking to store umbilical cord blood stem cells or decrease in the number of people paying annual storage fees;

(iv) market acceptance of the Company's C'elle service will require publication of scientific studies, consumer awareness, and the development of new therapies from the C'elle technology, none of which are certain;

(v) any new services relating to other types of stem cells that have not yet been offered commercially, and there is no assurance that other stem cell services will be launched or will gain market acceptance;

(vi) any adverse impacts on revenue or operating margins due to the costs associated with increased growth in our business, including the possibility of unanticipated costs relating to the operation of our facility and costs relating to the commercial launch of the placental stem cell service offering or any other new types of stem cells;

(vii) any unique risks posed by our international activities, including but not limited to local business laws or practices that diminish our affiliates' ability to effectively compete in their local markets;

(viii) any technological or medical breakthroughs that would render the Company's business of stem cell preservation obsolete;

(ix) any material failure or malfunction in our storage facilities; or any natural disaster or act of terrorism that adversely affects stored specimens;

(x) any adverse results to our prospects, financial condition or reputation arising from any material failure or compromise of our information systems;

(xi) the costs associated with defending or prosecuting litigation matters, particularly including litigation related to intellectual property, and any material adverse result from such matters;

(xii) any negative consequences resulting from deriving, shipping and storing specimens at a second location;

(xiii) current market, business and economic conditions in general and in our industry in particular;

(xiv) any adverse performance by or relations with any of our licensees; and

(xv) other factors many of which are beyond our control

We undertake no obligation to publicly update or revise the forward-looking statements made in this Form 10-Q to reflect events or circumstances after the date of this Form 10-Q or to reflect the occurrence of unanticipated events.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. Cryo-Cell International, Inc. undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission, including the Annual Report on Form 10-K filed by the Company and any Current Reports on Form 8-K filed by the Company.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on their most recent review, as of the end of the period covered by this report, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure and are effective to ensure that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the six months ended May 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management or board override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO and CFO Certifications

Appearing as exhibits 31.1 and 31.2 to this report there are Certifications of the CEO and the CFO. The Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certifications). This Item of this report is the information concerning the evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Incorporated by reference to Part I. Financial Statements – Notes to Consolidated Financial Statements – Note 3.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

(a) Exhibits

31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *(filed herewith).*
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *(filed herewith).*
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cryo-Cell International, Inc.

/s/ MERCEDES WALTON
Mercedes Walton
Chief Executive Officer

Cryo-Cell International, Inc.

/s/ JILL TAYMANS
Jill M. Taymans
Vice President, Finance

Date: July 10, 2009

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mercedes Walton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cryo-Cell International, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: July 10, 2009

/s/ Mercedes Walton

Mercedes Walton

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jill M. Taymans, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cryo-Cell International, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: July 10, 2009

/s/ Jill M. Taymans

Jill M. Taymans

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cryo-Cell International, Inc. (the "Company") on Form 10-Q for the quarter ended May 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mercedes Walton, Chief Executive Officer of the Company and I, Jill M. Taymans, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mercedes Walton
Mercedes Walton
Chief Executive Officer

July 10, 2009

/s/ Jill M. Taymans
Jill M. Taymans
Vice President, Finance (Chief Financial Officer)

July 10, 2009