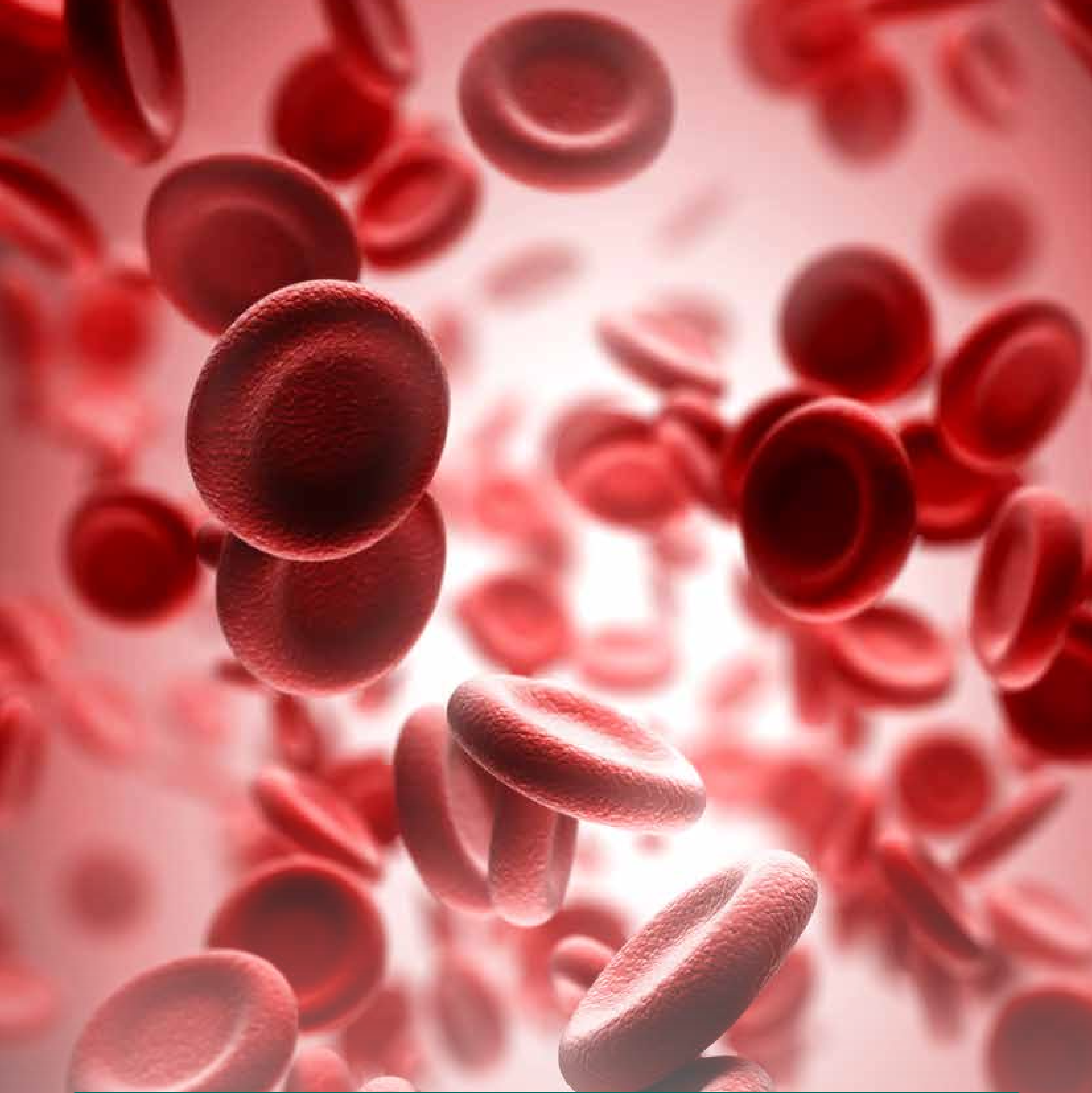


Annual Report 2014
Vita 34 AG

VITA 34
THE STEM CELL BANK

Overview of Key Financial Figures

		2014	2013	2012
Stem cell units from umbilical cord blood and tissue[1]	Number	7,378	7,167	7,417
Profit / Loss				
Total operating revenue	EUR k	15,176	14,784	14,488
Revenues	EUR k	13,786	13,554	13,603
Gross profit	EUR k	7,875	8,063	8,044
EBITDA	EUR k	2,775	2,658	414
EBITDA-Margin	%	20.1	19.6	3.0
EBIT	EUR k	1,690	1,469	-742
Period result	EUR k	990	788	-609
Earnings per share	EUR	0.36	0.28	-0.20
Balance Sheet / Cash flows				
Total assets	EUR k	37,056	35,628	36,628
Equity	EUR k	22,160	21,292	20,494
Equity ratio	%	59.8	59.8	56.0
Liquid funds	EUR k	3,730	2,927	3,497
Capital expenditures[2]	EUR k	424	757	958
Depreciation[2]	EUR k	1,085	1,189	1,156
Cash flow from operating activities	EUR k	1,055	1,775	2,039
Employees				
Employees (as of 31 December)	Number	105	98	101
Personnel expenditures	EUR k	4,886	4,738	5,294

[1]Exclusive of deposits from aquisitions
[2]Information for tangible and intangible assets

Content

To Our Shareholders

Dear Shareholders,

The year 2014 was a challenging and eventful time for Vita 34, in which we are able to successfully develop our business. With the takeover of the business of the Austrian market leader for storage of umbilical cord blood units, Vivocell Biosolutions GmbH & Co KG, and the expansion of cooperative efforts with international partners, as well as the product launch of VitaPlusCord in the European market, we have reached important milestones in our growth strategy.

The individual progress is reflected in our numbers. We were able to follow the prior year's success seamlessly: Total operating revenue was EUR 15.2 million and 2.7 percent higher than the EUR 14.8 million last year. Sales revenues increased to EUR 13.8 million following EUR 13.6 million the previous year. We were able to reach sales growth mainly via an increased number of newly stored stem cell units. The newly introduced VitaPlusCord product – the combination of umbilical cord blood and tissue – contributed greatly to this. The number of newly stored stem cell units increased by some 2.9 percent to 7,378 stem cell units in the reporting period as compared with the prior year. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved from EUR 2.7 in fiscal year 2013 to EUR 2.8 million in the reporting period. Also, the earnings before interest and taxes (EBIT), of EUR 1.7 million were higher than the EUR 1.5 million the prior year. We, therefore, attained the goals we had updated in the course of the year 2014.

