

Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

BIOLIFE SOLUTIONS INC  
Form 10KSB  
April 14, 2006

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

-----  
FORM 10-KSB

(MARK ONE)

[ X ] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the year ended December 31, 2005  
-----

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

Commission file number 0-18170  
-----

-----  
BIOLIFE SOLUTIONS, INC.  
( Name of Small Business Issuer in its Charter)

DELAWARE  
-----  
(State of Incorporation)

94-3076866  
-----  
(IRS Employer Identification Number)

171 FRONT STREET, OWEGO, NY  
-----  
(Address of principal executive offices)

13827  
-----  
(Zip Code)

-----  
Issuer telephone number, including area code: (607) 687-4487  
-----

Securities registered under Section 12(b) of the Exchange Act:  
None  
----

Securities registered under Section 12(g) of the Exchange Act:  
Common Stock, par value \$.001 per share  
-----

Title of Class

Check whether the issuer is not required to file reports pursuant to  
Section 13 or 15(d) of the Exchange Act. [ ]  
NOTE - CHECKING THE BOX ABOVE WILL NOT RELIEVE ANY REGISTRANT REQUIRED  
TO FILE REPORTS PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT  
FROM THEIR OBLIGATIONS UNDER THOSE SECTIONS.

Check whether the issuer (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.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Yes ☒ No ☐

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB [X].

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

Issuer's revenues for the fiscal year ended December 31, 2005 were \$614,718.

As of March 30, 2006, the aggregate market value of voting stock held by nonaffiliates was \$993,056.

As of March 30, 2006, there were 12,413,209 shares of Common Stock (par value \$.001 per share) outstanding.

### Documents Incorporated by Reference

-----

None

Transitional Small Business Disclosure Format (check one). Yes ☐ No ☒

## PART I

### ITEM 1. DESCRIPTION OF BUSINESS

#### GENERAL

BioLife Solutions, Inc. ("BioLife" or the "Company") was incorporated in 1998 in Delaware as a wholly owned subsidiary of Cryomedical Sciences, Inc. ("Cryomedical"), a company that was engaged in manufacturing and marketing cryosurgical products. BioLife (a) provides contract-based services for the development of cryopreservation solutions and processes, and (b), based upon its patented HypoThermosol(R) platform technology, develops, manufactures and markets proprietary cryopreservation solutions that markedly improve the biological processing and preservation of cells and tissues.

In May 2002, Cryomedical implemented a restructuring and recapitalization program designed to shift its focus away from cryosurgery toward addressing preservation needs of the biomedical marketplace. On June 25, 2002 the Company completed the sale of its cryosurgery product line and related intellectual property assets to Irvine, CA-based Endocare, Inc. (NASDAQ: ENDO). In the transaction, the Company transferred ownership of all of its cryosurgical installed base, inventory, and related intellectual property, in exchange for \$2.2 million in cash and 120,022 shares of Endocare restricted common stock. In conjunction with the sale of Cryomedical's cryosurgical assets, Cryomedical's Board of Directors also approved merging BioLife into Cryomedical and changing its name to BioLife Solutions, Inc. In September 2002, Cryomedical changed its name to BioLife Solutions, Inc. and began to trade under the new ticker symbol, "BLFS", on the OTCBB.

The Company's principal executive offices are located at 171 Front Street, Owego, NY 13827 and its telephone number is (607) 687-4487.

#### TECHNOLOGICAL OVERVIEW

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Time management is a crucial aspect of many facets of clinical practice and, increasingly, cell and gene therapy. Modern therapies must be accomplished under time constraints if they are to be effective. This problem becomes especially critical in the field of cell and tissue therapy, where harvested cell culture and tissue, if maintained at body temperature (98.6(degree)F/37(degree)C), will lose viability over time. To slow the "metabolic engine" of the harvested cell and tissue, chilling is required. However, chilling is of mixed benefit. Although cooling successfully reduces metabolism (i.e., lowers demand for oxygen), chilling, or hypothermia, is also damaging to cells. To solve this problem, transplant surgeons, for example, will flush the donor tissue with a cold solution designed to provide short-term preservation support after removal of the organ from the donor and during transportation. Clinicians engaged in cell and gene therapy will also attempt to maintain the original and derived cellular material in a cold solution before and after application of the specific cell or gene therapy technique, and during necessary transportation. Support solutions range from simple "balanced salt" (electrolyte) formulations to complex mixtures of electrolytes, energy substrates such as sugars, acid buffers, osmolytes and antibiotics. Clinically, there is not a great deal of protective difference between these various solutions and few offer long-term protection. Often, the basis for selection of a "preservation solution" is a matter of local preference rooted primarily in a hospital's traditional source of supply.

Because of the cascading destructive cellular effects that begin with the arrest of metabolism as a result of cooling, and end with cell death through apoptosis, development of new methods of tissue preservation are important to ensure that tissue-engineered products survive the trip from the factory to the operating room in good working order and do not die during transplantation.

1

Based on its understanding of the molecular basis for the cryogenic destruction of cells through apoptosis, the Company has specifically formulated its HypoThermosol(R) ("HTS") technology to develop a range of proprietary cell, tissue and organ specific hypothermic preservative solutions to satisfy clinicians' need to keep cells and tissue viable longer by:

- o minimizing cell and tissue swelling;
- o removing free radicals upon formation;
- o maintaining appropriate ion balances;
- o providing regenerative, high energy substrates to stimulate recovery upon warming;
- o avoiding the creation of an acidic state (acidosis); and
- o inhibiting the onset of apoptosis.

A key feature of the Company's products is their fully "defined" nature. These products are serum-free, protein-free and packaged under sterile conditions using USP grade or highest quality available synthetic components.

The results of independent testing suggest that BioLife's customized HypoThermosol(R) solutions significantly prolongs cell, tissue and organ viability, which may, in turn, improve clinical outcomes for new and existing cell and tissue therapy applications, as well as for organ transplantation. BioLife's proprietary HypoThermosol(R) technology is optimized based on molecular biology principles and genetic analysis, not on conventional "cookbook" techniques incorporated in other solutions currently on the market.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

The Company's line of preservation solutions, based on its patented HypoThermosol(R) technology, is composed of complex synthetic, aqueous solutions containing, in part, minerals and other elements found in human blood which are necessary to maintain fluids and chemical balances throughout the body at near freezing temperatures.

### BIOLIFE PRODUCTS

#### HYPOTHERMOSOL(R)

HypoThermosol(R) is a family of cell-specific, optimized hypothermic (4-10(degree)C) preservation media that allows for improved and extended preservation of biologics. A full line of customized HypoThermosol(R) preservation solutions are available to researchers and clinicians to preserve cells and tissue in low temperature environments for extended periods. The Company's HypoThermosol(R) family of preservation media for the hypothermic maintenance and cryopreservation of mammalian cell systems include:

##### HypoThermosol(R) Base

HypoThermosol(R) Base is a uniquely formulated hypothermic preservation solution designed to address the molecular-biological aspects of cells during the preservation process thereby directly reducing the level of cell death during and following the preservation interval. It has been formulated to provide broad-spectrum chill preservation to most mammalian cell systems. This variant has proven effective at preserving and maintaining cells, tissues and organs of the abdominal and thoracic origins, blood vessels, muscular and neural tissues.

##### HypoThermosol(R) DCC

HypoThermosol(R)-DCC is a uniquely formulated hypothermic preservation solution designed with the appreciation that the loss of divalent cation homeostasis in cells either at 37(degree)C or 4(degree)C can lead to activation of enzymes (phospholipases, proteases and endonucleases) culminating in cell death. HTS-DCC is especially designed to inhibit these activities.

2

##### HypoThermosol(R) FRS

This solution has been formulated to decrease the free radical accumulation in cells undergoing prolonged hypothermic preservation. Numerous investigators have shown that an increase in free radicals can lead to either pathological cell death or apoptosis (programmed cell death) in clinical conditions.

HypoThermosol(R)-FRS is very effective at preserving myocardial and kidney tissues, both of which have high-energy demands that can lead to free radical accumulation.

##### HypoThermosol(R) Purge

HypoThermosol(R)-Purge is an acellular flush solution specifically designed for use during the transition from normothermic to mild hypothermic temperatures (37(degree)C to 20(degree)C) to rinse culture media and native fluids from tissue and whole organ systems prior to suspension in one of the various HypoThermosol(R) preservation solution variants.

### CRYOSTOR(TM) CRYOPRESERVATION MEDIA

Based on BioLife's proprietary HypoThermosol(R) technology, CryoStor(TM) is a family of cell-specific, optimized cryopreservation media designed for frozen storage (temperature of -196(degree)C) of cells and tissues. Its purpose is to extend the cryopreservation window for gene and cell therapy and tissue engineering. CryoStor(TM) is uniquely formulated to address the molecular-biological aspects of cells during the preservation process thereby

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

directly reducing the level of Cryopreservation-Induced Delayed-Onset Cell Death.

### CryoStor(TM) CS5

CryoStor(TM) CS5 is BioLife's base cryopreservation solution which is designed to incorporate the principles which led to the successful development of the HypoThermosol(R) series with the incorporation of agents to modulate the physical damaging effects associated with ice formation and cellular freezing such as dimethyl sulfoxide ("DMSO"). As a result of solution design, utilization of the CryoStor(TM) platform facilitates substantially improved post-thaw cell survival and allows for the maintenance of this enhanced recovery with substantially reduced levels of cryoprotective agents such as DMSO.

### CryoStor(TM) CS10

CryoStor(TM) CS10, a member of the CryoStor(TM) Series of solutions, addresses the molecular-biological properties of systems undergoing preservation processes. CryoStor(TM) CS-10 contains increased concentrations of cryoprotective agents (10% DMSO).

### CryoStor(TM) DLite

CryoStor(TM) DLite, a member of the CryoStor(TM) Series of solutions, addresses the molecular-biological properties of systems undergoing preservation processes. CryoStor(TM) DLite has been further formulated to provide reduced concentrations of cryoprotective agents (2% DMSO), for use in applications where a reduction in the levels of DMSO is preferred.

### CryoStor(TM) CS AI

CryoStor(TM) CS AI is the next generation of cryopreservation solutions developed by the Company and is designed around the base CryoStor(TM) platform with the added inclusion of specific components which directly modulate the molecular response of the cells to the preservation process. Specifically, CryoStor(TM) CS AI is designed to modulate the initiation of the induction of apoptosis through direct inhibition of the progression of the apoptotic process.

### CP Rescue

The CP Rescue platform represents a solution technology developed as a post-cryopreservation cellular salvage medium and is designed to improve cell recovery following cryopreservation of the cells under sub optimal preservation regimes where the CryoStor(TM) series of preservation solutions were not utilized. This solution is designed to modulate the post-preservation activation and progression of cellular death pathways, such as apoptosis and necrosis, during the initial cell recovery interval, and thereby reduce the extent of cryopreservation-induced cell death.

3

## GELSTOR SOLID STORAGE SOLUTION

To provide the field of cell therapy and regenerative medicine with the ability to preserve and maintain consistency of cell and genetic material for extended periods, BioLife has developed GelStor and GelStor FRS to support the long distance shipping of biological material in the 40(degree)C to 20(degree)C range. Based on BioLife's proprietary HypoThermosol(R) technology, GelStor has been developed specifically to address the need to transport sensitive cell and tissue material and to serve as a critical adjunct in cell therapy and tissue engineering medicine.

### GelStor

This preservation medium is designed to be liquidous above 30(degree)C to allow for suspension of cells and when cooled becomes a solid "gel-like" preservation medium. GelStor is designed for the preservation of sensitive biologics, such as

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

pancreatic islets, where environmental factors such as shock, sheering, etc. have a critical effect on cell viability and short term preservation is necessary for transport.

### GelStor-FRS

GelStor-FRS is designed similarly to HypoThermosol(R)-FRS to address the molecular-biological aspects of cells during preservation by decreasing the free radical accumulation in cells which are undergoing preservation or transport.

The Company currently markets its HypoThermosol(R) and CryoStor(TM) products directly to companies and labs engaged in pre-clinical research, and to academic institutions. At this time, CP Rescue, GelStor, and GelStor-FRS are not being manufactured or marketed but may be marketed in the future.

### SBIR GRANTS

The Company has conducted its internal research through Small Business Innovative Research ("SBIR") grants. In conjunction with academic investigators, BioLife has been awarded six National Institute of Health ("NIH") grants and one National Science Foundation grant, valued at \$1.38 million, since 2000. These grants involve research based around BioLife's core HypoThermosol(R) technology and includes work on optimizing preservation media for different cellular and tissue applications and more fundamental research into cellular apoptosis and cell and tissue preservation.

In 2004, the Company elected to discontinue engaging directly in the SBIR program. Accordingly, based upon numerous discussions with the Small Business Administration and a review of applicable SBIR rules and regulations, the Company entered into a research agreement with Cell Preservation Services, Inc. ("CPSI") to outsource to CPSI all BioLife research currently funded through SBIR grants. CPSI is owned by Dr. John M. Baust, a recognized expert in cell preservation, a former employee of BioLife and the son of John G. Baust, the CEO of BioLife. Robert Van Buskirk, formerly Vice President, Business Development of BioLife and the person primarily responsible for processing applications for SBIR grants for BioLife, also has left the employ of BioLife and joined CPSI. The research agreement, which was negotiated on an arms length basis and designed to comply with the rules and regulations applicable to the performance of research with respect to SBIR grants, established a format pursuant to which CPSI would (a) take over the processing of the then existing applications for SBIR grants applied for by BioLife ("Current Projects"), (b) apply for additional SBIR grants for future research projects related to BioLife's core products ("Future Projects"), (c) perform a substantial portion of the principal work to be done, in terms of (i) time spent, and (ii) research, in connection with Current Projects and Future Projects (the "Research"), and (d) utilize BioLife personnel as consultants with respect to the Research. In conjunction therewith, BioLife has granted to CPSI a non-exclusive, royalty free license (with no right to sublicense) to use BioLife's technology solely for the purpose of conducting the Research in connection with the Current Projects and Future Projects. Pursuant to the research agreement, (x) BioLife will, among other things, provide CPSI with (i) suitable facilities in which to conduct the Research, including basic research equipment and office equipment ("Facilities"), and (ii) management services ("Management Services"), and (y) CPSI will (i) accept assignment of Current Projects, (ii) be responsible for conducting the Research with respect to Current Projects and Future Projects, (iii) as mutually agreed to by the parties and within the confines of the rules and regulations applicable to the performance of the Research with respect to SBIR grants, utilize BioLife's personnel as consultants, (iv) provide suitable experienced personnel, including, without limitation, a principal investigator/program director, to conduct the Research, (v) comply with all federal laws, rules and regulations applicable to SBIR grants and file all necessary forms and reports with the federal agency awarding the SBIR grants,

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

and (vi) utilize the Facilities and Management Services and pay BioLife fees with respect thereto. BioLife is to own all right, title and interest in and to any technology, inventions, designs, ideas, and the like (whether or not patentable) that emanates from the Current Projects and Future Projects related to BioLife's core products and technology.

