

U. S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-QSB

(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, 1997

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 Small Business Issuer as Specified in its Charter)

DELAWARE

22-3023093

(State or other Jurisdiction
of Incorporation or
Organization)

(I.R.S. Employer
Identification No.)

604 PACKARD COURT, SAFETY HARBOR, FLORIDA

34695

(Address of Principal Executive Offices)

(Zip Code)

Issuer's phone number, including area code: (813) 938-3114

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

Check whether the issuer (1) has filed all reports required to be filed by section 13 or 15 (d) of the Exchange Act during the preceding 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

State the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date. As of May 31, 1997, 7,162,447 shares of \$0.01 par value common stock were outstanding.

Transitional Small Business Disclosure Format (check one).

Yes No

CRYO-CELL INTERNATIONAL, INC.

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

ASSETS

	MAY 31, 1997	NOVEMBER 30, 1996
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$1,311,538	\$1,079,531
Marketable securities	300,000	0
Accounts receivable (net of reserve of \$2500)	40,405	673,533
Inventory	10,729	13,628
Prepaid expenses	24,792	22,839
	-----	-----
Total Current Assets	1,687,464	1,789,531
	-----	-----
PROPERTY AND EQUIPMENT		
Property and equipment, net	2,277,193	2,044,454
	-----	-----
OTHER ASSETS		
Intangible assets (net of amortization of \$32,871 and \$30,531, respectively)	65,290	67,630
Deposits	286,642	255,971
Investment in unconsolidated affiliate	74,986	50,138
	-----	-----
Total Deposits, Other Assets and Intangible	426,918	373,739
	-----	-----
TOTAL ASSETS	\$4,391,575	\$4,207,724
	=====	=====

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

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	MAY 31, 1997	NOVEMBER 30, 1996
	-----	-----
CURRENT LIABILITIES		
Accounts payable	\$ 165,491	\$ 86,434
Other accrued expenses	67,321	93,823
Income taxes payable	0	37,334
Obligation under capital leases	6,198	8,296
	-----	-----
Total Current Liabilities	239,010	225,887
	-----	-----
OTHER LIABILITIES		

Deposits	30,000	30,000
Accrued revenue sharing expense	292,708	292,708
	-----	-----
Total Other Liabilities	322,708	322,708
STOCKHOLDERS' EQUITY		
Preferred stock (500,000 \$.01 par value authorized; 0 issued and outstanding)	0	0
Common stock (15,000,000 \$.01 par value common shares authorized; 7,162,447 at May 31, 1997 and 7,151,984 at Nov 30, 1996)	77,024	71,520
Additional paid-in capital	7,140,375	6,473,085
Unrealized holding gain or (loss)	(100,000)	0
Accumulated deficit	(3,287,542)	(2,885,477)
	-----	-----
Total Stockholders' Equity	3,829,857	3,659,129
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,391,575	\$ 4,207,724
	=====	=====

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

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<TABLE>
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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MAY 31, 1997	MAY 31, 1996	MAY 31, 1997	MAY 31, 1996
	-----	-----	-----	-----
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Revenue	\$ 5,350	\$ 1,449,975	\$ 410,150	\$ 2,000,000
	-----	-----	-----	-----
COSTS AND EXPENSES:				
Selling, general & administrative	409,360	501,113	852,037	769,125
Research and development expenses	20,464	0	50,154	2,189
Depreciation and amortization	13,338	21,526	26,676	26,746
	-----	-----	-----	-----
Total Cost and Expenses	443,162	522,639	928,867	798,060
	-----	-----	-----	-----
OPERATING PROFIT (LOSS)	(437,812)	927,336	(518,717)	1,201,940
	-----	-----	-----	-----
OTHER INCOME AND (EXPENSE):				
Interest Income/Other Income	13,803	812	30,734	812
Gain on sale of unconsolidated affiliate's stock	162,250	150,000	162,250	150,000
	-----	-----	-----	-----
Total Other Income	176,053	150,812	192,984	150,812
	-----	-----	-----	-----
INCOME (LOSS) BEFORE EQUITY				
IN NET LOSS OF UNCONSOLIDATED AFFILIATE	(261,759)	1,078,148	(325,733)	1,352,752
	-----	-----	-----	-----
Equity in net loss of unconsolidated affiliate	56,284	165,328	76,332	165,328
	-----	-----	-----	-----
NET INCOME (LOSS)	(\$ 318,043)	\$ 912,820	(\$ 402,065)	\$ 1,187,424
	=====	=====	=====	=====