The key to the positive business development lies in the consistent implementation of our growth strategy. Here we are pursuing three objectives: Additional market penetration and opening of new markets, further development of the product range, as well as the expansion of research activities With the takeover of the assets of the Austrian Vivocell Biosolutions GmbH & Co KG, Vita 34 is now not only the market leader for umbilical cord blood storage in Austria, we have also expanded our leading market position in the German-speaking countries with this step. We have been successfully active outside the DACH region, as well, and have deepened existing cooperative efforts: Vita 34 expects positive impetus on the number of newly stored stem cell units in Slovenia on account of the takeover of our Slovenian partner Izvorna Celica by Serbian cooperation partner Bio Save. Apart from this, Vita 34 expanded its presence in Europe to Monaco via the cooperative venture with the Italian partner company Sorgente during the reporting period. We were also successful outside of the European arena in fiscal year 2014. Both agreements, with the National Hospital of Obstetrics in Hanoi for establishing a public umbilical cord blood bank, as well as the Letter of Intent (LoI) signed with the private Van Hanh Hospital clinic in Ho Chi Minh City, Vietnam, allow Vita 34 to advance activities in Vietnam and Southeast Asia.

We will continue this trend in the current fiscal year: At the beginning of fiscal year 2015 we entered into a cooperation agreement with the Baltic stem cell bank AS "Imunolita". With the associated market entry in the Baltic countries, Vita 34 is now active in a total of 20 countries outside of Germany.

An important component of our corporate strategy is the expansion of our service and product portfolio, in order to be able to provide additional adult stem cells for therapeutic application beyond umbilical cord blood and tissue. We see here a significant opportunity for improved market positioning, as well as an additional potential for sales and profit. In fiscal year 2014 the VitaPlusCord product was established in the DACH region, as well as via local sales partners in the

European market. We have already identified additional possibilities for the isolation of stem cells from other tissues in the course of our research and development activities. In particular, we will consistently pursue the research project involving the cryo-preservation of stem cells from fatty tissue in the current fiscal year.

With the core business – the cryo-preservation of stem cells from umbilical cord blood and tissue – Vita 34 is in a market with significant development potential. The rapid scientific advances demonstrate impressively the opportunities for regenerative medicine. The increasing number of studies as well as the promising results of studies by renowned scientists, underscore the relevance of stem cells from umbilical cord blood and tissue for medicine. Correspondingly, we expect in the medium term an increasing worldwide demand for the collection and reliable storage of cells and tissues. Therefore, we are consistently pursuing the goal of expanding the value chain, thereby sustainably strengthening our market position as a specialist for cryo-preservation.

In light of our position as the undisputed market leader in the German-speaking countries, we are well equipped for the current fiscal year 2015 with the corporate strategy adopted at the end of 2014 in the challenging economic environment in Europe.

Here, we would like to thank you, our shareholders. The trust you extend is for us and the entire Vita 34 team confirmation of our performance, and simultaneously also responsibility and incentive to consistently pursue the successful work of Vita 34. Please remain connected with us in the future!

Leipzig, March 2015

Dr. André Gerth
CEO

Jörg Ulbrich
CFO

"We pursued our growth strategy consistently in fiscal year 2014 and reached important milestones. In 2015 we will continue with our three objectives: Additional market penetration and opening of new markets, further development of the product range, as well as the expansion of research activities."

The Management Board

Dr. André Gerth

Chairman of the Management Board of Vita 34 AG

Responsible in the Management Board for Strategy, Production, Research & Development, as well as Investor Relations.

Born in 1964, 2 children.

Dr. André Gerth was appointed to the Management Board in June 2012, and on July 16, 2012 he was appointed Chairman of the Management Board.

Since 1991 he has been a managing partner of several companies, including among others BioPlanta GmbH, a company he founded in 1992 and was Managing Director of until it was taken over by and merged into Vita 34.

Dr. André Gerth has many years of experience in the fields of Biotechnology and Project Management, and possesses a broad international network of contacts. His company was awarded the Middle Germany Innovation Prize in 2009, among other awards, for the development of a bioreactor technology for the industrial production of plant stem cells.

He studied and earned his doctorate at the Institute for Tropical Agriculture at the University of Leipzig.

Jörg Ulbrich, Dipl. Wirt.-Ing. (FH)

Finance Director of Vita 34 AG

Responsible in the Management Board for Finance, Controlling, Administration, Marketing and Sales, and IT.

Born in 1971, 1 child.

Jörg Ulbrich has been a member of the Vita 34 Management Board since 2009.

Before that he was Commercial Director with procura power at Vita 34 AG for many years. He has worked for the company since 1997 and was significantly involved in building Vita 34.

After his studies in Business Engineering at the University of Applied Sciences Zwickau (WHZ), he was employed in a commercial capacity at a project management and general contracting firm.

Dr. André Gerth, CEO (left side) and Jörg Ulbrich, CFO (right side)

Dear Shareholders,

The Supervisory Board has dealt with the strategic direction and the prospects for the Company, as well as special topics, extensively over the course of the last fiscal year. It has fulfilled the duties it was entrusted with in accordance with the law, the bylaws and the rules of operation. The Supervisory Board regularly monitored and provided advice on the work of the Management Board in fiscal year 2014. The basis for this was extensive reporting by the Management Board in written and oral form. In addition, the Chairman of the Supervisory Board engaged in a regular exchange of information with the Management Board. All decisions of significance were discussed openly with the supervisory body.

For example, the Supervisory Board was continuously informed concerning the intended business policy, strategy, planning, risks and risk management, compliance, the development of the business situation and significant business transactions, as well as the situation of the Company and the group as a whole.