4

### BIOLIFE MARKETS

Recent advances in cell therapy and tissue engineering have highlighted the significant and unmet requirement to maintain the health and viability of biological material across time and space.

At the leading edge of biomedicine is cell therapy, which involves a method of growing human cells that may be able to treat cancers and a variety of chronic disorders. Embryonic stem cells are the earliest precursor of human differentiated cells. Adult stem cells, as their name suggests, rely on other sources of stem cells rather than from the blastocysts of embryos. Many researchers believe that cell therapy may revolutionize the treatment of chronic disorders by allowing scientists to utilize stem cells to grow cells that specifically replace and treat diseased tissue. Applications include the treatment of heart disease, Parkinson's, Alzheimer's, stroke, spinal cord injuries, burns and other wounds.

Time management in cell therapy becomes especially critical where myoblasts are extracted from a patient, transported to a culture laboratory, and then transported back to the patient to be inserted into the target tissue. Because this entire process can take months and may involve transportation over long distances, cellular viability is of paramount importance.

Similar to techniques used in whole organ transplantation, clinicians engaged in cell therapy will attempt to maintain the original and derived cellular material in a cold solution to extend cell viability before and after application of the specific cell or gene therapy technique, and during necessary transportation. Support solutions range from simple balanced salt formulations to complex mixtures of electrolytes and other components. Until now, there has not been a great deal of protective difference between these various solutions and few offer long-term protection.

Tissue engineering has led to the development of several artificial tissue substitutes for the therapeutic treatment of injury and disease. The process of preparing engineered tissue involves isolation of cells, manipulation and purification, expansion to larger quantities - often requiring appropriate media and support materials, some mechanism to control differentiation and longevity of the cells, and processes and conditions for maintaining viability during transportation and storage. The development of effective delivery systems for engineered tissue has been the subject of enormous investment for the last several years. The delivery systems serve to protect cells from arduous conditions during culture and distribution, and these delivery systems are often vital for protection of cells.

5

Areas such as vaccine and medicine development and toxicological testing, for application in clinical, military, law enforcement, cosmetic, academic, environmental and pharmaceutical settings, also rely heavily on the utilization of biological components. As with the biological components in these areas, development, banking, distribution and storage of these biologics is a critical component for successful and ultimately their practical application.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Common to each of these markets is the need for hypothermic preservation media that yields both extended survival time and superior post-preservation performance when contrasted with current processes and non-specific solutions currently in use. For companies in these market segments, the therapeutic benefit they deliver to clinicians and patients is dependent on establishing a reasonable shelf-life for the end product. BioLife is addressing this underlying and unmet need, of providing an enabling technology - a superior preservation or culture medium - to the entire biomedical industry.

On May 12, 2005, the Company signed an Exclusive Private Labeling and Distribution Agreement with VWR International, Inc., a global leader in the distribution of scientific supplies, pursuant to which the Company will manufacture its HypoThermosol(R) and CryoStor(TM) product lines under the VWR label for sale to non-clinical customers via the 1,400 person VWR worldwide sales force. The Company maintains the right to sell its products to non-clinical customers under its own label.

A large and rapidly growing market already exists for extending the life and viability of cartilage and skin. Engineered cartilage and skin generated worldwide sales of \$47.5 million in 2001. The market for engineered skin is expected to grow at a compound annual growth rate ("CAGR") of 44.8% between 2002 and 2010. The market for engineered bone is expected to grow at a CAGR of 31.2% between 2002 and 2010. The market for engineered cartilage is expected to grow at a CAGR of 12.5% between 2002 and 2010.

An even larger market is expected to develop over the next several years as cell therapy and tissue engineering begins to address chronic afflictions such as Alzheimer's, diabetes and heart disease. These markets will also require the successful transportation and storage of biologics to ultimately deliver successful therapy to patients on a large scale. In addition to the growth in currently commercialized tissue engineered products, the development of tissue engineering applications to treat chronic diseases has the potential to reach a market size of more than \$1.0 billion by 2010.

The Company is unable to forecast its potential product sales in any of these markets because each of these markets is in their infancy and not all of the Company's competitors are known.

### MANUFACTURING

BioLife is a FDA registered Class2 Medical Device manufacturer. BioLife's HypoThermosol(R) line of preservation solutions currently are manufactured in-house at its new facility in accordance with the Company's patented and proprietary formulas. In February 2003, the Company entered into a two-year, non-exclusive manufacturing agreement with a contract manufacturer. BioLife last ordered solutions from such manufacturer in March 2003. There are multiple sources available from which the Company can have HypoThermosol(R) manufactured.

### GOVERNMENTAL REGULATION

Governmental regulation in the United States and other countries is a significant factor affecting the research and development, manufacture and marketing of the Company's products. In the United States, the FDA has broad authority under the Federal Food, Drug and Cosmetic Act and the Public Health Service Act to regulate the distribution, manufacture and sale of medical devices. Foreign sales of medical devices are subject to foreign governmental regulation and restrictions which vary from country to country.



The process of obtaining FDA and other required regulatory clearances or approvals is lengthy and expensive. There can be no assurance that the Company will be able to obtain necessary clearances or approvals for clinical testing or for manufacturing or marketing of those of its products that currently do not have clearance. Failure to comply with applicable regulatory approvals can, among other things, result in warning letters, fines, suspensions of regulatory approvals, product recalls, operating restrictions and criminal prosecution. In addition, governmental regulations may be established which could prevent, delay, modify or rescind regulatory clearance or approval of the Company's products.

Regulatory clearances or approvals, if granted, may include significant limitations on the indicated uses for which the Company's products may be marketed. In addition, to obtain such clearances or approvals, the FDA and foreign regulatory authorities may impose numerous other requirements on the Company. FDA enforcement policy strictly prohibits the marketing of approved medical devices for unapproved uses. In addition, product approvals can be withdrawn for failure to comply with regulatory standards or the occurrence of unforeseen problems following initial marketing. There can be no assurance that the Company will be able to obtain regulatory clearances or approvals for products on a timely basis or at all, and delays in receipt of or failure to receive such approvals, or the loss of previously obtained approvals, or the failure to comply with existing or future regulatory requirements, would have a material adverse effect on the Company's business, financial condition and results of operations.

As a component of other developed technology, HypoThermosol(R) is not subject to specific FDA pre-market approval. In particular, the Company is not required to sponsor formal prospective, controlled clinical-trials in order to establish safety and efficacy. However, it is highly likely that all potential customers would require BioLife to comply with Good Manufacturing Procedures ("GMP") as mandated by FDA.

There can be no assurance that the Company will not be required to obtain approval from the FDA prior to marketing any of the Company's products in the future. Although BioLife does not market its products for use in embryo and gamete preservation or for tissue or organ transplants, the Company expects that it will need to obtain pre market approval from the FDA before it does so. This would entail substantial financial and other resources and could take several years before the products are approved, if at all.

#### INTELLECTUAL PROPERTY

Obtaining and maintaining a strong intellectual property position is a key component of the Company's competitive strategy. In addition to keeping competitors out of our key markets, a broad portfolio of intellectual property will enable BioLife to negotiate more favorable licensing and distribution agreements than could otherwise occur. The Company is committed to aggressively protect BioLife's intellectual property portfolio.

BioLife's core HypoThermosol(R) cell preservation technology is protected by U.S. Patent No. 6,045,990, "Inclusion of Apoptotic Regulators in Solutions for Cell Storage at Low Temperature," owned by the Company, which covers the use of cell-free solution compositions for hypothermic cell storage supplemented with agents inhibiting apoptotic induced cell death. Additionally, solutions for cell storage at hypothermic temperatures supplemented with cell death inhibitors for cryopreservation are disclosed. BioLife's other core patent (No. 5,405,942) contains claims relating to tissue preservation and bloodless surgery in the

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

field of organ transplantation.

7

In February 2003, the Company filed a patent application (Serial No. 10/372,379) entitled "Method and Use of Protein Microarray Technology and Proteomic Analysis to Determine Efficacy of Human and Xenographic Cell, Tissue and Organ Transplant" which contains claims related to systems, tools, and methods for assessing the success of the transplant of a cell, tissue, or organ before and after transplant. This patent will be jointly assigned to the Research Foundation of the State of New York.

In October 2003, the Company was awarded U.S. Patent No. 6,632,666 B2 entitled "Normothermic, Hypothermic and Cryopreservation Maintenance and Storage Cells, Tissues and Organs in Gel-Based Media." This patent covers gel-based compositions for normothermic, Hypothermic and cryopreservative transport or storage of plant tissues or cells and animal organs, tissues or cells, the gel-based compositions comprising a cell maintenance and preservation medium and a gelling agent.

The Company also has several additional patents (U.S. Patent Nos. 4,923,442 and 5,130,230), relating to blood substitute products, dating back to 1990. These patents were originally filed with the purpose of providing surgeons with the ability to perform bloodless surgery in the event of severe trauma or under battlefield conditions.

In addition to these U.S. patents, the Company has filed for similar claims for patent protection in Europe and other major international markets, relating to each of these patents.

The Company's patents protect HypoThermosol(R) from both literal infringement and also infringement under the Doctrine of Equivalents. This doctrine does not allow infringement to be avoided by simply replacing an element or component of BioLife's invention.

In addition to the Company's corporate logo and name, BioLife has trademarked the following product names:

- o HypoThermosol(R)
- o CryoStor(TM)
- o GelStor(TM)
- o BioPak(TM)

Although the Company intends to continue to develop and file patents relating to its core technology and to rigorously defend its patent position, there can be no assurance that any additional patents will be granted. To the extent that any unique applications of the Company's technologies are developed by the Company's scientists, such applications or procedures may not be subject to any protection and there can also be no assurance that the Company will develop additional patentable processes or products or, if developed, that the Company would be able to obtain patents with respect thereto, or that others may not assert claims successfully with respect to such patents or patent applications. Furthermore, the Company might not be able to afford the expense of any litigation which might be necessary to enforce its rights under any patents it may obtain, and there can be no assurance that the Company would be successful in any such suit. There is also no assurance that the Company's proposed products will not infringe on patents owned by others.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

While the Company believes that the protection of patents and trademarks is important to its business, the Company also relies on a combination of copyright, trade secret, nondisclosure and confidentiality agreements, know-how and continuing technological innovation to maintain its competitive position. Despite these precautions, it may be possible for unauthorized third parties to copy certain aspects of the Company's products or to obtain and use information that the Company regards as proprietary. The laws of some foreign countries in which the Company may sell its products do not protect the Company's proprietary rights to the same extent as do the laws of the United States.

8

### COMPETITION

The medical products industry is highly competitive. Most of the Company's potential competitors have considerably greater financial, technical, marketing, and other resources than the Company.

BioLife faces competition in the markets for its line of HypoThermosol(R) preservation solutions from several much larger companies, including Organ Recovery Systems, Inc., which is developing low temperature technologies for the preservation and transportation of tissue and Barr Laboratories, Inc., which is selling Viaspan, the organ preservation solution. SangStat Medical Corporation also has developed a preservation medium, which is indicated for use in the U.S. only for cardiac transplantation.

BioLife faces competition in the markets for its line of CryoStor(TM) preservation solutions from several much larger companies, including Invitrogen, Cambrex, and Sigma, which market alternative cryopreservation media for cell culture applications.

The Company expects competition to intensify with respect to the areas in which it is involved as technical advances are made and become more widely known.

### EMPLOYEES

The Company's business is highly dependent upon its ability to attract and retain qualified scientific, technical and management personnel. BioLife had six full-time employees and four research and development contractors at December 31, 2005. The Company is not a party to any collective bargaining agreements.

### REPORTS TO SECURITY HOLDERS

This annual report on Form 10-KSB, including the exhibits and schedules filed as part of the annual report, may be inspected at the public reference facility maintained by the Securities and Exchange Commission ("SEC") at its public reference room at 450 Fifth Street, NW, Washington, DC 20549 and copies of all or any part thereof may be obtained from that office upon payment of the prescribed fees. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room and you may request copies of the documents upon payment of a duplicating fee, by writing to the SEC. In addition, the SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants, including us, that file electronically with the SEC which can be accessed at [www.sec.gov](http://www.sec.gov).

The Company also makes its periodic and current reports available, free of charge, on its website, [www.BioLifeSolutions.com](http://www.BioLifeSolutions.com), as soon as reasonably practicable after such material is electronically filed with the SEC. Information available on our website is not a part of, and should not be incorporated into, this annual report on Form 10-KSB.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

### SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS UNDER THE SECURITIES LITIGATION REFORM ACT OF 1995; RISK FACTORS

This Annual Report on Form 10-KSB and other reports, releases, and statements (both written and oral) issued by the Company and its officers from time to time may contain statements concerning the Company's future results, future performance, intentions, objectives, plans, and expectations that are deemed to be "forward-looking statements." Such statements are made in reliance upon safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company's actual results, performance, and achievements may differ significantly from those discussed or implied in the forward-looking statements as a result of a number of known and unknown risks and uncertainties including, without limitation, those discussed below and in "Management's Discussion and Analysis or Plan of Operation." In light of the significant uncertainties inherent in such forward-looking statements, the inclusion of such statements should not be regarded as a representation by the Company or any other person that the Company's objectives and plans will be achieved. Words such as "believes," "anticipates," "expects," "intends," "may," and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. The Company undertakes no obligation to revise any of these forward-looking statements.

9

#### ITEM 2. DESCRIPTION OF PROPERTY

Rental expense for all of the Company's facilities for the year ended December 31, 2005 totaled approximately \$74,000.

In January 2004, BioLife signed a 3 year lease with Field Afar Properties, LLC whereby BioLife leases 6,161 square feet of office, laboratory, and manufacturing space in Owego, NY at a rental rate of \$6,200 per month. Renovation of the new facility was completed in April 2004. The Company's Chief Executive Officer is a partial owner of Field Afar Properties, LLC.