NET INCOME (LOSS) PER SHARE	(\$ 0.04)	\$ 0.13	(\$ 0.06)	\$ 0.17
	=====	=====	=====	=====
Number of Shares Used In Computation	7,156,866	7,097,603	7,154,452	7,090,461
	=====	=====	=====	=====

</TABLE>

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

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CRYO-CELL INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	SIX MONTHS ENDED	
	MAY 31,	MAY 31,
	1997	1996
	(UNAUDITED)	(UNAUDITED)
	-----	-----
Net cash provided by (used for) operating activities	249,058	692,113
Net cash used for investing activities	\$ (587,746)	\$ 490,192
Net cash provided by financing activities	570,696	(288,000)
	-----	-----
Increase (decrease) in cash and cash equivalents	232,008	894,305
Cash and cash equivalents: Beginning of year	1,079,531	11,536
	-----	-----
End of period	\$ 1,311,539	\$ 905,841
	=====	=====

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

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CRYO-CELL INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 1997
(UNAUDITED)

NOTE 1 FINANCIAL STATEMENTS

The Consolidated Financial Statements including the Consolidated Balance Sheet as of May 31, 1997, Consolidated Statements of Operations for the six months ended May 31, 1997 and Consolidated Statement of Cash Flows for the six months ended May 31, 1997 have been prepared by the Company, without audit. 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 at May 31, 1997 and for all periods presented have been made.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's November 30, 1996 Annual Report on Form 10-KSB.

NOTE 2 INVESTMENT IN UNCONSOLIDATED AFFILIATE, SALE OF STOCK

In May, 1997, the Company received \$163,996 from the sale of 55,000 shares of Net/Tech International common stock. This sale brought the Company's remaining holdings of Net/Tech stock to 1,982,929 shares. Under the equity

method of accounting, these shares are valued on Cryo-Cell's balance sheet at \$74,986 as of May 31, 1997. (If these same shares were valued at the closing market price of Net/Tech's stock on May 31, 1997, the market capitalization of Cryo-Cell's holdings would be \$5,576,988. Net/Tech's stock trades on the NASD Electronic Bulletin Board (Symbol N T T I)).

NOTE 3 STOCKHOLDERS EQUITY

In May, 1997, the Company received \$540,000 from the sale of options (at \$1 for each optioned share) to purchase 540,000 shares of its common stock at \$6.00 per share. These options are valid for a period of five years. Exercise of these options can result in a cash infusion to the Company of between \$2,280,000 and \$3,780,000 depending on the price of the stock at the time of exercise (which includes the original \$540,000 option purchase price). Stock issued will be subject to Rule 144 restrictions.

NOTE 4 REVENUE SHARING AGREEMENTS

SACHEM CORPORATE FINANCE, LTD.

In the prior quarter, the Company signed an agreement for the sale of two Single Unit Revenue Sharing Agreements for \$2,000,000 to an associate firm of SACHEM Corporate Finance, Ltd. The agreement covers revenue sharing in two units to be located in CRYO-CELL LifespanSM sites in the U.S. Revenue of \$400,000 was recognized in the prior quarter reflecting a non-refundable deposit paid to CRYO-CELL in the form of 100,000 shares of a NASDAQ small cap stock.

The \$1.6 million cash balance was due in full by May 31, 1997. It was not received and the due date has been extended by the company. The revenue sharing negotiations with SACHEM have been expanded to cover five countries in South America and any revenues received would be in addition to the

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\$1.6 million. These South American countries include Brazil, Argentina, Chile, Paraguay, and Uruguay. The Company believes the \$1.6 million will be received in the current fiscal year as well as some revenues for South America. The consummation of any South American agreement is contingent upon SACHEM paying the Company the \$1.6 million due pursuant to the prior agreement.

Upon receipt of the entire \$2,000,000 on a timely basis, CRYO-CELL has granted SACHEM the right to purchase an additional three Single Unit Revenue Sharing Agreements for \$3,000,000. These must be outside the U.S. and could include Australia, where CRYO-CELL has recently received a patent for its cellular storage technology.

After the full \$2,000,000 payment has been made, SACHEM, which is headquartered in London, England, will be granted a 10% management equity position in CRYO-CELL's planned European operation.