The Supervisory Board met in person six times in 2014. In accordance with the provisions of the bylaws of the Company, additional meetings were held in the form of telephone conferences, and resolutions were made in written circulars. In all of the Supervisory Board meetings, the Management Board informed the Supervisory Board about the commercial and financial development of the Company, including the risk situation. As part of the Supervisory Board meeting in November 2014 the further development of the Company, as well as corporate planning for the coming year was discussed extensively with the Management Board. All members of the Supervisory Board participated in all meetings. There have been no more committees since the reduction in the number of members of the Supervisory Board to three in 2009.

No conflicts of interest involving Management Board or Supervisory Board members have been reported to the Supervisory Board during the reporting period.

Emphasis of the Consultations in the Supervisory Board

Apart from overarching topics, the Supervisory Board dealt with specific topics in individual areas and, when required, passed the necessary resolutions. Significant focal points of the work of the Supervisory Board in the reporting year were questions regarding marketing and sales, the acquisition of assets of Vivocell Biosolutions GmbH & Co KG, and integration of the interest in stellacure GmbH. Additional emphasis were international activities, especially the corporate development of Secuvita S.L. in Spain, but also cooperative ventures with our partners Sorgente, S.r.l. and the Bio Save Group.

Further, a review of the compensation system for the Management Board and the reasonability of Management Board compensation, as well as a review of the efficiency of Supervisory Board activities were performed. On August 1, the Supervisory Board appointed the Chief Executive Officer, who had resigned his Management Board mandate effective July 31, 2014, to be Chief Executive Officer until December 31, 2018. At the same time, within the context of the employment contract starting August 1, 2014, the rules concerning variable compensation of the Chief Executive Officer were consistently modified to a multi-year assessment basis, the agreed performance targets were revised, and the individual terms of the employment contract were modernized. In addition, the prior pension commitments towards the Chief Executive Officer were terminated as of July 31, 2014 and a contribution based pension commitment was agreed. With this step, the Supervisory Board made an additional contribution towards minimization of accounting risks.

The Chief Financial Officer's employment contract was also revised as of August 1, 2014 to reflect variable compensation on a multi-year assessment basis and individual terms were modernized, without an extension of his appointment to the Management Board.

The system used by the Management Board to report to the Supervisory Board was continuously improved and expanded.

Corporate Governance

The Supervisory Board dealt with the further development of Corporate Governance principles in the Company, thereby taking into consideration the recommendations of the German Corporate Governance Code (DCKG) dated May 13, 2013. In March 2015, the Management Board and the Supervisory Board issued a new Declaration of Compliance, which is printed on page 40 of the annual report, in the "Corporate Governance" chapter and has also been published on the home page of the Company.

Annual and Group Financial Statements, Audit

The annual financial statements along with the management report of Vita 34 AG have been prepared in accordance with the provisions of the German Commercial Code (HGB); the consolidated annual financial statements and the group management report of Vita 34 AG have been prepared on the basis of Sections 315, 315 a German Commercial Code, in conjunction with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union. The auditor, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft Stuttgart (Leipzig office), audited the annual financial statements of Vita 34 AG, the consolidated financial statements, the management report and the group management report. The audit order was placed in accordance with the resolution of the Annual General Meeting, legal provisions and the provisions of the German Corporate Governance Code.

As a result, it should be noted that the financial statements have observed the rules of both the German Commercial Code and IFRS. The annual financial statements and consolidated financial statements received an unqualified certification. The financial statement documents were thoroughly discussed in the Financial Statements Meeting of the Supervisory Board, in the presence of and following a report from the auditor. During this meeting, the auditor's representatives reported on the significant findings of their audit, as well as on the control and risk management system with regard to accounting. They dealt with the scope, emphasis and costs of the audit; furthermore they explained that there are no conflicts of interest, since Ernst & Young only rendered audit services.

The Supervisory Board reviewed the annual financial statements, the management report as well as the consolidated annual financial statements and the consolidated management report. The result of our own review was that no objections were raised against the annual financial statements of Vita 34 AG along with the management report, the consolidated financial statements of Vita 34 AG along with the group management report, as well as the corresponding audit reports of the auditors. The Supervisory Board approved the results of the audit after its own review, accepted the annual financial statements and acknowledged the consolidated financial statements. Thus, the annual financial statements prepared by the Management Board have been accepted. We agree with the management report and, in particular, the evaluation of the further development of the Company.

Personnel

In its meeting on August 1, 2014 the Supervisory Board elected Dr. Hans-Georg Giering, who had previously been Vice Chairman of the Supervisory Board, to be its new Chairman. He took over this office the same day from Dr. Holger Födisch, who was elected to be his deputy.

The Supervisory Board would like to thank the Management Board as well as the staff for their work this fiscal year.