#### ITEM 3. LEGAL PROCEEDINGS

BioLife was involved in a lawsuit against Endocare, Inc., arising out of Endocare's failure to register 120,022 shares of its stock as part of the transaction by which the Company sold its cryosurgical equipment assets to Endocare in a transaction that closed on June 24, 2002. In the lawsuit, the Company claimed damages of \$1,648,935, comprising the proceeds that could have been realized had Endocare properly registered the Stock within the time frame set forth in the Registration Rights Agreement entered into between the parties. Endocare filed an answer and counterclaim, seeking damages of over \$5,000,000 as a result of various alleged breaches by the Company of the Asset Purchase Agreement entered into between the parties. Trial in this matter began on March 31, 2003 and concluded on April 3, 2003. On October 10, 2003, the State of Delaware issued a Final Order and Judgment in favor of BioLife in the amount of \$1,648,935 plus prejudgment interest. On February 25, 2004, the Company collected approximately \$1.88 million from Endocare for damages, interest, and legal fees.

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

None

## PART II

## ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

## PRICE RANGE OF COMMON STOCK

The common stock, par value \$.001 per share, of the Company ("Common Stock") is traded on the OTC Bulletin Board under the symbol "BLFS." The following table sets forth the high and low closing prices for the Common Stock for the periods indicated.

Quarter Ended: -----	Price Range -----	
	High ----	Low ---
March 31, 2004	\$0.24	\$0.08
June 30, 2004	\$0.23	\$0.14
September 30, 2004	\$0.19	\$0.13
December 31, 2004	\$0.14	\$0.07
March 31, 2005	\$0.15	\$0.06
June 30, 2005	\$0.25	\$0.07
September 30, 2005	\$0.21	\$0.09
December 31, 2005	\$0.16	\$0.09

## HOLDERS

As of December 31, 2005, there were 812 holders of record of the Common Stock.

## DIVIDEND HISTORY AND POLICY

The Company has never paid cash dividends on its Common Stock and does not anticipate that any cash dividends will be paid for the foreseeable future.

## PRIVATE PLACEMENTS

In March 2002, the Company borrowed \$250,000, represented by a 12-month promissory note agreement. The principal balance on this promissory note accrued interest at the rate of 10% per annum. In connection with the promissory note, the Company issued warrants to purchase one million shares of the Company's common stock at \$0.25 per share. The payment of this note was extended in March 2003 for an additional 12 months and the warrants associated with the note have been repriced at \$0.08 per share. All principal and interest payable on this note was paid in March 2004.

In March 2003, the Company borrowed \$100,000, represented by a 12-month promissory note agreement. The principal balance on this promissory note accrued interest at the rate of 10% per annum. In connection with the promissory note, the Company issued warrants to purchase 500,000 shares of the Company's common stock at \$0.08 per share. All principal and interest payable on this note was paid in March 2004.

In May 2003, the Company borrowed \$300,000, represented by three (3) 12-month

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

promissory note agreements. The principal balances on these promissory notes accrued interest at the rate of 10% per annum. In connection with the promissory notes, the Company issued warrants to purchase 1,500,000 shares of the Company's common stock at \$0.08 per share. All principal and interest payable on these notes was paid in March 2004.

11

In December 2003, the Company completed a private placement of 55.125 Units, raising \$1,226,533 in cash, net of issuance costs of \$23,467, and \$128,125 as payment of accrued salaries to certain employees. Each Unit was priced at \$25,000 and consisted of one share of Series G convertible non-redeemable preferred stock, convertible into 312,500 share of common stock, and one warrant to purchase 312,500 shares of common stock a \$.08 per share, on or before October 2013. The Units were placed with investors in the United States and Europe, and the sales of the Units were exempt from Registration under the Securities Act pursuant to Rule 506 of Regulation D and Rule 903 of Regulation S.

### EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities available for future issuance under the plan (excluding reflections)
-----	-----	-----	-----
	(a)	(b)	
Equity compensation plan approved by shareholders	32,832,858	\$0.22	

See Item 7, Footnote 7 of the financial statements for a description of equity compensation plans.

12

### ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion should be read in conjunction with the Company's financial statements and notes thereto set forth elsewhere herein. The discussion of the results from operations includes only the Company's continuing operations.

BioLife has pioneered the next generation of preservation solutions designed to maintain the viability and health of cellular matter and tissues during freezing, transportation and storage. Based on the Company's proprietary, bio-packaging technology and a patented understanding of the mechanism of cellular damage and death, these products enable the biotechnology and medical community to address a growing problem that exists today. The expanding practice of cell and gene therapy has created a need for products that ensure the biological viability of mammalian cell and tissue material during transportation and storage. The Company believes that HypoThermosol(R), GelStor and

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

CryoStor(TM) products are a significant step forward in meeting these needs.

The Company's line of preservation solutions is composed of complex synthetic, aqueous solutions containing, in part, minerals and other elements found in human blood, which are necessary to maintain fluids and chemical balances throughout the body at near freezing temperatures. The solutions preserve cells and tissue in low temperature environments for extended periods after removal of the cells through minimally invasive biopsy or surgical extraction, as well as in shipping the propagated material for the application of cell or gene therapy or tissue engineering. BioLife has entered into research agreements with several emerging biotechnology companies engaged in the research and commercialization of cell and gene therapy technology and has received several government research grants in partnership with academic institutions to conduct basic research, which could lead to further commercialization of technology to preserve human cells, tissues and organs.

The Company currently markets its solutions to companies and labs engaged in pre-clinical research, and to academic institutions.

### LIQUIDITY AND CAPITAL RESOURCES

During 2005, our third full year of solution product sales, we financed our operations from the proceeds received in 2004 from the settlement with Endocare, proceeds received in 2005 from the Tioga County LDC loan, as well as from product sales, and management and facilities fees earned.

At December 31, 2005, the Company had cash and cash equivalents of \$185,095, compared to cash and cash equivalents of \$531,684 at December 31, 2004, primarily as a result of the continuation of negative cash flows from operations. At December 31, 2005, the Company had a working capital surplus of \$173,704, compared to a working capital surplus \$483,955 at December 31, 2004.

During the year ended December 31, 2005, net cash used by operating activities was \$(576,333) as compared to net cash provided by operating activities of \$514,104 for the year ended December 31, 2004. This was due in large part from receipt in 2004 of the legal settlement of \$1,871,945.

Net cash provided by investing activities totaled \$3,817 during the year ended December 31, 2005 which resulted from the sale of old property and equipment and the purchase of property and equipment to support the new manufacturing facility in the amount of \$15,108. Net cash used by investing activities totaled \$(65,800) during the year ended December 31, 2004 resulting from purchase of property and equipment during the year.

13

Net cash provided by financing activities totaled \$225,927 for the year ended December 31, 2005 resulting from proceeds from the Tioga County LDC loan totaling \$230,500 and principal payments on the loan totaling \$4,573. Net cash used by financing activities totaled \$(705,524) for the year ended December 31, 2004, which resulted from principal payments on notes payable during 2004.

During 2005, the Company experienced a growth in product sales of 41% from 2004. In addition, the Company experienced continued product sales growth, quarter by quarter, during 2005, with each quarterly product sales surpassing the previous year's (2004) quarterly product sales. Although a promising trend, the Company was not able to support its operating activities through sales of its products or contracted revenue sources. As a result, operations were funded primarily with proceeds (\$1,877,474) from the settlement of the Endocare lawsuit in

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

February 2004, as well as proceeds from the Tioga County LDC loan . The Company maintains no line of credit or bank notes.

On May 12, 2005, the Company signed an Exclusive Private Labeling and Distribution Agreement with VWR International, Inc., a global leader in the distribution of scientific supplies, pursuant to which the Company will manufacture its HypoThermosol(R) and CryoStor(TM) product lines under the VWR label for sale to non-clinical customers via the 1,400 person VWR worldwide sales force. The Company maintains the right to sell its products to non-clinical customers under its own label. To maintain exclusivity, sales to VWR must equal \$375,000 in Year 1, \$1,000,000 in Year 2, \$1,500,000 in Year 3, \$2,000,000 in Year 4, and \$2,500,000 in Year 5.

The Company may need to raise additional funds through additional financings, including private or public equity and/or debt offerings and collaborative research and development arrangements with corporate partners if our revenues are insufficient to meet our operating needs. Our future capital requirements will depend on many factors, including the ability to market and sell our product line, research and development programs, the scope and results of clinical trials, the time and costs involved in obtaining regulatory approvals, the costs involved in obtaining and enforcing patents or any litigation by third parties regarding intellectual property, the status of competitive products, the maintenance of our manufacturing facility, the maintenance of sales and marketing capabilities, and the establishment of collaborative relationships with other parties.

In March 2006, in order to secure much needed capital, the Board of Directors approved a plan to raise additional capital from the holders of its outstanding warrants and stock options in order to a) prevent further dilution by the issuance of additional securities to outsiders, and (b) to restructure the capitalization of the Company. Through April 12, 2006, the Company was able to raise \$773,180 through (a) the exercise of warrants to purchase 20,438,783 shares of the Company's Common Stock at \$0.04, and (b) the exercise of stock options to purchase 2,477,000 shares of the Company's Common Stock at \$0.04. Under the terms of the plan, the Company offered to:

1. the holders of the Company's (a) 12,000 shares of Series F Preferred Stock, convertible into 4,800,000 shares of the Company's Common Stock, and (b) the 6,000 Series F Warrants to purchase 2,400,000 shares of the Company's Common Stock at \$.375 per share purchased in conjunction with the Series F Pfd. Stock, the right to exercise the Series F Warrants and purchase the shares of Common Stock issuable upon exercise thereof at \$.04 per share (same number of shares at a lower price), provided that (a) simultaneously with the exercise of such right, the holder converts his shares of Series F Pfd. Stock into shares of the Company's Common Stock, and (b) the conversion of the Series F Pfd. Stock and exercise of the Series F Warrants take place on or before March 31, 2006 (which date was extended to April 14, 2006) ;
2. the holders of the Company's 55.125 shares of Series G Pfd. Stock, which Series G Pfd. Stock is convertible into 17,226,563 shares of the Company's Common Stock, and (b) the 55.125 Series G Warrants to purchase 17,226,563 of the Company's Common Stock at \$.08 per share purchased in conjunction with the Series G. Pfd. Stock, the right to exercise the Series G Warrants and purchase the shares of Common Stock issuable upon exercise thereof at \$.04 per share (same number of shares at a lower price), provided that (a) simultaneously with the exercise of such right, they convert their shares of Series G Pfd. Stock into shares of the Company's Common Stock, and (b) the conversion of the Series G Pfd. Stock and exercise of the Series G Warrants take place on or before March 31, 2006 (which date was extended to April 14, 2006);



3. the holders of all exercisable Stock Options to purchase shares of the Company's Common Stock (an aggregate of 3,511,000 shares of the Company's Common Stock) at prices ranging from \$.08-\$2.50 per share, the right to exercise such Stock Options and purchase the shares of Common Stock issuable upon exercise thereof at \$.04 per share (the same number of shares at a lower exercise price), provided that the exercise of such stock options takes place on or before March 31, 2006 (which date was extended to April 14, 2006); and
4. the holders of all Warrants to purchase shares of the Company's Common Stock (an aggregate of 7,640,295 shares of the Company's Common Stock) at prices ranging from \$.08-\$41.25 per share, the right to exercise such warrants and purchase the shares of Common Stock issuable upon exercise thereof at \$.04 per share (the same number of shares at a lower price), provided the exercise of the warrants takes place on or before March 31, 2006 (which date was extended to April 14, 2006).

The offering was conditioned upon all shares of the Company's Series F Preferred Stock and Series G Preferred Stock converting into Common Stock of the Company. As a result, 12,000 shares of the Company's Series F Preferred Stock were converted to 4,800,000 shares of Common Stock and 55.125 shares of the Company's Series G Preferred Shares were converted to 17,226,563 shares of Common Stock.

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures. On an ongoing basis, the Company evaluates estimates, including those related to bad debts, inventories, fixed assets, income taxes, contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of the Company's judgments on the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes that the following accounting policies involve more significant judgments and estimates in the preparation of the financial statements. The Company maintains an allowance for doubtful accounts for estimated losses that may result from the inability of its customers to make payments. If the financial condition of the Company's customers were to deteriorate, resulting in their inability to make payments, the Company may be required to make additional allowances. The Company writes down inventory for estimated obsolete or unmarketable inventory to the lower of cost or market based on assumptions of future demand. If the actual demand and market conditions are less favorable than projected, additional write-downs may be required. Also, the Company uses the intrinsic value method to determine the fair value of stock options issued. Equity instruments issued to third parties are valued using the Black Scholes method, which requires assumptions as to expected volatility, risk-free interest rate and expected lives of the equity instruments.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

RESULTS OF OPERATIONS (YEAR ENDED DECEMBER 31, 2005 COMPARED TO THE YEAR ENDED DECEMBER 31, 2004)

### REVENUE

Revenue for the year ended December 31, 2005 decreased \$11,991 or 2%, to \$614,718, compared to \$626,709 for the year ended December 31, 2004. The Company had no grant revenue for the year ended December 31, 2005, compared to \$38,936 for the year ended December 31, 2004. This decrease was the result of the transition of grant related activities to CPSI. The Company recorded no consulting revenue for the year ended December 31, 2005, as compared to \$86,000 for the year ended December 31, 2004. This decline was the result of scheduled completion of contracts as well as the Company's continued focus on product sales. Although the Company recorded no consulting revenue in 2005, it will evaluate future consulting opportunities on a case by case basis. In addition, the Company earned \$60,342 and \$109,714 for the year ended December 31, 2005 in management fees and facilities fees, respectively, as a result of a research agreement with CPSI. In 2004, the Company earned \$64,822 and \$117,858 in management and facilities fees, respectively. In 2005, the Company had product sales revenue of \$444,662 as compared to \$315,818 in 2004. The shift of the Company's focus toward product sales resulted in a 41% increase in product sales over 2004. In addition, the Company experienced continued product sales growth, quarter by quarter, during 2005, with each quarterly product sales surpassing the previous year's (2004) quarterly product sales.