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CRYO-CELL INTERNATIONAL, INC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

CRYO-CELL International, Inc., ("the Company"), a Delaware corporation incorporated in 1989, is engaged in cellular storage and the design and development of storage devices for use in its cellular storage programs. While the Company's patented cellular storage unit is capable of multi-faceted storage, the company has targeted the cryopreservation of umbilical/placental cord blood stem cells as its initial entry into the cellular storage market. Additionally, the Company is currently investigating several opportunities for other types of cellular storage.

A key factor of the Company's business strategy is its LifespanSM Cellular Storage Program. This program establishes a network of LifespanSM Centers through partnerships with hospitals and medical centers. Under this program, the stem cells are stored at the participating hospital. Recently, the Company has succeeded in combining the LifespanSM Cellular Storage Program with its Revenue Sharing Program. The combined programs entitle the partnering hospital or medical center to receive an additional portion of their LifespanSM center's annual storage revenue.

In these instances, the Company will gain significant marketing support from each partnered hospital or medical center as they educate their patients on the potential life-saving benefits of umbilical cord blood stem cell storage. Since

the hospital or medical center, under the Revenue Sharing Program, has now invested its own funds in the program, the Company believes this combined effort has the potential to accelerate the storage of cellular specimens.

On March 18, 1997, the Company entered into a seven year lease on a new, free-standing headquarters building containing 7,500 square feet. The new facility will include a complete state-of-the-art laboratory for the processing and cryopreservation of multi-faceted cellular specimens, as well as executive offices and training facilities. Construction is expected to be completed in late summer 1997. This will enable the Company to offer its partnering hospitals the ability to benefit without having to invest in the cost of a building and operating a lab. In addition, it will give the Company the additional profit source from processing the umbilical stem cells to prepare them for storage.

The following is a discussion and analysis of the financial condition and results of operations of the Company for the quarter May 31, 1997 as compared to the same period of the prior year as well as the year-to-date period compared to the same period of the prior year.

GENERAL

During the quarter, the Company continued to expand its LifespanSM Cellular Storage Program. On March 12, 1997, the Company signed an agreement for the State of New Jersey with St. Peter's Medical Center in New Brunswick. This program establishes a processing and storage facility as a means of supporting the cryopreservation of umbilical cord blood (U-cordTM) stem cells for the possible future medical benefit of newborn babies and their siblings. The state of New Jersey has approximately 120,000 births annually.

As noted earlier, the Company is continuing expanded discussions with Sachem Corporate Finance, Ltd., and believes that \$1.6 million will be received in the current fiscal year (see Note 4 in the Notes to Consolidated Financial Statements).

Since Revenue Sharing Agreements can take considerable time to negotiate and come to fruition and since such agreements can be involve significant amounts, there can be wide swings in revenue and earnings from quarter to quarter.

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INVESTMENT IN UNCONSOLIDATED AFFILIATE

During this quarter, Net/Tech International, a CRYO-CELL affiliate, announced the successful testing of its Hygiene Guard Hand Washing Monitoring System. In May 1997, Net/Tech International unveiled its technology at the National Restaurant Show in Chicago. As a result of this activity Net/Tech has received hundreds of inquiries and/or indications of interest.

Actual face to face meetings have been held with several major international firms. Net/Tech International announced agreements have been signed for beta testing of the hygiene guard at the Tropicana Casino and Resort in Atlantic City and the William Beaumont Army Medical Center in El Paso, Texas. (See Note 2 of the Notes to Consolidated Financial Statements for Cryo-Cell holdings).

RESULTS OF OPERATIONS

REVENUES. Revenues for the quarter ended May 31, 1997 were \$5,350 as compared to \$1,449,975 in quarter ended February 29 of the prior year. Revenues for the six months ended May 31, 1997 were \$410,150 as compared to \$2,000,000 for the same period of the prior year. The decrease in both comparisons reflects a lower level of Revenue Sharing Agreements which were brought to fruition during the current year.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative costs year-to-date were \$852,037 compared to \$769,125 for the period of the prior year. The increase reflects the expanded staffing needs as the Company services new centers coming on stream as well as its own planned storage site. These included a laboratory director, national director of program development, a client services director and several other key administrative personnel. These were partially offset by lower consulting costs. Selling, general and administrative expenses during the quarter ended May 31, 1997 were \$409,360 as compared to \$501,113 for the quarter ended May 31 of the prior year. The reduction reflects the lower level of consulting costs partially offset by the increased staffing and related costs described for the year to date period.