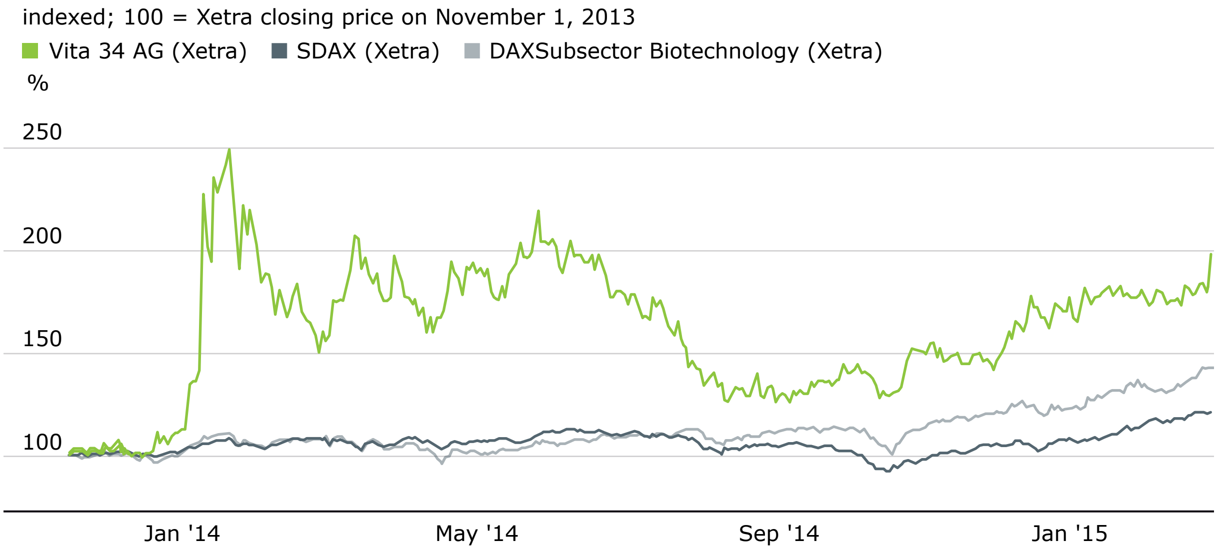
March 19, 2015

For the Supervisory Board

Dr. Hans-Georg Giering
Chairman

VITA 34 AG STOCK

Stock Price Developement



Stock Price Development

The Vita 34 AG stock is listed in the regulated market (segment: Prime Standard) of the Frankfurt Stock Exchange. On the first trading day of 2014 the stock started the fiscal year with a price of EUR 3.31. After a clear upward movement over the course of the month of January, the stock price reached its high of EUR 7.75 for the fiscal year 2014 on January 22, 2014. In the time thereafter, the share price settled in above the EUR 5.00 mark following a consolidation phase at the end of the first half-year. The value declined again in July and August, and the low within Q3 of EUR 3.63 was noted on August 12, 2014. After nearly two months of lateral movement and a slight increase, the price reached a new low of EUR 3.55 on October 16, 2014. Afterwards the price rose in Q4 2014 and reached its second half-year high of EUR 5.40 on December 12, 2014. On the last trading day in the reporting period, December 30, 2014 the price was quoted at EUR 5.00. This is equivalent to a market capitalization of EUR 15.1 million.

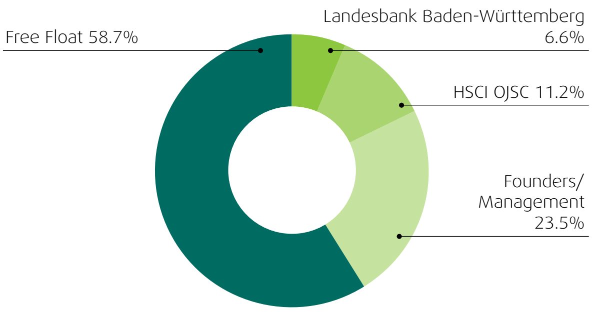
The trading volume for the Vita 34 stock also trended positively in fiscal year 2014. An average of 13,000 shares were traded on the Xetra trading platform per trading day, as compared with an average of 1,850 in the prior year.

Information and Key Figures on the Shares

Ticker symbol / Reuters symbol	V3V / V3VGn.DE
Securities number / ISIN	A0BL84 / DE000A0BL849
Initial quotation	03/27/2007
Market segment	Prime Standard
Indices	CDAX, Prime All Share, Technology All Share, DAXsubsector Biotechnology, DAXsector Pharma & Healthcare
Opening / Closing Price	EUR 3.31 / EUR 5.00
High / Low	EUR 7.75 / EUR 3.28
Number of shares	3,026,500
Free-float as of December 31, 2014:	58.7 percent.
Market capitalization as of December 31, 2014	EUR 15.1 million
Designated Sponsor	ODDO SEYDLER Bank AG

Shareholder Structure

as of December 31, 2014



Vita 34 AG had a high level of free-float at 58.7 percent and a broad base of shareholders as of the December 31, 2014 closing date. As of the closing date December 31, 2014, the Chief Executive Officer Dr. André Gerth held a total of 12.7 percent of the shares. The total share held by the founders and management of Vita 34 at year's end totaled 23.5 percent. Human Stem Cells Institute OJSC (HSCI), Moscow, reduced its own holdings within fiscal year 2014 from 17.2 percent (December 31, 2013) to 11.2 percent. Landesbank Baden-Württemberg holds a total of 6.6 percent via its subsidiaries CFH Beteiligungsgesellschaft m.b.H. (4.1 percent) and SBF Sächsische Beteiligungsfonds GmbH (2.5 percent).

Investor Relations

Investor Relations means for Vita 34 informing shareholders, analysts, potential investors and finance journalists on a timely and comprehensive basis. Vita 34 places special value on providing all participants in the capital markets with information of the same thoroughness and transparency.

The Investor Relations work at Vita 34 is targeted towards an active and transparent dialog with the shareholders and stakeholders, in order to comply with the transparency requirements of the Prime Standard Segment of the Frankfurt Stock Exchange. In this context, the Management Board participates regularly in capital market conferences – in 2014 in the Small Cap Conference in Frankfurt am Main (September 2014) as well as the German Equity Forum in Frankfurt am Main (November 2014). In addition, Vita 34 publishes company-relevant news in the form of ad hoc, corporate news, releases and financial reports.

In fiscal year 2014 ODDO SEYDLER Bank AG (formerly Close Brothers Seydler Bank) acted as Designated Sponsor. The analysts at ODDO SEYDLER began coverage of the Vita 34 stock in Q2 2014. The analysts continued to recommend the stock as a buy in their update on January 13, 2015 with a target price of EUR 6,30.

Additional information on the Vita 34 stock are available for download on the Internet at www.vita34group.de in the "Share" section.

Annual General Meeting

The regular Annual General Meeting of Vita 34 AG took place at BIO CITY Leipzig on August 24, 2014. In all, 32.3 percent of the capital stock used the opportunity to exercise voting rights. All of the Supervisory Board members and the Management Board in office in fiscal year 2013 were granted discharge within the context of the Annual General Meeting. The Annual General Meeting authorized the Management Board of Vita 34 AG to issue once or multiple times individually registered, no-par value common stock in exchange for cash or consideration in kind. To this end, authorized capital in the amount of EUR 1,513,250.00 was created (this is equivalent to some 50 percent of the current nominal capital).

The detailed voting results of the 2014 Annual General Meeting can be reviewed at any time on the Investor Relations website under www.vita34group.de in the "Annual General Meeting" section.

Finanzkalender 2015

23 April 2015	Publishing of the 3-month report 2015
04-06 May 2015	6th DVFA Spring Conference
23 July 2015	Publishing of the 6-month report 2015
28 July 2015	Annual General Meeting 2015
22 October 2015	Publishing of the 9-month report 2015
23-25 November 2015	German Equity Forum 2015

Sustainability

Sustainability for Vita 34 means responsible action in the interest of future generations. The definitive responsibility lies in creating a permanent balance between economic, ecological and social requirements in everyday company operations. This is the way to lay the foundation for a long-term, continuous company development. As we understand it, sustainability and profitable growth go hand in hand.