### COST OF PRODUCT SALES

For the year ended December 31, 2005, the cost of product sales totaled \$250,078 as compared to \$163,979 for the year ended December 31, 2004. In 2005, the Company wrote off obsolete inventory (approximately \$23,000 in 2005 Q4) resulting in a reduction in gross margin from 48% in 2004 to 44% in 2005.

### RESEARCH AND DEVELOPMENT

Expenses relating to research and development for the year ended December 31, 2005 decreased 4% to \$27,855, compared to \$29,087 for the year ended December 31, 2004.

### SALES AND MARKETING

For the year ended December 31, 2005, sales and marketing expenses decreased \$174,839, or 69%, to \$78,267, compared to \$253,106 for the year ended December 31, 2004. The decrease in sales and marketing expense was due primarily to the elimination of the VP Sales and Marketing position. Sales and marketing activities were assumed by the current staff. Elimination of that position resulted in a decrease in sales related salaries of \$162,430. In addition, sales related travel and fringe benefits were also reduced.

### GENERAL AND ADMINISTRATIVE EXPENSE

For the year ended December 31, 2005, general and administrative expense increased \$47,090, or 6% to \$886,051, compared to \$838,961 for the year ended December 31, 2004. This increase was due primarily to the expenses incurred in 2005 for the annual shareholders meeting.

### OPERATING EXPENSES AND NET INCOME

For the year ended December 31, 2005, operating expenses decreased \$42,882, or 3% to \$1,242,251, compared to \$1,285,133 for the year ended December 31, 2004. The Company reported a net loss of \$(619,323) for the year ended December 31, 2005, compared to a net loss of \$(743,162) for the year ended December 31, 2004. While total revenue and expenses in 2005 remained fairly consistent with 2004, the Company was able to reduce its net loss due primarily to a reduction in interest expense incurred by the Company in 2004. Interest expense totaled \$117,241 for the year ended December 31, 2004 as compared to \$1,943 for the year ended December 31, 2005.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

### CASH AND CASH EQUIVALENTS

At December 31, 2005, the Company had cash and cash equivalents of \$185,095, compared to cash and cash equivalents of \$531,684 at December 31, 2004, primarily as a result of the continuation of negative cash flows from operations. At December 31, 2005, the Company had a working capital surplus of \$173,704, compared to a working capital surplus \$483,955 at December 31, 2004.

### CONTRACT OBLIGATIONS

The Company leases equipment as lessee, under an operating lease expiring in October 2011. The lease requires monthly payments of approximately \$337.

In January 2004, BioLife signed a 3 year lease with Field Afar Properties, LLC whereby BioLife leases 6,161 square feet of office, laboratory, and manufacturing space in Owego, NY at a rental rate of \$6,200 per month. Renovation of the new facility was completed in April 2004. The Company's Chief Executive Officer is a partial owner of Field Afar Properties, LLC.

### RISK FACTORS

The risks presented below may not be all of the risks the Company may face. These are the factors that the Company believes could cause actual results to be different from expected and historical results. Other sections of this report include additional factors that could have an effect on the Company's business and financial performance. The industry that the Company competes in is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them or how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

### THE COMPANY HAS A HISTORY OF LOSSES AND MAY NEVER ACHIEVE OR MAINTAIN PROFITABILITY.

The Company has incurred annual operating losses since inception, and may continue to incur operating losses because new products will require substantial development, clinical, regulatory, manufacturing, marketing and other expenditures. For the fiscal years ended December 31, 2005 and December 31, 2004, the Company had net losses of \$(619,323) and \$(743,162), respectively. As of December 31, 2005, the Company's accumulated deficit was \$(40,681,961). The Company may not be able to successfully commercialize its current or future products, achieve significant revenues from sales, or achieve or sustain profitability. Successful completion of the Company's development program and its transition to attaining profitable operations is dependent upon achieving a level of revenues adequate to support its cost structure.

### THE MARKET FOR THE COMPANY'S COMMON STOCK IS LIMITED AND ITS STOCK PRICE IS VOLATILE.

The Company's Common Stock, traded on the OTC Bulletin Board, has historically traded at low average daily volumes, resulting in a limited market for the purchase and sale of the Company's Common Stock on the OTC Bulletin Board.

The market prices of many publicly traded companies, including emerging companies in the health care industry, have been, and can be expected to be, highly volatile. The future market price of the Company's common stock could be significantly impacted by

- o future sales of the Company's common stock,
- o announcements of technological innovations for new commercial

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

products by the Company's present or potential competitors,

- o developments concerning proprietary rights,

17

- o adverse results in the Company's field or with clinical tests,
- o adverse litigation,
- o unfavorable legislation or regulatory decisions,
- o public concerns regarding the Company's products,
- o variations in quarterly operating results,
- o general trends in the health care industry, and
- o other factors outside of the Company's control.

THERE IS UNCERTAINTY SURROUNDING THE COMPANY'S ABILITY TO SUCCESSFULLY COMMERCIALIZE ITS PRESERVATIVE SOLUTIONS.

The Company's growth depends, in part, on its continued ability to successfully develop, commercialize and market the Company's HypoThermosol(R) preservative solutions. Even in markets that do not require the Company to undergo clinical trials and obtain regulatory approvals, the Company's line of HypoThermosol(R) preservative solutions will not be used unless they present an attractive alternative to competitive products and the benefits and cost savings achieved through their use outweigh the cost of the solutions. The Company believes that recommendations and endorsements of physicians will be essential for market acceptance of the HypoThermosol(R) product line.

THE SUCCESS OF THE COMPANY'S HYPOTHERMOSOL(R) PRESERVATIVE SOLUTIONS IS DEPENDANT, IN PART, ON THE COMMERCIAL SUCCESS OF NEW CELL AND GENE THERAPY TECHNOLOGY.

The Company is developing preservative media for, and marketing its HypoThermosol(R) preservative solutions to, biotechnology companies and research institutions engaged in research and development of cell, gene and tissue reengineering therapy. Although the Company, as a component supplier, may not be subject to the same formal prospective, controlled clinical-trials to establish safety and efficacy, and to substantial regulatory oversight by the FDA and other regulatory bodies, with respect to the commercialized end products or therapies developed by these biotechnology companies and research institutions, the development of these therapies are years away from commercialization, and demand, if any, for the HypoThermosol(R) preservative solutions in these markets, is expected to be limited for several years.

THE COMPANY FACES SIGNIFICANT COMPETITION.

The Company faces competition in the markets for its HypoThermosol(R) preservation solution from several much larger companies, including Organ Recovery Systems, Inc., which is developing low temperature technologies for the preservation and transportation of tissue and Barr Laboratories, Inc., which is selling Viaspan, the organ preservation solution, under license from DuPont Pharmaceuticals Company. SangStat Medical Corporation has also developed a preservation medium for use for cardiac transplantation in the U.S.

Many of the Company's competitors are significantly larger than the Company and have greater financial, technical, research, marketing, sales, distribution and

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

other resources than the Company. Additionally, the Company believes there will be intense price competition with respect to the Company's products. There can be no assurance that the Company's competitors will not succeed in developing or marketing technologies and products that are more effective or commercially attractive than any that are being developed or marketed by the Company, or that such competitors will not succeed in obtaining regulatory approval, introducing, or commercializing any such products prior to the Company. Such developments could have a material adverse effect on the Company's business, financial condition and results of operations. Further, even if the Company is able to compete successfully, there can be no assurance that it could do so in a profitable manner.

18

THE COMPANY'S SUCCESS WILL DEPEND ON ITS ABILITY TO ATTRACT AND RETAIN KEY PERSONNEL.

In order to execute its business plan, the Company must attract, retain and motivate highly qualified managerial, technical and sales personnel. If the Company fails to attract and retain skilled scientific and sales personnel, the Company's research and development and sales efforts will be hindered. The Company's future success depends to a significant degree upon the continued services of key management personnel, including John G. Baust, Ph.D., the Company's President and Chief Executive Officer. Although Dr. Baust is subject to an employment agreement, he is not covered by a life insurance policy naming the Company as beneficiary. If the Company does not attract and retain qualified personnel it will not be able to achieve its growth objectives.

IF THE COMPANY FAILS TO PROTECT ITS INTELLECTUAL PROPERTY RIGHTS, THE COMPANY'S COMPETITORS MAY TAKE ADVANTAGE OF ITS IDEAS AND COMPETE DIRECTLY AGAINST IT.

The Company's success will depend to a significant degree on its ability to secure and protect intellectual proprietary rights and enforce patent and trademark protections relating to the Company's technology. While the Company believes that the protection of patents and trademarks is important to its business, the Company also relies on a combination of copyright, trade secret, nondisclosure and confidentiality agreements, know-how and continuing technological innovation to maintain its competitive position. From time to time, litigation may be advisable to protect its intellectual property position. However, these legal means afford only limited protection and may not adequately protect the Company's rights or permit it to gain or keep any competitive advantage. Any litigation in this regard could be costly, and it is possible that the Company will not have sufficient resources to fully pursue litigation or to protect the Company's intellectual property rights. This could result in the rejection or invalidation of the Company's existing and future patents. Any adverse outcome in litigation relating to the validity of its patents, or any failure to pursue litigation or otherwise to protect its patent position, could materially harm the Company's business and financial condition. In addition, confidentiality agreements with the Company's employees, consultants, customers, and key vendors may not prevent the unauthorized disclosure or use of the Company's technology. It is possible that these agreements will be breached or that they will not be enforceable in every instance, and that the Company will not have adequate remedies for any such breach. Enforcement of these agreements may be costly and time consuming. Furthermore, the laws of foreign countries may not protect the Company's intellectual property rights to the same extent as the laws of the United States.

BECAUSE THE MEDICAL DEVICE INDUSTRY IS LITIGIOUS, THE COMPANY MAY BE SUED FOR ALLEGEDLY VIOLATING THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS.

The medical technology industry in the past has been characterized by a

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

substantial amount of litigation and related administrative proceedings regarding patents and intellectual property rights. In addition, many medical device companies have used litigation against emerging growth companies as a means of gaining a competitive advantage.

Should third parties file patent applications or be issued patents claiming technology claimed by the Company in pending applications, the Company may be required to participate in interference proceedings in the U.S. Patent and Trademark Office to determine the relative priorities of its inventions and the third parties' inventions. The Company could also be required to participate in interference proceedings involving its issued patents and pending applications of another entity. An adverse outcome in an interference proceeding could require the Company to cease using the technology or to license rights from prevailing third parties. Third parties may claim that the Company is using their patented inventions and may go to court to stop the Company from engaging in its normal operations and activities. These lawsuits are expensive to defend and conduct and would also consume and divert the time and attention of the Company's management. A court may decide that the Company is infringing on a third party's patents and may order the Company to cease the infringing activity. The court could also order the Company to pay damages for the infringement. These damages could be substantial and could harm the Company's business, financial condition and operating results. If the Company is unable to obtain any necessary license following an adverse determination in litigation or in interference or other administrative proceedings, the Company would have to redesign its products to avoid infringing a third party's patent and temporarily or permanently discontinue manufacturing and selling some of its products. If this were to occur, it would negatively impact future sales.

19

IF THE COMPANY FAILS TO OBTAIN OR MAINTAIN NECESSARY REGULATORY CLEARANCES OR APPROVALS FOR PRODUCTS, OR IF APPROVALS ARE DELAYED OR WITHDRAWN, THE COMPANY WILL BE UNABLE TO COMMERCIALY DISTRIBUTE AND MARKET ITS PRODUCTS OR ANY PRODUCT MODIFICATIONS.

Government regulation has a significant impact on the Company's business. Government regulation in the United States and other countries is a significant factor affecting the research and development, manufacture and marketing of the Company's products. In the United States, the FDA has broad authority under the Federal Food, Drug and Cosmetic Act to regulate the distribution, manufacture and sale of medical devices. Foreign sales of drugs and medical devices are subject to foreign governmental regulation and restrictions, which vary from country to country. The process of obtaining FDA and other required regulatory clearances and approvals is lengthy and expensive. The Company may not be able to obtain or maintain necessary approvals for clinical testing or for the manufacturing or marketing of its products. Failure to comply with applicable regulatory approvals can, among other things, result in fines, suspension or withdrawal of regulatory approvals, product recalls, operating restrictions, and criminal prosecution. In addition, governmental regulations may be established which could prevent, delay, modify or rescind regulatory approval of the Company's products. Any of these actions by the FDA, or change in FDA regulations, may adversely impact the Company's business and financial condition.

Regulatory approvals, if granted, may include significant limitations on the indicated uses for which the Company's products may be marketed. In addition, to obtain such approvals, the FDA and foreign regulatory authorities may impose numerous other requirements on the Company. FDA enforcement policy prohibits the marketing of approved medical devices for unapproved uses. Furthermore, product approvals can be withdrawn for failure to comply with regulatory standards or unforeseen problems following initial marketing. The Company may not be able to

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

obtain or maintain regulatory approvals for its products on a timely basis, or at all, and delays in receipt of or failure to receive such approvals, the loss of previously obtained approvals, or failure to comply with existing or future regulatory requirements would have a significant negative effect on the Company's financial condition.

THE COMPANY IS DEPENDENT ON OUTSIDE SUPPLIERS FOR ALL OF ITS MANUFACTURING SUPPLIES.

The Company relies on outside suppliers for all of its manufacturing supplies, parts and components. Although the Company believes it could develop alternative sources of supply for most of these components within a reasonable period of time, there can be no assurance that, in the future, its current or alternative sources will be able to meet all of the Company's demands on a timely basis. Unavailability of necessary components could require the Company to re-engineer its products to accommodate available substitutions which would increase costs to the Company and/or have a material adverse effect on manufacturing schedules, products performance and market acceptance.