GAIN ON SALE OF UNCONSOLIDATED AFFILIATE STOCK. In May, 1997, the Company realized a gain of \$162,250 from the sale of 55,000 shares of Net/Tech International common stock. This sale brought the Company's remaining holdings of Net/Tech stock to 1,982,929 shares.

NET LOSS. The Company's net loss for the quarter ended May 31, 1997 was \$318,043 as compared to net income of \$912,820 during the same period of the prior year.

For the six months ended May 31, 1997, the Company's had a net loss of \$402,065 as compared to net income of \$1,187,424 for the same period of the prior year. The change from a profit to a loss in both comparison periods reflects the lower level of Revenue Sharing Agreements brought to fruition during the current periods.

LIQUIDITY AND CAPITAL RESOURCES

In May, 1997, the Company received \$540,000 from the sale of options to purchase its common stock at \$6.00 per share (see Note 3 in the Notes to Consolidated Financial Statements)

At May 31, 1997, the Company had cash and cash equivalents of \$1,311,538 as compared to \$1,079,531 at November 30, 1996, the end of the Company's last fiscal year. Financing activities during the six month period ended May 31, 1997 contributed cash of \$570,696. Operating activities during the same period contributed \$249,058. (This included payment in full from OrNda of their outstanding receivable of \$666,667 from the prior year end. The Company has since been notified that Tenet HealthSystem, which acquired OrNda, is honoring that Revenue Sharing Agreement. This was partially offset by the net loss for the period.) Investing activities during the same six month period consumed \$587,746 (primarily securities received in a revenue sharing agreement as well as equipment purchases).

As noted above, on March 18, 1997, the Company entered into a seven year lease on a new, free-standing headquarters building containing 7,500 square feet. The new facility will include a complete state-of-the-art laboratory for the processing and cryopreservation of multi-faceted cellular specimens, as

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well as executive offices and training facilities. Construction is expected to be completed in late summer 1997.

The company has received a letter of commitment from NationsBank of Clearwater for a \$1,000,000 line of credit. The terms of the one year line of credit include a 1% placement fee (\$10,000) and one point above prime interest rate. Management believes that the availability of the line of credit is useful, however, the cash position is sufficient at present so that it is not known if, or when, there may be a need to draw against the line. The Company has not yet finalized the transaction.

The Company anticipates that cash reserves plus cash flows from operations and financing activities will be sufficient to fund its operations and growth during its current fiscal year. Cash requirements for the next fiscal year could be met through the sale of Revenue Sharing Agreements which are currently being negotiated.

FORWARD LOOKING STATEMENTS

Statements wherein the terms "believes", "intends", or "expects" are used are intended to reflect "forward looking statements" of the Company. The information contained herein is subject to various risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in such forward looking statements or paragraphs. 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 most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K filed by the Company.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In July, 1996, CRYO-CELL filed a lawsuit in the Superior Court of California claiming that the University of Arizona and other defendants had breached their contract, misappropriated trade secrets and other allegations. The University filed a motion attempting to get the Lawsuit dismissed in California which the Court disallowed. CRYO-CELL believes its suit has merit and the allegations can be proven.

On March 28, 1997, subsequent to the Company's most recent quarter end, and approximately eight months after CRYO-CELL filed its suit, the Company was informed that the University of Arizona has filed a cross claim to the CRYO-CELL lawsuit stating that CRYO-CELL had breached the contract and had intentionally misled the University. CRYO-CELL believes there is no merit to these allegations

and that the belated cross claim is part of the strategy by the University to motivate CRYO-CELL to settle the case.

The litigation is proceeding.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 3.1 Certificate of Incorporation(1)
- 3.11 Amendment to Certificate of Incorporation
- 3.2 By-Laws(1)
- 3.21 Board Minutes to Amendment of By-Laws(2)
- 27 Financial Data Schedule (EDGAR version only)

(1) Incorporated by reference to the Company's Registration Statement on Form S-1 (No. 33-34360).

(2) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended November 30, 1994.

(b) Reports on Form 8-K filed since the Company's last report are as follows:

There were no reports on Form 8-K since the Company's last report.

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SIGNATURES

Pursuant to the requirements 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/ DANIEL D. RICHARD

Daniel D. Richard
Chief Executive Officer

/s/ BRIAN K. BURKE

Brian K. Burke
Chief Financial Officer,
Secretary and Treasurer

Date: July 15, 1997

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EXHIBIT INDEX

EXHIBIT

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27 Financial Data Schedule

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