The storage of umbilical cord blood, as provision for oneself or a donation, is a future-oriented investment – a healthcare provision. As the largest private stem cell bank in the German-speaking countries, Vita 34 makes a valuable contribution with the preventative storage of umbilical cord blood and tissue towards supporting patients in need with their body's own regeneration, and increasing their quality of life.

Economic Responsibility

Economic activities are sustainable when they do not impair ecological compatibility and social justice. The focus here is the responsible and forward-looking action of the Company. As a European pioneer in autologous umbilical cord blood banking, we work daily towards making our services better known and more accessible, as well as towards establishing treatment with stem cells from umbilical cord blood and tissue as a medical standard. Despite initial success in use and in research, some 95 percent of all umbilical cord blood is discarded after birth. Thus, the option for a sustainable use of stem cells from umbilical cord blood and tissue goes mainly unused.

Quality Management

From the very beginning, Vita 34 has endeavored to further develop the national and European legal framework conditions, in order to ensure the greatest possible safety and quality in the storage of umbilical cord blood and tissue. The fulfillment of the legal provisions and guidelines, therefore, is a high priority in the corporate actions at Vita 34. The German Pharmaceuticals Act (Arzneimittelgesetz, AMG) is the overriding regulation in Germany governing the manufacturing requirements for allogenic and autologous stem cell preparations, the necessary staffing, and the establishment of quality management. These requirements are made tangible via:

- The German Transplantation Act (TPG) and the Transfusion Act (TFG),
- The German Pharmaceutical and Agent Production Directive (AMWHV)
- The guidelines on the production and application of hematopoietic stem cells
- The Hemotherapy Guideline on the Collection of Blood and Blood Components, as well as the Application of Blood Products of the German Medical Association and the Paul-Ehrlich Institute (PEI).
- Good Manufacturing Practice Guidelines (GMP)

Vita 34 has implemented the legal requirements in corresponding working instructions (SOP – Standard Operating Procedure). SOPs define all manufacturing steps from anamnesis to collection, manufacturing to use. In important areas they even exceed the legal requirements. All employees are obligated and correspondingly trained to observe these strict process guidelines.

Vita 34 is a member of Cord Blood Europe, the association of private European umbilical cord blood banks. This association provides a platform for the exchange of best practices in stem cell storage, and strives for harmonization of the legal framework in Europe [→ www.cordbloodeurope.com].

Safeguarding Stem Cell Storage

The storage of umbilical cord blood and tissue is a healthcare provision that is oriented many years into the future. Therefore, Vita 34 has comprehensively secured stem cell storage. Blood and tissue are stored each in an especially rupture-proof cryo-bag especially developed by Vita 34. Each bag is located in a cassette that ensures even, reliable freezing and storage in the power-independent cryo-tanks. Vita 34 is well prepared for all conceivable cases of disturbance with automatic monitoring round the clock, and a functional reserve of seven days, independent of any external power source. All of the stem cell deposits stored at Vita 34 are additionally insured by Generali Versicherung AG, and HDI-Gerling Industrie Versicherung AG. The insurances would provide financial resources in the case of possible insolvency, such that the stem cell unit will be stored properly and monitored for 50 years.

A special feature of the liability insurance at Vita 34 is, that apart from the activities of the employees of Vita 34, also the collection of the umbilical cord blood and tissue by the personnel in the birthing facilities is covered.

Ecological Responsibility

Vita 34 has established responsible actions permanently as part of corporate activity. A significant aspect for Vita 34 here is the use of energy-efficient technologies and the assurance of the stringent environmental requirements in the use of hazardous materials.

Environmental Protection

Vita 34 monitors and evaluates the use and disposal of hazardous materials and chemicals at regular intervals. Generally, only small quantities of hazardous materials and chemicals are used in the production process. For some twelve years Vita 34 has been using a DMSO solution (dimethyl sulfoxide), in small package sizes, corresponding with the daily requirements. This causes less residual amounts of DMSO that need to be disposed of as hazardous waste.

The cryo-tanks used by Vita 34 for cryo-preservation of the stem cell units are independent of electricity, thus ensuring a high level of security thanks to their specific design. The nitrogen used for cryo-preservation is used optimally, since the stem cells units are stored in the gas phase above liquid nitrogen. Moreover, this technology minimizes the potential risk of cross contamination between the preparations.

The business segment "Biotechnology" provides services for environmental projects. The causes of environmental pollution are manifold and mostly global. The following services were developed and used internationally by Vita 34:

- Solutions for water management
- Technologies for treating water, as well as
- Strategies for rehabilitation, cultivation, and/or subsequent use of devastated or degraded areas.

They contribute to solving environmental problems sustainably. Technological developments from Vita 34 were not least awarded with various innovation prizes thanks to their sustainability.

Vita 34 produces part of the electricity it requires in the BioCube with its own photovoltaic system. The goal is to population 18,000 kWh annually by using solar energy, thus preventing some 11 tons of CO2 emissions.

Social Responsibility

Responsibility towards society describes our understanding of social activities. The emphasis of this area is both supporting social projects, as well as informing the population with regard to our services in detail, as well.