20

### ITEM 7. FINANCIAL STATEMENTS

#### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
BIOLIFE SOLUTIONS, INC.  
Owego, New York

We have audited the accompanying Balance Sheets of BIOLIFE SOLUTIONS, INC. as of December 31, 2005 and 2004, and the related Statements of Operations, Stockholders' Equity and Cash Flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BIOLIFE SOLUTIONS, INC. as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has been unable to generate sufficient income from operations to meet its operating needs and may not have sufficient

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

liquidity to meet its financial obligations in the future. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Aronson & Company  
Rockville, Maryland  
March 9, 2006, except for Note 11  
as to which the date is April 12, 2006

F-1

### BIOLIFE SOLUTIONS, INC. BALANCE SHEETS

#### Assets

-----

##### Current assets

Cash and cash equivalents  
Accounts receivable, trade, net of allowance for doubtful  
accounts of \$13,500 at December 31, 2005 and 2004  
Inventories  
Prepaid expenses and other current assets

Total current assets

##### Property and equipment

Leasehold improvements  
Furniture and computer equipment  
Manufacturing and other equipment

##### Total

Less: Accumulated depreciation and amortization

##### Net property and equipment

##### Total assets

#### Liabilities and Stockholders' Equity

-----

##### Current liabilities

Accounts payable  
Accounts payable - related parties  
Accrued expenses  
Accrued salaries  
Notes payable - LDC Loan - current portion

Total current liabilities



## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

### Long term liabilities

Notes payable - LDC Loan - long term portion

### Total liabilities

### Commitments and contingencies

### Stockholders' equity

Series F convertible preferred stock, \$.001 par value; 12,000 shares authorized, issued and outstanding, with an aggregate liquidation value of \$2,307,493 and \$2,187,808 at December 31, 2005 and 2004, respectively

Series G convertible preferred stock, \$.001 par value; 80 shares authorized, 55 shares issued and outstanding liquidation value of \$1,595,409 and \$1,491,946 at December 31, 2005 and 2004, respectively

Common stock, \$0.001 par value; 100,000,000 shares authorized, 12,413,209 shares issued and outstanding

Additional paid-in capital

Deferred compensation

Accumulated deficit

### Total stockholders' equity

### Total liabilities and stockholders' equity

The accompanying Notes to Financials Statements are an integral part of these financial statements

F-2

### BIOLIFE SOLUTIONS, INC. STATEMENTS OF OPERATIONS

### Revenue

Product sales

Grant revenue

Consulting revenue

Management fees, related party

Facilities fees, related party

Other

### Total revenue

# Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

## Operating expenses

Product sales  
Research and development  
Sales and marketing  
General and administrative

## Total expenses

## Operating loss

## Other income (expense)

Interest income  
Interest expense - related parties  
Interest expense - other  
Other income

## Total other income (expense)

## Loss from operations before provision for income taxes

## Provision for income taxes

## Net Loss

## Basic and diluted net loss per common share

## Basic and diluted weighted average common shares used to calculate net loss per share

The accompanying Notes to Financials Statements are an integral part of these financial statements

F-3

## BIOLIFE SOLUTIONS, INC. STATEMENTS OF STOCKHOLDERS' EQUITY

	Convertible Series F and G Preferred Stock		Common Stock		Additional paid-in capital	Deferre Compensat
	Shares	Amount	Shares	Amount		
Balance, January 1, 2004	12,055	\$12	12,413,209	\$12,413	\$40,663,172	\$ --
Net loss	--	--	--	--	--	--
Balance, December 31, 2004	12,055	12	12,413,209	12,413	40,663,172	--

# Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Compensation expense for stock options granted	--	--	--	--	75,869	(75,869)
Amortization of deferred compensation	--	--	--	--	--	44,845
Net loss	--	--	--	--	--	--
-----						
Balance, December 31, 2005	12,055	\$12	12,413,209	\$12,413	\$40,739,041	\$ (31,024)
=====						

The accompanying Notes to Financials Statements are an integral part  
of these financial statements

F-4

## BIOLIFE SOLUTIONS, INC. STATEMENTS OF CASH FLOWS

Cash flow from operating activities
Net Loss
Adjustments to reconcile net loss to net cash (used) provided by operating activities
Depreciation
Amortization of loan financing costs
Gain on disposal of fixed assets
Stock-based compensation expense
Change in operating net assets and liabilities
(Increase) Decrease in
Accounts receivable, trade
Legal settlement receivable
Inventories
Prepaid expenses and other current assets
Increase (Decrease) in
Accounts payable
Accounts payable - related parties
Accrued expenses
Accrued salaries
Net cash (used) provided by operating activities
Cash flows from investing activities
Proceeds from sale of property and equipment
Purchase of property and equipment
Net cash provided (used) by investing activities
Cash flows from financing activities
Proceeds from notes payable

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Principal payments on notes payable

Net cash provided (used) by financing activities

Net (decrease) in cash

Cash - beginning of year

Cash - end of year

Supplemental cash flow information:

Actual cash payments for:

Interest - related parties

Interest - other

The accompanying Notes to Financials Statements are an integral part  
of these financial statements

F-5

BIOLIFE SOLUTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Incorporated in 1998 in the State of Delaware as a wholly owned subsidiary of Cryomedical Sciences, Inc. ("Cryomedical"), BioLife Solutions, Inc. ("BioLife" or the "Company") develops, manufactures and markets low temperature technologies for use in preserving and prolonging the viability of cellular and genetic material for use in cell therapy and tissue engineering. The Company's patented HypoThermosol(R) platform technology is used to provide customized preservation solutions designed to significantly prolong cell, tissue and organ viability. These solutions, in turn, could improve clinical outcomes for new and existing cell and tissue therapy applications, as well as for organ transplantation. The Company currently markets its HypoThermosol(R) line of solutions directly to companies and labs engaged in pre-clinical research, and to academic institutions.

In May 2002, Cryomedical implemented a restructuring and recapitalization program designed to shift its focus away from cryosurgery toward addressing preservation and transportation needs in the biomedical marketplace. On June 25, 2002 the Company completed the sale of its cryosurgery product line and related intellectual property assets to Irvine, CA-based Endocare Inc., a public company. In the transaction, the Company transferred ownership of all of its cryosurgical installed base, inventory, and related intellectual property, in exchange for \$2.2 million in cash and 120,022 shares of Endocare restricted common stock. In conjunction with the sale of Cryomedical's cryosurgical assets, Cryomedical's Board of Directors also approved merging BioLife into Cryomedical and changing its name to BioLife Solutions, Inc. In September 2002, Cryomedical changed its name to BioLife Solutions, Inc. and began to trade under the new ticker symbol, "BLFS" on the OTCBB. Subsequent to the merger, the Company ceased to have any subsidiaries.

In September 2003, the Company was awarded a research grant from the National Institute of Health for \$177,000, titled "Improved Preservation of Suspended Cells." The remaining portion of the funds from this grant was recognized in 2004, matching research related to this grant carried out in 2004. Total revenue

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

recognized during the year ended December 31, 2004 totaled \$38,936. During the first quarter of 2004, the Company discontinued applying for grants and now provides services to a related entity that has become the grant recipient. (See Note 8)

**NET INCOME (LOSS) PER SHARE:** Basic net income (loss) per common share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the weighted average number of common shares plus dilutive common stock equivalents outstanding during the period. Anti-dilutive common stock equivalents are excluded. Common stock equivalents are stock options, warrants and convertible preferred stock.

**CASH EQUIVALENTS:** Cash equivalents consist primarily of interest-bearing money market accounts. The Company considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. The Company maintains cash balances which may exceed Federally insured limits. The Company does not believe that this results in any significant credit risk.

**INVENTORIES:** Inventories represent preservation solutions and raw materials and are stated at the lower of cost or market. Cost is determined using the first-in, first-out ("FIFO") method.

**ACCOUNTS RECEIVABLE:** The Company has generally had favorable experience in extending credit to a limited number of customers and the terms are usually short term. An allowance for uncollectible accounts is established when a specific account appears uncertain, even though the Company continues its collection efforts. Accounts considered uncollectible are charged against the established allowance.

F-6

**FIXED ASSETS:** Furniture and equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the lesser of the life of the asset or the remaining term of the lease.

**REVENUE RECOGNITION:** Revenue from sales of products is recognized at the time of shipment. The Company recognizes revenue on cost plus fixed fee basis for grant funds received from various government agencies in the same period that expenses relating to the grants are incurred by the Company. Expenses related to grants are included in research and development expenses. Consulting revenue is recognized at the completion of milestones and/or according to specific terms within individual agreements. Management and facilities fees are recognized during the period in which the services are performed. Customer payments received in advance of performing the work are recorded as unearned revenue until the Company obligation is fulfilled with respect to the payment. Upon fulfillment of the obligation, or when the cash is earned, the revenue is recognized and unearned revenue is offset.

**INCOME TAXES:** The Company accounts for income taxes using an asset and liability method which generally requires recognition of deferred tax assets and liabilities for the expected future tax effects of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are recognized for the future tax effects of differences between tax bases of assets and liabilities, and financial reporting amounts, based upon enacted tax laws and statutory rates applicable to the periods in which the differences are expected to affect taxable income. The Company evaluates the likelihood of realization of deferred tax assets and

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

provides an allowance where, in management's opinion, it is more likely than not that the asset will not be realized.

ADVERTISING: Advertising costs are expensed as incurred and totaled \$2,825 and \$19,769 for the years ended December 31, 2005 and 2004, respectively.

USE OF ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F-7

STOCK-BASED COMPENSATION: Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), allows companies to account for stock-based compensation either under the provision of SFAS 123 or under the provision of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), as amended by FASB Interpretation No. 44, "Accounting for Certain Transaction Involving Stock Compensation (an Interpretation of APB Opinion No. 25)," but requires pro forma disclosure in the footnotes to the financial statements as if the measurement provisions of SFAS 123 had been adopted. The Company has elected to account for its stock-based compensation in accordance with the provisions of APB 25. The following table illustrates the effect on loss attributable to holders of common stock and loss per share if the Company had applied the fair value recognition provisions of SFAS 123:

Loss attributable to holders of common stock
Add: Stock-based employee compensation costs included in reported net loss
Less: Stock-based employee compensation costs under SFAS No. 123

---

### PRO FORMA LOSS ATTRIBUTABLE TO HOLDERS OF COMMON STOCK

---

Basic and diluted net loss per share attributable to holders of common stock as reported
---

---

Pro forma
-----------

---

Stock options and warrants granted to non-employees are accounted for in accordance with SFAS 123 and the Emerging Issues Task Force Consensus No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," which requires the value of the options to be periodically re-measured as they vest over a performance period.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

The fair value of each option/warrant granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2005: expected volatility of 67%; expected dividend yield of 0%; risk-free interest rate of 4.4% and expected lives of ten years. No options or warrants were granted in 2004. No warrants were granted in 2005.

**FAIR VALUE OF FINANCIAL INSTRUMENTS:** The fair value of the financial instruments included in the consolidated financial statements, except as otherwise discussed in the notes to financial statements, approximates their carrying value.

**BUSINESS SEGMENTS:** As described above, the Company's activities are directed in the field of hypothermic solutions. As of December 31, 2005 and 2004 this is the Company's only business segment.

F-8

**RECLASSIFICATIONS:** Certain reclassifications have been made in the 2004 financial statements to conform to the 2005 presentation.

### RECENT PRONOUNCEMENTS:

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 151, "Inventory Costs." This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). In addition, this statement requires that allocation of fixed production overhead to the costs of conversion be based on the normal capacity of the production facilities. The provisions of this statement will be effective for the Company beginning with its fiscal year ending 2006. The adoption of this standard is not expected to have any material impact on the Company's financial position, results of operations or cash flows.

In December 2004 the FASB issued SFAS 123-R. SFAS 123-R is a revision of SFAS No. 123, as amended, Accounting for Stock-Based Compensation ("SFAS 123") and supersedes Accounting Principles Board Opinion ("APB") No. 25, Accounting for Stock Issued to Employees. SFAS 123-R eliminates the alternative to use the intrinsic value method of accounting that was provided in SFAS 123, which generally resulted in no compensation expense recorded in the financial statements related to the issuance of equity awards to employees. SFAS 123-R requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. SFAS 123-R establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all companies to apply a fair-value-based measurement method in accounting for generally all share-based payment transactions with employees.

On January 1, 2006, the Company will adopt SFAS 123-R. Under this application, the Company is required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption.

Prior to the adoption of SFAS 123-R, the Company applied APB 25 to account for its stock-based compensation. Beginning with its 2006 fiscal year, with the adoption of SFAS 123-R, the Company will record stock-based compensation expense for the cost of stock options. The Company believes that the adoption of this standard will have a material impact on its future operations and financial reporting to the extent the Company grants stock options in the future. The effect of this standard on the Company is not determinable.

On June 1, 2005, the FASB issued SFAS No. 154, Accounting Changes and Error

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Corrections (SFAS 154), a replacement of APB No. 20, Accounting Changes and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements. SFAS 154 applies to all voluntary changes in accounting principles and changes the requirements for accounting for and reporting of a change in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This statement was issued as part of the convergence effort with the International Accounting Standards Board (IASB). The Company does not expect this standard to have a material impact on the Company's financial position, results of operations, or cash flow.

### 2. FINANCIAL CONDITION

The Company has been unable to generate sufficient income from operations in order to meet its operating needs. This raises doubt about the Company's ability to continue as a going concern.

F-9

The Company has focused on generating product sales in 2004 and 2005 and will continue to focus on this in the future. However, the Company can make no assurances that it will be successful in generating adequate product sales to sustain itself. In April 2006, the Company was able to raise additional capital through the repricing and exercise of outstanding warrants and options (See Note 11). Other arrangements, if necessary to raise additional funds, may require the Company to relinquish rights to certain of its technologies, products, marketing territories or other assets. The failure to generate adequate product sales or raise additional capital when needed will have a significant negative effect on the Company's financial condition and may force the Company to curtail or cease its activities.

These financial statements assume that the Company will continue as a going concern. If the Company is unable to continue as a going concern, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

### 3. LEGAL SETTLEMENT

On February 25, 2004, the Company collected \$1,887,474 from Endocare, Inc. for damages, interest, and legal fees in connection with a lawsuit that settled on October 10, 2003. The lawsuit arose after the Company sold its cryosurgery product line and intellectual property to Endocare in 2002. In the lawsuit, the Company claimed damages of \$1,648,935, comprising the proceeds that could have been realized had Endocare properly registered the Stock, that was given to the Company as part of the exchange, within the time frame set forth in the Registration Rights Agreement entered into between the parties.