Social Involvement

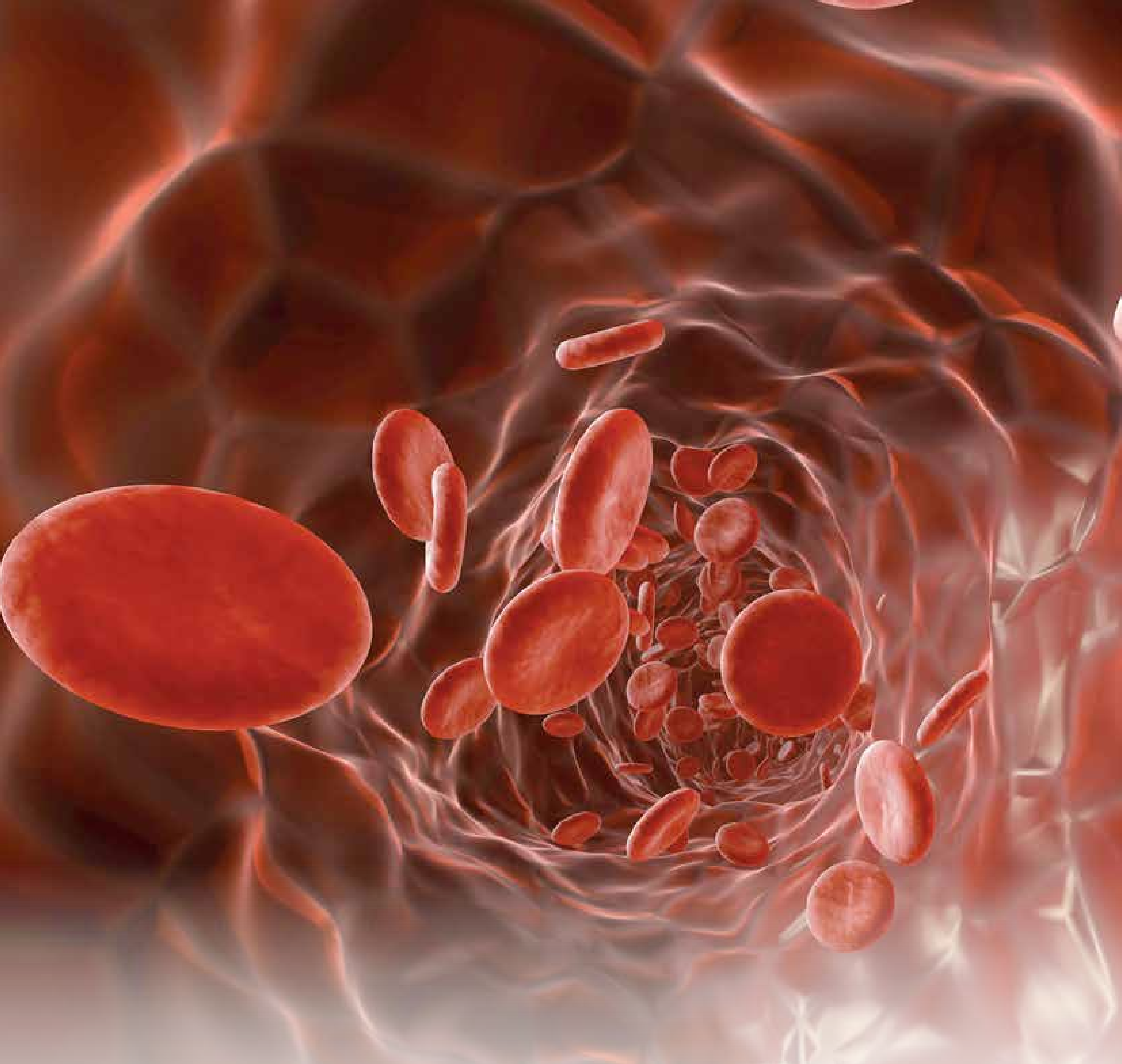
With heart and mind we are working on preserving high-quality stem cell preparations from cord blood and tissue, which offer an opportunity for new medical therapies. Today, children are already benefitting from treatment with stem cells. This is our incentive to continue to improve and to research additional treatment options with stem cells from umbilical cord blood and tissue.

We see it as our duty to inform people in detail about our services. Vita 34 offers tours in the "Glass Laboratory" within the scope of regular parent events. Moreover, tours and presentations are organized for physicians and midwives. Vita 34 provides information on current developments and background information concerning stem cells on the Company's blog, as well as on the social media network Facebook.

The Path to a Stem Cell Deposit – With Vita 34 as a Reliable Partner

Vita 34 is the most experienced and largest stem cell bank in the German-speaking countries. A qualified team of experts has made the pioneer in the field of umbilical cord blood banking to what it is today – the German specialist for the cryo-preservation of stem cells from umbilical cord blood and tissue. More than 123,000 families have opted for storage of umbilical cord blood and tissue at Via 34 as a long-term biological provision. As a reliable partner, Vita 34 accompanies parents through the decision making process with competent advice and extensive information on preparation and storage, to the proper dispensing of the stem cell transplants in the case of need.


Stem Cells
Collection and Transport
Preparation and Storage
Applications
VITA 34



Stem cells are the building blocks of life

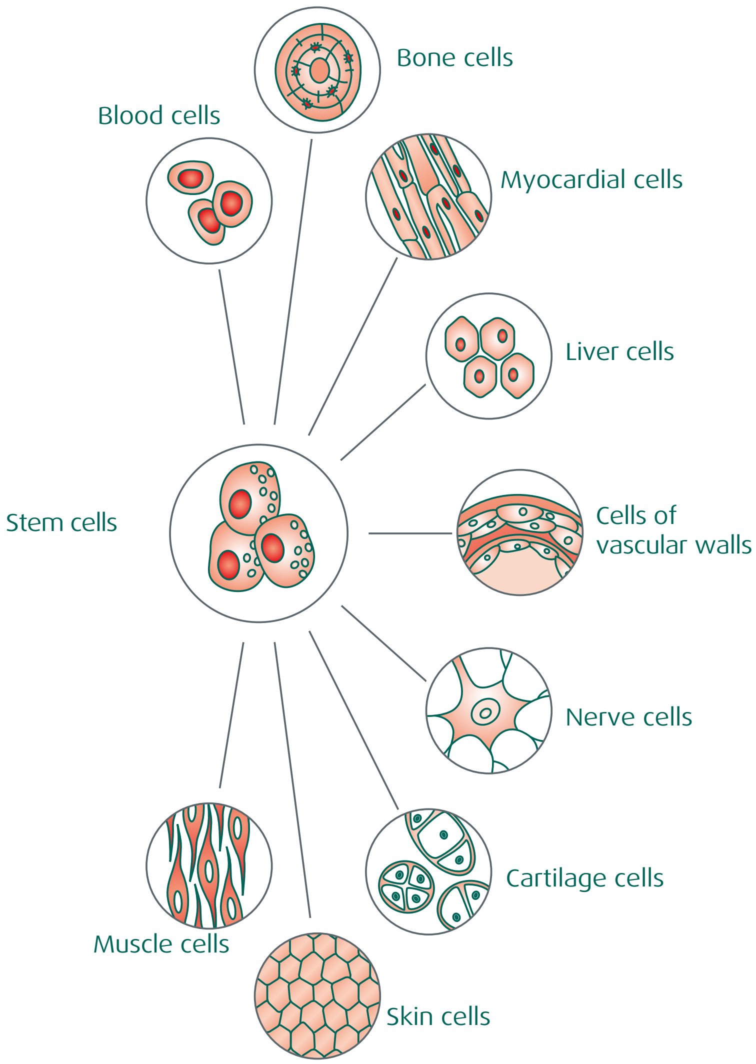
Stem cells are the building blocks of life, because stem cells can divide and develop in an unlimited fashion. There are stem cells from which the various types of tissue form, such as skin, muscles or bones. Stem cells are responsible for regeneration and repair in the case of injury and disease and are, therefore, the base material for regenerative medicine.