### 4. INVENTORIES

Inventories consist of the following at December 31, 2005 and 2004:

2005	2004
------	------

-----



# Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Raw materials	\$ 23,393	\$46,340
Finished goods	100,020	47,979
<hr/>		
TOTAL	\$123,413	\$94,319
<hr/>		

F-10

## 5. NOTES PAYABLE

At December 31, 2005 and 2004, notes payable consisted of the following:

	2005
<hr/>	
NOTES PAYABLE:	
Note payable to Tioga County LDC, secured by all assets, payable in monthly installments of \$3,258, including interest of 5%, final payment due on October 1, 2012.	\$ 225,
<hr/>	
TOTAL NOTES PAYABLE	225,
<hr/>	
Less: current portion	28,
<hr/>	
Long-term portion	\$ 197,
<hr/>	

The following is a schedule of future principal maturities of long-term debt:

Year Ending December 31	Amount
<hr/>	
2006	\$ 28,450
2007	29,905
2008	31,435
2009	33,043
2010	34,734
Thereafter	68,360
<hr/>	
Total	\$ 225,927
<hr/>	

F-11

## 6. INCOME TAXES

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Income tax benefit reconciled to tax calculated at statutory rates is as follows:

	2005	2004
Federal tax (benefit) at statutory rate	\$ (210,570)	\$ (252,675)
State income tax (benefit), net of federal tax	(30,656)	(36,787)
Expiration of net operating loss carryforwards	680,379	183,758
Expiration of tax credits	42,000	20,000
Change in valuation allowance	(505,943)	83,424
Other	24,790	2,280
PROVISION FOR INCOME TAXES, NET	\$ --	\$ --

At December 31, 2005 and 2004, the components of the Company's deferred taxes are as follows:

	2005	2004
Deferred tax assets (liabilities)		
Net operating loss carryforwards	\$ 13,582,867	\$ 14,043,78
Tax credits	655,000	697,00
Accrued compensation	27,771	38,87
Depreciation	5,203	(2,88
Other	5,258	5,25
TOTAL	14,276,099	14,782,04
Less: Valuation allowance	(14,276,099)	(14,782,04
NET DEFERRED TAX ASSET	\$ --	\$ --

The Company provides a valuation allowance for deferred tax assets when, in its opinion it is more likely than not that they will not be realized.

F-12

The Company has the following net operating loss and research and development (R&D) tax credit carryforwards available at December 31, 2005:

Year of Expiration	Net Operating Losses	R T Cre
--------------------	----------------------------	---------------

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

2006	\$ 2,523,000	\$
2007	4,505,000	
2008	5,893,000	
2009	1,431,000	
2010	1,562,000	
2011	5,277,000	
2012	1,570,000	
2013	1,425,000	
2014	1,234,000	
2020	2,849,000	
2021	4,168,000	
2023	1,217,000	
2024	646,000	
2025	573,000	
<hr/>		
TOTAL	\$ 34,873,000	\$
<hr/>		

In the event of a significant change in the ownership of the Company, the utilization of such loss and tax credit carryforwards could be substantially limited.

### 7. STOCKHOLDERS' EQUITY

**PREFERRED SERIES F STOCK:** In October 2001, the Company completed a private placement of 5,000 Units, raising approximately \$1,000,000. Each Unit was priced at \$200.01 and consisted of two shares of Series F convertible preferred stock, convertible into 800 shares of common stock, and one warrant to purchase 400 shares of common stock at \$0.375 per share, on or before October 2006. The Company retained an advisor to assist the Company in finding qualified investors to purchase the Units. The Advisor was entitled to a finder's fee equal to 10 percent of the monies received by the Company, payable in Units valued at \$200.01 per Unit. The Advisor was also entitled to a cash fee of 7 percent with respect to the monies received by the Company upon exercise of the warrants. The Units were placed with investors in the United States and Europe, and the sales of the Units were exempt from Registration under the Securities Act pursuant to Rule 506 of Regulation D and Rule 903 of Regulation S.

In December 2001, the Company received an additional \$200,000 after completing a private placement of an additional 1,000 Units under the same terms as the Units issued in October 2001.

In connection with the private placement of Units in 2001, the Company issued warrants to purchase 240,000 shares of the Company's common stock to the Advisor.

The key rights of the Series F convertible preferred stock, par value \$0.001, issued in the Unit financing include the following:

F-13

Dividends - Series F preferred stockholders are entitled to annual cumulative dividends at the rate of \$10.00 per share payable in the Company's common stock. The number of common shares to be issued for dividend purposes is based upon the market value of the common stock on the date such dividends are declared. No dividends were declared or paid during 2005 and 2004 on the preferred stock. The Series F preferred is adjusted for dividends paid to common stockholders so that

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

each preferred stockholder will receive the same number of shares of common stock which the stockholder would have owned or been entitled to receive before the dividend. At December 31, 2005 and 2004 dividends in arrears on the cumulative preferred stock were \$507,808 and \$387,808, respectively.

**Conversion Rights** - Each Series F preferred share is convertible, at any time, into 400 shares of common stock. In the event the closing price for the common stock is \$0.75 or greater for 10 consecutive trading days, the Series F preferred stock shall automatically be converted into common stock at 400 shares of common stock for each share of preferred stock.

**Voting Rights** - The Series F preferred stock has full voting rights on all matters that holders of common stock are entitled to vote and are entitled to one vote for each share of common stock into which the Series F preferred stock held is convertible. In the event of a proposed dissolution, liquidation or winding up of the Company, or a sale of all or substantially all of the assets of the Company (other than in connection with a consolidation or merger), the affirmative vote of the holders of at least two thirds of the outstanding shares of Series F preferred stock is required.

**Senior Ranking** - The Company may not issue a security with rights and preferences that are senior to those of the holders of Series F preferred stock. Series F preferred stock and Series G preferred stock are equal in their seniority.

**Liquidation Preference** - In the event of any liquidation, dissolution, or winding up of the Company, the Series F preferred stockholders are entitled to receive, before any distribution to any other class of stock ranking junior to the Series F preferred stock, liquidating distribution in the amount of \$150.00 per share and all unpaid dividends.

**PREFERRED SERIES G STOCK:** In December 2003, the Company completed a private placement of 55.125 Units, raising \$1,226,533 in cash, net of issuance costs of \$23,467 and \$128,125 as payment of accrued salaries to certain employees. Each Unit was priced at \$25,000 and consisted of one share of Series G convertible non-redeemable preferred stock, convertible into 312,500 shares of common stock, and one warrant to purchase 312,500 shares of common stock at \$0.08 per share, on or before October 2013. The Units were placed with investors in the United States and Europe, and the sales of the Units were exempt from Registration under the Securities Act pursuant to Rule 506 of Regulation D and Rule 903 of Regulation S.

In connection with the issuance of the Series G preferred stock, the Company recorded a deemed dividend of \$521,000 in accordance with the accounting requirements for a beneficial conversion feature. The proceeds received in the Series G offering were first allocated between the convertible instrument and the Series G warrant on a relative fair value basis. A calculation then was performed to determine the difference between the effective conversion price and the fair market value of the common stock at the date of issuance.

The key rights of the Series G convertible preferred stock, par value \$0.001, issued in the Unit financing include the following:

**Dividends** - Series G preferred stockholders are entitled to annual cumulative dividends at the rate of \$1,875 per share payable at the option of the Company in cash or shares of common stock. The number of common shares to be issued for dividend purposes is based upon the average market value of the common stock for the thirty calendar days

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

immediately prior to the date such dividends are declared. No dividends have been declared or paid on the preferred stock. At December 31, 2005 and 2004, dividends in arrears on the cumulative preferred stock were \$217,181 and \$113,821 , respectively.

F-14

Conversion Rights - Each Series G preferred share is convertible, at any time, into 312,500 shares of common stock and the Company will reserve authorized and unissued shares of common stock in the event of conversion. The conversion ratio is subject to equitable adjustment for stock splits, stock dividends, combinations or similar transactions.

Voting Rights - The Series G preferred stock has full voting rights on all matters that holders of common stock are entitled to vote and are entitled to one vote for each share of common stock into which the Series G preferred stock held is convertible. In the event of a proposed dissolution, liquidation or winding up of the Company, or a sale of all or substantially all of the assets of the Company (other than in connection with a consolidation or merger), the affirmative vote of the holders of at least two thirds of the outstanding shares of Series G preferred stock is required.

Senior Ranking - The Company may not issue a security with rights and preferences that are senior to those of the holders of Series G preferred stock. Series G preferred stock and Series F preferred stock are equal in their seniority.

Liquidation Preference - In the event of any liquidation, dissolution, or winding up of the Company, the Series G preferred stockholders are entitled to receive, before any distribution to any other class of stock ranking junior to the Series G preferred stock, liquidating distributions in the amount of \$25,000 per share and all unpaid dividends.

WARRANTS: In August 2003, the Company issued to Breslow & Walker, LLP (Breslow), the Company's general counsel, and de Greef & Partners, LLC (deGreef), a consultant for the Company five-year warrants, to purchase 282,910 and 252,500 shares, respectively, of the Company's common stock at \$0.08 per share for professional services rendered.

In connection with the issuance of 12-month promissory notes in March and May 2003, the Company issued four separate five-year warrants to purchase an aggregate of 2,000,000 shares of the Company's common stock at \$0.08 per share.

In August 2003, the Company issued six separate five-year warrants to purchase an aggregate of 1,022,885 shares of the Company's common stock at \$0.08 per share to employees as a payment of accrued payroll liabilities for services performed.

F-15

The following table summarizes warrant activity for the years ended December 31, 2005 and 2004:

YEAR ENDED  
DECEMBER 31, 2005

YEAR ENDED  
DECEMBER 31,

Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

	Shares	Wgtd. Avg. Exercise Price	Shares	
Outstanding at beginning of year	27,266,858	\$ 0.20	27,268,858	\$
Cancelled	--	--	(2,000)	
Outstanding at end of year	27,266,858	\$ 0.20	27,266,858	\$
Warrants exercisable at year end	27,266,858	\$ 0.20	27,266,858	\$

STOCK COMPENSATION PLANS: The Company's 1988 Stock Option Plan was approved and adopted by the Board of Directors in July 1988 and had a term of ten years. The plan expired in 1998. The options are exercisable for up to ten years from the grant date.

During 1998, the Company adopted the 1998 Stock Option Plan. Under the plan, an aggregate of 4,000,000 shares of common stock are reserved for issuance upon the exercise of options granted under the plan. In September 2005, the shareholders approved an increase in the number of shares available for issuance to 10,000,000 shares. The purchase price of the common stock underlying each option may not be less than the fair market value at the date the option is granted (110% of fair market value for optionees that own more than 10% of the voting power of the Company). The options are exercisable for up to ten years from the grant date. The plan expires August 30, 2008.

On September 28, 2005, the Company issued options to outside consultants to purchase 810,000 common shares. The fair value of the options granted was determined under the Black-Scholes option-pricing model using the assumptions described in Note 1, "Stock-based compensation". The weighted average grant date fair value of options issued in 2005 was \$0.07 per share.

The following is a summary of stock option activity under the plans for 2005 and 2004, and the status of stock options outstanding and available under the plans at December 31, 2005 and 2004:

	YEAR ENDED DECEMBER 31, 2005		YEAR ENDED DECEMBER 31, 2004	
	Shares	Wgtd. Avg. Exercise Price	Shares	
Outstanding at beginning of year	4,156,000	\$ 0.44	4,176,000	
Granted	2,660,000	0.08	--	
Cancelled	(1,250,000)	(0.25)	(20,000)	
Outstanding at end of year	5,566,000	\$ 0.31	4,156,000	

Stock options exercisable at

# Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

year end	3,511,000	\$	0.41	2,906,000
----------	-----------	----	------	-----------

F-16

The following table summarizes information about stock options outstanding at December 31, 2005:

Range of Exercise Prices	Number Outstanding at December 31, 2005	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$ 0.08	2,660,000	9.74	\$ 0.08
0.25	2,150,000	6.08	\$ 0.25
1.25	741,000	2.91	\$ 1.25
2.50	15,000	1.11	\$ 2.50
	5,566,000	7.39	\$ 0.31

In September 2005, the shareholders approved an increase in the number of authorized shares of common stock from 25,000,000 shares to 100,000,000 shares. At December 31, 2005 and 2004, 12,413,209 shares are issued. At December 31, 2005, there are 58,844,226 of common stock that could be issued upon the conversion/exercise of stock warrants, options and convertible preferred stock. The following table summarizes the potential shares to be issued upon conversion/exercise of the above instruments:

Series F preferred stock	4,800,000
Series F preferred stock dividends	4,229,108
Series G preferred stock	17,226,563
Series G preferred stock dividends	1,810,697
Common stock options	3,511,000
Common stock warrants	27,266,858
Total	58,844,226

## 8. RELATED PARTY TRANSACTIONS

The Company incurred \$59,817 and \$80,118 in legal fees during the years ended December 31, 2005 and 2004, respectively, for services provided by a law firm in which a director and stockholder of the Company is a partner. In 2005, the Company granted options to purchase 250,000 shares of common stock to this director and stockholder with an exercise price of \$0.08 which vested immediately upon grant and have a life of 10 years. At December 31, 2005 and 2004, accounts payable includes \$8,729 and \$28,027, respectively, due to the

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

related party for services rendered.

On March 15, 2004, the Company entered into three year Research Agreement with Cell Preservation Services, Inc. ("CPSI") to outsource to CPSI all of the Company's research that was funded through SBIR grants. CPSI is owned by a former employee of BioLife and who is also the son of the Chief Executive Officer of the Company. The Research Agreement established a format pursuant to which CPSI (a) took over the processing of existing applications of SBIR grants applied for by BioLife, (b) applied for additional SBIR grants for future research projects, (c) performed a substantial portion of the principal work to be done, in terms of (i) time spent, and (ii) research, in connection with existing and future projects, and (d) utilized BioLife personnel as consultants with respect to the research. In conjunction therewith BioLife granted to CPSI a non-exclusive, royalty free license (with no right to sublicense) to use BioLife's technology solely for the purpose of conducting the research in connection with the projects. Pursuant to the Research Agreement BioLife provides CPSI with (a) facilities in which to conduct the research including basic research equipment and office equipment, and (b) management services. During the year ended December 31, 2005, the Company recognized \$109,714 and \$60,342 for facilities and management services, respectively. During the year ended December 31, 2004, the Company recognized \$117,858 and \$64,822 for facilities and management services, respectively. At December 31, 2005 and 2004, the Company was due \$1,321 and \$2,290 from CPSI, respectively.

F-17

Effective January 8, 2004, the Company entered into a non-cancelable operating lease for its corporate and manufacturing facilities in Owego, New York that expires in February 2007. The lease requires payments of \$6,200 per month. The building is partially owned by the Company's CEO. For the years ended December 31, 2005 and December 31, 2004, the Company paid \$74,400 and \$62,000, respectively.