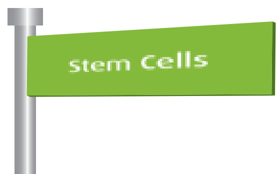
Stem cells that have the greatest possible development potential are of particular interest for medical application. This is where stem cells from umbilical cord blood and tissue come into play: They are extremely vital, free of infection, easy to collect pain-free at birth, available immediately in case of illness, and can be used without ethical concerns.

Research & Development at Vita 34

Stem cells have been used for more than a half-century, primarily in the treatment of cancer or blood diseases. An increasing number of people are profiting from progress in stem cell technology, among them many children. With increasing age, however, occurrences of degenerative diseases such as heart attack or stroke or diabetes are more frequent. Stem cell therapy offers an even greater potential for their treatment. Research in the field of regenerative medicine is oriented towards regenerating tissues and replacing organs in the future with stem cells. Vita 34 would like to help shape the applied worldwide research regarding the use of umbilical cord blood. In order to further study the potential and functioning of umbilical cord blood stem cells and their use for stem cell therapies, Vita 34 works together with renowned research institutes and universities throughout Germany, and actively participates in applied stem cell research.

Stem Cells – Vital All-Rounder





Birth – The First Stage on a Reliable Path to a Stem Cell Deposit

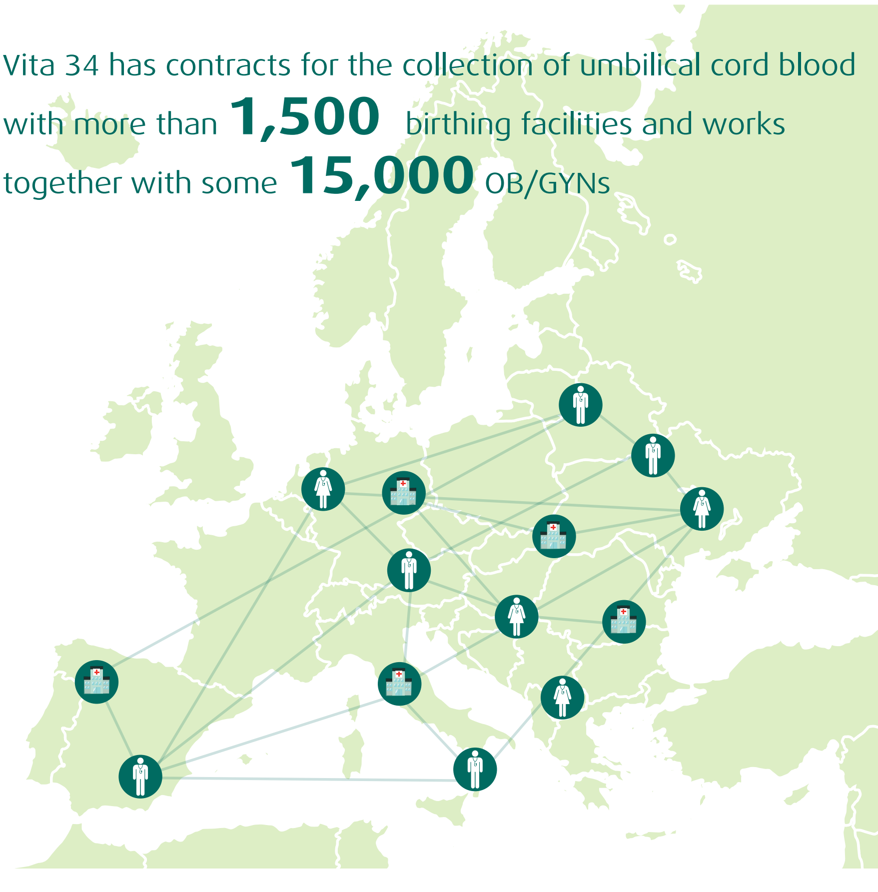
The youngest and most vital adult stem cells can only be secured for one's own provision once in life: at birth. In order to enable the greatest number of parents to undertake stem cell provisioning for their children, Vita 34 maintains cooperation with birthing facilities and OB/GYNs in Germany, Austria and Switzerland. Vita 34 accompanies the expecting parents from the very beginning: After the birth and separation of the cord, the clinic personnel trained by Vita 34 collect the umbilical cord blood and the cord itself professionally, free of pain, and risk-free for mother and child. As soon as the blood and tissue have been successfully collected, the clinic personnel inform Vita 34. A reliable special courier brings the collection package to the Vita 34 stem cell laboratory in Leipzig – round the clock, 365 days a year.

The Vita 34 Collection Kit

Vita 34 has developed materials and optimized processes in its own research projects, in order to ensure the reliable, long-term storage of stem cell units, thereby setting the highest quality and safety standards. The innovative, internally developed Vita 34 collection kit allows the collection of umbilical cord blood and tissue at any birthing facility, and ensures reliable transport to Vita 34 in Leipzig. The collection kit is a storage box and temperature-regulated transport container in one. Apart from the sterile collection utensils, the kit also contains an electronic measuring chip that monitors temperature during transport.