### 9. COMMITMENTS

**LEASES:** The Company leases equipment as lessee, under an operating lease expiring in October 2010.

The following is a schedule of future minimum lease payments required under the operating leases:

Year Ending December 31	Equipment	Office (Note 8)	Total
2006	\$ 4,044	\$ 74,400	\$ 78,444
2007	4,044	12,400	16,444
2008	4,044	--	4,044
2009	4,044	--	4,044
2010	3,370	--	3,370
Total	\$ 19,546	\$ 86,800	\$ 106,346



## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Rental expense for facilities and equipment operating leases for the years ended December 31, 2005 and 2004, totaled \$100,999 and \$86,647, respectively.

**EMPLOYMENT AGREEMENT:** The Company has an employment agreement with the CEO of the Company expiring June 30, 2006. The agreement provides for certain minimum compensation per month and incentive bonuses at the discretion of the Board of Directors. Under certain conditions, the Company may be required to continue to pay the base salary for a period of one year.

### 10. CONCENTRATION OF RISK

**SIGNIFICANT CUSTOMERS:** Sales to individual customers representing more than 10% of total revenues totaled approximately \$362,000 and \$396,000 in 2005 and 2004, respectively. These amounts represent sales to two customers in 2005 and three customers in 2004. Of the \$362,000 in 2005, approximately \$178,000 was derived from management fees, facilities fees, and product sales to CPSI, a related party (See Note 8). Of the \$396,000 in 2004, approximately \$197,000 was derived from management fees, facilities fees, and product sales to CPSI. Pursuant to the Research Agreement BioLife provides CPSI with (a) facilities in which to conduct the research including basic research equipment and office equipment, and (b) management services. During the year ended December 31, 2005, the Company recognized \$109,714 and \$60,342 for facilities and management services, respectively as compared to \$117,858 and \$64,822 for facilities and management services, respectively in 2004.

At December 31, 2005, two customers accounted for approximately 72% of total accounts receivable, and at December 31, 2004, three customers accounted for approximately 85% of total accounts receivable.

F-18

### 11. SUBSEQUENT EVENT

In March 2006, in order to secure much needed capital, the Board of Directors approved a plan to raise additional capital from the holders of its outstanding warrants and stock options in order to a) prevent further dilution by the issuance of additional securities to outsiders, and (b) to restructure the capitalization of the Company. Through April 12, 2006, the Company was able to raise \$773,180 through (a) the exercise of warrants to purchase 20,438,783 shares of the Company's Common Stock at \$0.04, and (b) the exercise of stock options to purchase 2,477,000 shares of the Company's Common Stock at \$0.04.

The offering was conditioned upon all shares of the Company's Series F Preferred Stock and Series G Preferred Stock converting into Common Stock of the Company. As a result, 12,000 shares of the Company's Series F Preferred Stock were converted to 4,800,000 shares of Common Stock and 55.125 shares of the Company's Series G Preferred Shares were converted to 17,226,563 shares of Common Stock.

F-19

### ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

### ITEM 8A. CONTROLS AND PROCEDURES

As of the end of the period covered by this Annual Report on Form 10-KSB, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the CEO/CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Company's CEO/CFO concluded that the Company's disclosure controls and procedures are effective in timely alerting him to material information relating to the Company required to be included in the Company's periodic SEC filings.

Subsequent to the end of the 2nd quarter of 2005, the Company uncovered a deficiency in its internal control over financial reporting regarding the counting of physical inventory. Specifically, the Company discovered that there were finished good lots that were not counted during the physical inventory count at the end of the 2nd quarter of 2005. This had the affect of understating inventory and overstating the loss for the period covered by the quarterly report of Form 10QSB. As a result thereof, the Company adopted new internal control procedures with respect to physical inventory counts for raw materials, goods in progress and finished goods and remitted an amended 10-QSB for the 2nd quarter of 2005 to correct the error.

There were no significant changes in the Company's internal control over financial reporting during the quarterly period ended December 31, 2005 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

21

### PART III

### ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table and text set forth the names and ages of all directors and executive officers of the Company as of March 31, 2006. The Board of Directors is comprised of only one class. All of the directors will serve until the next annual meeting of shareholders, which is anticipated to be held in 2006, and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. There are no family relationships among directors and executive officers. Also provided herein are brief descriptions of the business experience of each director and executive officer during the past five years (based on information supplied by them) and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws.

Name	Age	Position and Offices With the Company
----	---	-----
John G. Baust, Ph.D.	63	Chief Executive Officer, President, and Director
Richard O'Hara	36	Controller
Howard S. Breslow	66	Director, Secretary

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Roderick de Greef	45	Director
Thomas Girschweiler	48	Director

John G. Baust, Ph.D., has been President and Chief Executive Officer of the Company since June 2002. Previously he was Senior Vice President of the Company since January 1995, Chief Scientific Officer since August 1993, served as Vice President, Research and Development, of the Company from July 1990 to January 1995, and served as a consultant to the Company from April 1990 to July 1990. Dr. Baust became a director of the Company on October 13, 2000. Since 1987, Dr. Baust has also been a Professor and the Director of the Center for Cryobiological Research at State University of New York at Binghamton, and since July 1994, Dr. Baust has also been Adjunct Professor of Surgery, Medical College of Pennsylvania. From 1984 to 1987, he was a Professor and the Director of the Institute of Low Temperature Biology at the University of Houston.

Richard O'Hara served as an accounting consultant with the Company since December 2003 and was hired as Controller in January 2004. Prior to joining BioLife, he served as the Senior Vice President of Operations of E-Base Interactive, Inc., a software development company in upstate New York from January 2001 to November 2003 and Project Manager from January 2000 to December 2000. From January 1998 to December 1999, Mr. O'Hara served as the Director of Operations of Dine-A-Mate, Inc. Prior to his position as the Director of Operations of Dine-A-Mate, he served as Head Project Manager where he managed multi-million dollar accounts. Mr. O'Hara earned his MBA from the State University of New York at Albany in 1993 and his Bachelor's Degree in Economics-Management from Ithaca College in 1991.

Howard S. Breslow has served as a director of the Company since July 1988. He has been a practicing attorney in New York City for more than 35 years and is a member of the law firm of Breslow & Walker, LLP, New York, New York, which firm serves as general counsel to the Company. Mr. Breslow currently serves as a director of Excel Technology, Inc., a publicly-held company engaged in the development and sale of laser products.

22

Roderick de Greef has served as a director of the Company since June 19, 2000. From March 2001 to September 2005, Mr. de Greef has served as Executive Vice President, Chief Financial Officer and Secretary of Cardiac Sciences, Inc., a public company traded on NASDAQ, under the ticker "DFIB". In October 2005, Mr. de Greef became the Chief Financial Officer of Cambridge Heart, Inc., a medical device manufacturer located in Bedford, MA. Since 1995 Mr. de Greef has provided corporate finance advisory services to a number of early-stage companies, including the Company, where he was instrumental in securing the Company's equity capital beginning in June 2000, and advising on merger and acquisition activity. From 1989 to 1995, Mr. de Greef was Vice President and Chief Financial Officer of BioAnalogics, Inc. and International BioAnalogics, Inc., publicly held, development stage medical technology companies located in Portland, Oregon. From 1986 to 1989, Mr. de Greef was Controller and then Chief Financial Officer of Brentwood Instruments, Inc., a publicly held cardiology products distribution company based in Torrance, California. Mr. de Greef has a B.A. in Economics and International Relations from California State University at San Francisco and an M.B.A. from the University of Oregon.

Thomas Girschweiler joined the Board in 2003. Mr. Girschweiler has been engaged in corporate financing activities on his own behalf since 1996. From 1981 to 1996 he was an investment banker with Union Bank of Switzerland. Thomas Girschweiler was graduated at the Swiss Banking School.

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The Company's executive officers, directors, and beneficial owners of more than 10% of any class of its equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (collectively, the "Reporting Persons") are required to file reports of ownership and changes in beneficial ownership of the Company's equity securities with the Securities Exchange Commission. Copies of those reports also must be furnished to the Company. Based solely on a review of copies of the reports furnished to the Company, the Company believes that during the fiscal year ended December 31, 2005 all of these filing requirements have been satisfied.

### CODE OF ETHICS

The Company has always encouraged its employees, including officers and directors to conduct business in an honest and ethical manner. Additionally, it has always been our policy to comply with all applicable laws and provide accurate and timely disclosure. Although we did not have a formal written code of ethics for the 2005 fiscal year, due to the abundance of tasks associated with marketing our products, the Board has adopted formal written codes of ethics for both our executive officers and for our directors.

Our codes of ethics are designed to deter wrongdoing and promote honest and ethical conduct and compliance with applicable laws and regulations. These codes also incorporate our expectations of our executives that enable us to provide accurate and timely disclosure in our filings with the Securities and Exchange Commission and other public communications. Our codes of ethics is posted on our website, [www.BioLifeSolutions.com](http://www.BioLifeSolutions.com). Any future changes or amendments to our code of ethics, and any waiver of our codes of ethics will also be posted on our website when applicable.

### NO AUDIT COMMITTEE AND AUDIT COMMITTEE FINANCIAL EXPERT:

The Company does not have an audit committee or an audit committee financial expert. The Company does not believe, based upon its present operations, that the failure to have such a committee or expert is material to the financial controls of the Company.

23

### ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth certain information concerning the compensation paid by the Company to its Chief Executive Officer and to each of its executive officers (other than the Chief Executive Officer) who received salary and bonus payments in excess of \$100,000 during the fiscal year ended December 31, 2005 (collectively the "Named Executive Officers").

#### SUMMARY COMPENSATION TABLE

Name and Principal Positions	Fiscal Year	Annual Compensation			Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s)	Long-Term Incentive Award(s)

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

John G. Baust, Ph.D	2005	220,000 (2)	--	--	--	1,00
President, Chief	2004	240,000	--	--	--	--
Executive Officer and	2003	240,000	--	7,490 (1)	--	--
Director	2002	202,369	50,000	3,600 (1)	--	1,00
	2001	180,000	--	7,846 (1)	--	1,00

(1) Represents auto allowance

(2) Includes voluntary salary reduction in 2005 of \$20,000 to support cash flow

24

### OPTION/SAR GRANTS IN YEAR-ENDED DECEMBER 31, 2005

In 2005, the Company issued 1,000,000 options to purchase shares of Common Stock to its executive officers. This grant is a ten-year non-incentive stock option to purchase 1,000,000 shares of the Company's common stock, at \$0.08 per share, which vests to the extent of 250,000 shares on the first day of the month following the first anniversary and 20,833 shares on the first day of each of the next 36 months.

### AGGREGATED OPTION/SAR EXERCISES DURING THE 2005 FISCAL YEAR AND THE 2005 FISCAL YEAR OPTION/SAR VALUES

The following table provides information related to options exercised by each of the Named Executive Officers during the 2005 fiscal year and the number and value of options held at December 31, 2005. The Company does not have any outstanding stock appreciation rights.

Name	Shares Acquired On Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SAR At Fiscal Year End 12/31/05		Value of in Op At Fiscal
			Exercisable	Unexercisable	Exercisable
John G. Baust, Ph.D.	--	--	1,942,000	1,600,000	--

(1) The closing price for the Common Stock as reported on the OTC Bulletin Board on December 31, 2005 was \$0.12. Value is calculated on the basis of the difference between the option exercise price and \$0.12 multiplied by the number of shares of Common Stock underlying the option.

### EMPLOYMENT AGREEMENTS

The Company has an employment agreement with its President and Chief Executive Officer which expired on June 30, 2005 and automatically renewed for an additional year expiring on June 30, 2006. The agreement provides for a salary of \$20,000 per month and an incentive bonus based on certain milestones, as

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

agreed by the discretion of the Board of Directors. The officer also received a \$50,000 signing bonus and ten-year incentive stock options to purchase 1,000,000 shares of common stock, which vest 200,000 on each anniversary of the grant. The agreement also provides an automobile allowance of \$600 per month.

The Company also had an employment agreement with its Vice President, Sales and Marketing. The agreement, which expired October 31, 2004, provided for a salary of \$12,500 per month and an incentive bonus based on certain milestones, as agreed by the discretion of the Board of Directors, and ten-year incentive stock options to purchase 400,000 shares of common stock. The Vice President terminated employment in 2005 and his options were cancelled.

Each officer has executed a Proprietary Information and Inventions Agreement pursuant to which each agreed, among other things, to keep the Company's information confidential and assigned all inventions to the Company, except for certain personal inventions not related to the Company's work, whether existing or later developed.

25

### CONSULTANTS

At December 31, 2005, various consultants to the Company held exercisable warrants to purchase an aggregate of 2,537,410 shares of Common Stock. Consultants to the Company have either received warrants to purchase Common Stock or are entitled to cash compensation. No consultant has agreed to devote any specified amount of time to Company activities.

Consultants to the Company may be employed by or have consulting agreements with entities other than the Company, some of which may conflict or compete with the Company, and the advisors and consultants are expected to devote only a small portion of their time to the Company. Most are not expected to actively participate in the Company's development. Certain of the institutions with which the advisors and consultants are affiliated may have regulations and policies which are unclear with respect to the ability of such personnel to act as part-time consultants or in other capacities for a commercial enterprise. Regulations or policies now in effect or adopted in the future might limit the ability of the advisors and consultants to consult with the Company. The loss of the services of certain of the advisors and consultants could adversely affect the Company.

Furthermore, inventions or processes discovered by the advisors and consultants will not, unless otherwise agreed, become the property of the Company but will remain the property of such persons or of such persons' full-time employers. In addition, the institutions with which the advisors and consultants are affiliated may make available the research services of their scientific and other skilled personnel, including the advisors and consultants, to entities other than the Company. In rendering such services, such institutions may be obligated to assign or license to a competitor of the Company patents and other proprietary information which may result from such services, including research performed by an advisor or consultant for a competitor of the Company.

### COMPENSATION OF DIRECTORS

Directors are not compensated for attending board meetings or for telephonic board meetings.

Howard S. Breslow, a director of the Company, is a member of Breslow & Walker, LLP, general counsel to the Company. Mr. Breslow currently owns 53,600 shares of

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Common Stock of the Company and holds options to purchase an aggregate of 2,477,910 additional shares pursuant to stock options and warrants issued to him and/or affiliates. During the period ended December 2005, Breslow & Walker, LLP billed the Company approximately \$60,000 for legal fees.

26

### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 30, 2006, certain information regarding the beneficial ownership of Common Stock and Series F Preferred Stock and Series G Preferred Stock by (i) each stockholder known by the Company to be the beneficial owner of more than 5% of the outstanding shares thereof; (ii) each director of the Company; (iii) each Named Executive Officer of the Company; and (iv) all of the Company's current directors and executive officers as a group.

Name and Address of Beneficial Owner	Common Stock (% of class) (1)	Series F Preferred (% of class)
-----		
John G. Baust (Director, Executive Officer) c/o BioLife Solutions, Inc. 171 Front Street Owego, NY 13827	3,668,270 (22.8%) (2)	--
Howard S. Breslow, Esq. (Director) c/o Breslow & Walker, LLP 767 Third Avenue New York, NY 10017	2,531,510 (17.0%) (3)	--
Roderick de Greef (Director) c/o BioLife Solutions, Inc. 171 Front Street Owego, NY 13827	4,630,119 (27.9%) (4)	1,000 (8.3%)
Walter Villiger Paradiesstrasse 25 CH-8645 Jona Switzerland	17,760,474 (59.7%) (5)	5,000 (41.7%)
Thomas Girschweiler (Director) Wissmannstrasse 15 8057 Zurich, Switzerland	13,291,912 (52.8%) (6)	3,450 (28.8%)
Karl-Heinz Illenseer Wissmannstrasse 15 8057 Zurich, Switzerland	2,072,003 (14.3%) (7)	--
Clariden Bank Claridenstrasse 26 Postfach 5080 CH-8022 Zurich, Switzerland	2,703,653 (18.9%) (8)	2,000 (16.7%)
Richard Molinsky c/o BioLife Solutions, Inc. 171 Front Street Owego, NY 13827	2,632,021 (17.5%) (9)	--

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

<p>Beskivest Chart LTD  Goodmans Bay Center  West Bay Street &amp; Sea View Drive  Nassau, Bahamas</p>	<p>7,136,986 (36.5%) (10)</p>	<p>--</p>
<p>Robert Van Buskirk  c/o CPSI, 2 Court Street  Owego, New York 13827</p>	<p>1,108,992 (8.2%) (11)</p>	<p>--</p>
<p>Eddy Kauffmann  5 Chester Close  London SW1 7BE UK</p>	<p>727,397 (5.5%) (12)</p>	<p>500 (4.2%)</p>
<p>John M. Baust  c/o CPSI, 2 Court Street  Owego, New York 13827</p>	<p>1,098,397 (8.1%) (13)</p>	<p>--</p>
<p>All officers and directors as a group  (four persons)</p>	<p>24,121,811 (33.9%)</p>	<p>4,450 (37.1%)</p>

27

- 
- (1) Shares of Common Stock subject to options and warrants currently exercisable or exercisable within 60 days of December 31, 2005 are deemed outstanding for computing the number of shares and the percentage of the outstanding shares held by a person holding such options or warrants, but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the Company believes that the persons named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them.
  - (2) Includes 1,942,000 shares of Common Stock issuable upon the exercise of outstanding stock options under the Company's 1988 and 1998 Stock Option Plans, 664,063 shares of Common Stock issuable upon the conversion of Series G Preferred Stock, 990,618 shares of Common Stock issuable upon the exercise of outstanding warrants, and 71,589 shares of Common Stock, 67,589 of which were earned as dividend on Preferred Stock.
  - (3) Includes 399,000 shares of Common Stock issuable upon the exercise of outstanding stock options under the Company's 1988 and 1998 Stock Option Plans, 2,078,910 shares of Common Stock issuable upon the exercise of outstanding warrants owned of record by Breslow & Walker, LLP (1,358,910) and B & W Investments (720,000), both of which are entities in which Mr. Breslow is a partner, and 53,600 common shares.
  - (4) Includes 250,000 shares of Common Stock issuable upon the exercise of outstanding stock options under the Company's 1988 and 1998 Stock Option Plans, 400,000 shares of Common Stock issuable upon the conversion of Series F Preferred Stock, 1,250,000 shares of Common Stock issuable upon the conversion of Series G Preferred Stock, 1,814,000 shares of Common Stock issuable upon the exercise of outstanding warrants, and 916,119 shares of Common Stock, 482,819 of which were earned as dividend on Preferred Stock.
  - (5) Includes 2,000,000 shares of Common Stock issuable upon the conversion of Series F Preferred Stock, 5,625,000 shares of Common Stock issuable upon the conversion of Series G Preferred Stock, 7,375,000 shares of Common Stock issuable upon the exercise of outstanding warrants, and 2,760,474 shares of Common Stock, 2,360,474 of which were earned as



# Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

- dividend on Preferred Stock.
- (6) Includes 250,000 shares of Common Stock issuable upon the exercise of outstanding stock options under the Company's 1988 and 1998 Stock Option Plans, 1,380,000 shares of Common Stock issuable upon the conversion of Series F Preferred Stock, 3,125,000 shares of Common Stock issuable upon the conversion of Series G Preferred Stock, 6,455,000 shares of Common Stock issuable upon the exercise of outstanding warrants, and 2,081,912 shares of Common Stock, 1,543,852 of which were earned as dividend on Preferred Stock.
  - (7) Includes 1,875,000 shares of Common Stock issuable upon the conversion of Series G Preferred Stock and 197,003 shares of Common Stock earned as dividend on Preferred Stock.
  - (8) Includes 800,000 shares of Common Stock, 800,000 shares of Common Stock issuable upon the conversion of Series F Preferred Stock, 400,000 shares of Common Stock issuable upon the exercise of outstanding warrants, and 703,653 shares of Common Stock earned as dividend on Preferred Stock.
  - (9) Includes 1,250,000 shares of Common Stock issuable upon the conversion of Series G Preferred Stock, 1,250,000 shares of Common Stock issuable upon the exercise of outstanding warrants, and 132,021 shares of Common Stock earned as dividend on Preferred Stock.
  - (10) Includes 2,500,000 shares of Common Stock issuable upon the conversion of Series G Preferred Stock, 4,375,000 shares of Common Stock issuable upon the exercise of outstanding warrants, and 261,986 shares of Common Stock earned as dividend on Preferred Stock.
  - (11) Includes 275,000 shares of Common Stock issuable upon the exercise of outstanding stock options under the Company's 1988 and 1998 Stock Option Plans, 312,500 shares of Common Stock issuable upon the conversion of Series G Preferred Stock, 489,685 shares of Common Stock issuable upon the exercise of outstanding warrants, and 31,807 shares of Common Stock earned as dividend on Preferred Stock.
  - (12) Includes 200,000 shares of Common Stock issuable upon the conversion of Series F Preferred Stock, 350,000 shares of Common Stock issuable upon the exercise of outstanding warrants, and 177,397 shares of Common Stock earned as dividend on Preferred Stock.
  - (13) Includes 250,000 shares of Common Stock issuable upon the exercise of outstanding stock options under the Company's 1988 and 1998 Stock Option Plans, 312,500 shares of Common Stock issuable upon the conversion of Series G Preferred Stock, 504,090 shares of Common Stock issuable upon the exercise of outstanding warrants, and 31,807 shares of Common Stock earned as dividend on Preferred Stock.

28

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

Plan category	Number of securities to be issued upon exercise of outstanding options (in thousands)	Weighted average exercise price of outstanding option
-----	-----	-----
Equity compensation plans approved by security holders	5,566	\$.30
Equity compensation plans not approved by security holders	0	0

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Total

5,566

\$.30

### ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In 2004, the Company elected to discontinue engaging directly in the SBIR program. Accordingly, based upon numerous discussions with the Small Business Administration and a review of applicable SBIR rules and regulations, the Company entered into a research agreement with Cell Preservation Services, Inc. ("CPSI") to outsource to CPSI all BioLife research currently funded through SBIR grants. CPSI is owned by Dr. John M. Baust, a recognized expert in cell preservation, a former employee of BioLife and the son of John G. Baust, the CEO of BioLife. Robert Van Buskirk, formerly Vice President, Business Development of BioLife and the person primarily responsible for processing applications for SBIR grants for BioLife, also has left the employ of BioLife and joined CPSI. The research agreement, which was negotiated on an arms length basis and designed to comply with the rules and regulations applicable to the performance of research with respect to SBIR grants, establishes a format pursuant to which CPSI will (a) take over the processing of existing applications for SBIR grants applied for by BioLife ("Current Projects"), (b) apply for additional SBIR grants for future research projects ("Future Projects"), (c) perform a substantial portion of the principal work to be done, in terms of (i) time spent, and (ii) research, in connection with Current Projects and Future Projects (the "Research"), and (d) utilize BioLife personnel as consultants with respect to the Research. In conjunction therewith, BioLife has granted to CPSI a non-exclusive, royalty free license (with no right to sublicense) to use BioLife's technology solely for the purpose of conducting the Research in connection with the Current Projects and Future Projects. Pursuant to the research agreement, (x) BioLife will, among other things, provide CPSI with (i) suitable facilities in which to conduct the Research, including basic research equipment and office equipment ("Facilities"), and (ii) management services ("Management Services"), and (y) CPSI will (i) accept assignment of Current Projects, (ii) be responsible for conducting the Research with respect to Current Projects and Future Projects, (iii) as mutually agreed to by the parties and within the confines of the rules and regulations applicable to the performance of the Research with respect to SBIR grants, utilize BioLife's personnel as consultants, (iv) provide suitable experienced personnel, including, without limitation, a principal investigator/program director, to conduct the Research, (v) comply with all federal laws, rules and regulations applicable to SBIR grants and file all necessary forms and reports with the federal agency awarding the SBIR grants, and (vi) utilize the Facilities and Management Services and pay BioLife fees with respect thereto. BioLife is to own all right, title and interest in and to any technology, inventions, designs, ideas, and the like (whether or not patentable) that emanates from the Current Projects and Future Projects.

29

Howard S. Breslow, a director of the Company, is a member of Breslow & Walker, LLP, general counsel to the Company. Mr. Breslow currently owns 53,600 shares of Common Stock of the Company and holds options to purchase an aggregate of 2,477,910 additional shares pursuant to stock options and warrants issued to him and/or affiliates. The Company incurred approximately \$60,000 and \$80,000 in legal fees during the years ended December 31, 2005 and 2004, respectively, for services provided by Breslow & Walker, LLP. At December 31, 2005 and 2004 accounts payable includes \$8,729 and \$28,027, respectively, due to Breslow & Walker, LLP.

In January 2004, BioLife signed a 3 year lease with Field Afar Properties, LLC whereby BioLife leases 6,161 square feet of office, laboratory, and

## Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

manufacturing space in Owego, NY at a rental rate of \$6,200 per month. Renovation of the new facility was completed in April 2004. The Company's Chief Executive Officer is a partial owner of Field Afar Properties, LLC.

30

### PART V

#### ITEM 13. EXHIBITS, LISTS AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(1) Financial Statements

The financial statements filed as part of this report begin on page F-1.

(2) Exhibits

Exhibit Number -----	Document -----
3.1	Certificate of Incorporation, as amended. (1)
3.2	By-Laws, and amendment, dated March 19, 1990, thereto. (1)
4.1	Specimen of Common Stock Certificate. (1)
10.1	Stock Option Plan, dated July 7, 1988, and amendment, dated July 19, 1989. (1)
10.2	1998 Stock Option Plan (2)
10.3	Employment Agreement dated July 1, 2002 between the Company and Robert Van Buskirk (3)
10.4	Employment Agreement dated July 1, 2002 between the Company and John G. Baust (3)
10.5	Employment Agreement dated November 1, 2002 between the Company and Alan F. Rich (6)
10.6	Incubator License Agreement, dated the first day of March 1999, between BioLife Technologies, Inc. (name subsequently changed to BioLife Solutions, Inc.) and The Research Foundation of the State University of New York, and extensions thereto, dated February 23, 2000 and February 7, 2001 relating to the incubator space at the State University of New York at Binghamton. (4)
10.7	Asset Purchase Agreement dated May 26, 2002 (5)
10.8	Research Agreement dated March 15, 2004 between the Company and CPSI (7)
31*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32*	Certification pursuant to Section 906 of the Sarbanes-Oxley

# Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

Act of 2002

(1) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2000.

(2) Incorporated by reference to the Company's Definitive Proxy Statement for the special meeting of stockholders held on December 16, 1998.

(3) Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2000.

31

(4) Incorporated by reference to the Company's quarterly report on Form 10-QSB for the quarter ended September 30, 2002.

(5) Incorporated by reference to the Company's quarterly report on Form 8-k filed July 10, 2002.

(6) Incorporated by reference to the Company's annual report on Form 10-KSB for the year ended December 31, 2002.

(7) Incorporated by reference to the Company's annual report on Form 10-KSB for the year ended December 31, 2003.

\*Filed herewith

(b) Reports on Form 8-K - There were no reports on Form 8-k filed during the last quarter of the period covered by this report

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

During 2005, Aronson & Company acted as the independent auditors for the Company. The following table sets forth the aggregate fees billed by Aronson & Company for audit and review services rendered in connection with the financial statements and reports for the years ending December 31, 2005 and December 31, 2004 and for other services rendered during the years ending December 31, 2005 and December 31, 2004 on behalf of the Company:

	December 31, 2005 ----	2004 ----
Audit Fees	\$ 78,315	\$49,275
Tax fees	7,616	6,775
All other fees	1,350	475
	-----	-----
Total	\$ 87,281	\$56,525

The Board of Directors pre-approves all audit and non-audit services to be performed by the Company's independent auditors.

32

# Edgar Filing: BIOLIFE SOLUTIONS INC - Form 10KSB

## SIGNATURES

Pursuant to the requirements of 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.

BIOLIFE SOLUTIONS, INC.

Date: April 14, 2006

/s/ John G. Baust, Ph.D.

-----  
John G. Baust, Ph.D.  
Chief Executive  
Officer and Chief  
Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: April 14, 2006

/s/ John G. Baust, Ph.D.

-----  
John G. Baust, Ph.D.  
Director

Date: April 14, 2006

/s/ Roderick de Greef

-----  
Roderick de Greef  
Director

Date: April 14, 2006

/s/ Howard S. Breslow

-----  
Howard S. Breslow  
Director

Date: April 14, 2006

/s/ Thomas Girschweiler

-----  
Thomas Girschweiler  
Director