Our Comprehensive Network in Europe

Vita 34 has contracts for the collection of umbilical cord blood with more than **1,500** birthing facilities and works together with some **15,000** OB/GYNs



The Path through the Laboratory – From Stem Cells to Pharmaceuticals

Preparation and cryo-preservation ultimately result in a base material for a stem cell preparation of pharmaceutical grade quality. Up to that point, umbilical cord blood and tissue run through several stations in the Vita 34 stem cell laboratory in a short period of time: Apart from the painstaking examination of the collection package for damage and completeness, all information on the mother, child and the stem cell preparation are documented precisely. The actual preparation for storage according go Good Manufacturing Practice Guidelines (GMP) takes place in a clean room. The umbilical cord blood is processed onto a finished pharmaceutical in several steps under nearly sterile conditions. Cold-resistant storage bags and a cryo-protectant ensure that the cells retain their vitality and functionality even at the lowest temperature. Extensive tests are used to document the quality of the stem cell unit. These find their ultimate place in a cryo-tank, protected by an aluminum cassette. Each individual tank in the storage facility is temperature monitored and independent of power.

*Number of stored stem cell units increased by 13,000 due to the asset deal with Vivocell Biosolutions GmbH & Co KG, Graz on January 02, 2015.

Stem Cell Laboratory, Vita 34

"More than 123,000 stem cell units are stored at Vita 34. In order to live up to the trust of the parents, each day we set anew a very high standard of quality on our work. Quality and safety are the focal point of the preparation and storage process at Vita 34, and everyone is welcome to watch this live in action. Our Glass Laboratory provides insight into our technical know-how and the care we take. To date 28 preparations from the Vita 34 stem cell bank have been used therapeutically. This is proof of the high quality of storage at Vita 34. Ultimately, the suitability of the stem cell preparation for use can only be ensured by reliable preparation and long-term storage."

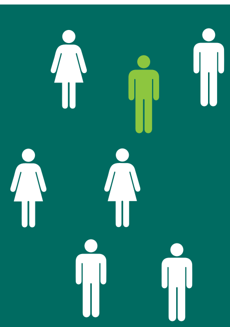
HONIG IM KOPF

Regenerative Medicine – Vita 34 on the Path to the Future

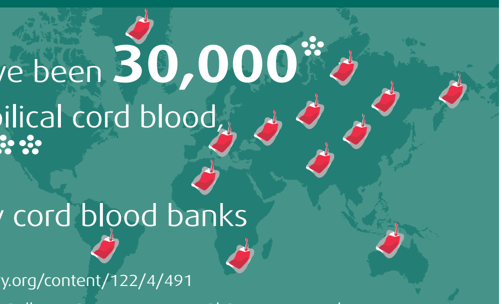
As is the case with many severe diseases, Alzheimer's is currently not curable. Innovative approaches of a future-oriented field of research have, however, already laid the foundation for further improving medical provision in the future – regenerative medicine. The application variety of autologous umbilical cord blood stem cells opens up significant potential to regenerative medicine here. Regenerative procedures have already made their way into clinical practice in the case of injuries to the skin or cartilage. The vision of regenerative medicine is to not only treat the symptoms of medical problems and slow the progress of disease in the future, but to restore dysfunctional cells, tissues and organs either by stimulating the body's own regeneration or by providing biological replacement. This is a promising approach when one considers the change in demographics and the increase in degenerative diseases such as stroke, heart attack and Alzheimer's.

Excursus: Alzheimer's

The cause of this disease is still unknown: Research has, however, shown that abnormal units of specific proteins arise in the brains of those affected. One theory assumes that these plaques inhibit the communication of nerve cells in the brain, and possibly disturb the supply of nutrients. Research in animals using stem cells has shown that these cellular all-rounders can reduce protein plaques in the brain and even repair defective nerve connections. Researchers assume that the cells act like a type of fountain of youth. Researchers expect important knowledge for the development of new medications and possibly also for stem based therapies in the field of regenerative medicine from these studies.



Up to the age of **70** every **7th** person will require stem cells for medical therapy —
the probability is increasing with advancing age

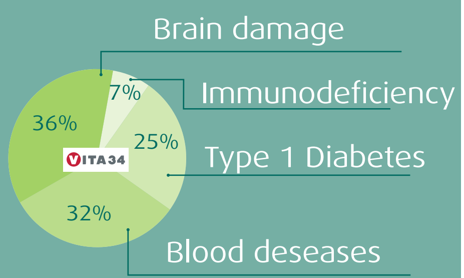


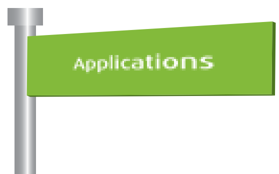
Worldwide there have been **30,000*** ransplants from umbilical cord blood, thereof **1,000**** from private / family cord blood banks

*http://bloodjournal.hematologylibrary.org/content/122/4/491

**Bone Marrow Transplantation, Karen Ballen, MD, Frances Verter, PhD, Joanne Kurtzberg, MD, „Umbilical Cord Blood Donation: Public or Private?" in press for summer 2015

Vita 34 is the only stem cell bank in Germany to show specific therapeutic applications, currently **28** cases





Group Management Report

Group Management Report

Group Fundamentals

Business Model

Vita 34 is by far the largest and market-leading private stem cell bank in the German-speaking countries, and is the second largest private umbilical cord blood bank in Europe. The Company has two business segments: "Stem Cell Banking" and "Biotechnology." Founded in 1997, Vita 34 was the European pioneer in the field of umbilical cord blood banking, and currently has more than 123,000 stored stem cell units and space for up to 350,000 stem cell units. At year's end 2014 Vita 34 was besides Germany active in 17 countries in Europe and worldwide via subsidiaries and cooperation partners.

As a complete provider in the field of stem cell banking, Vita 34 covers the entire value chain: From collection logistics, to preparation and the long-term storage of umbilical cord blood and tissue, to the proper dispensing of stem cell transplants for medical use. The stored stem cell units are for private provision and are available to the child over many decades for use, among other things, in therapies for auto-immune diseases, metabolic disorders and brain damage. In regenerative medicine the use of stem cells from umbilical cord blood and tissue also has significant potential for restoring tissues and replacing organs. Vita 34 is active in an attractive market segment with its core business – the cryo-preservation of stem cells from umbilical cord blood and tissue.

The offer of Vita 34 is targeted towards expecting parents who wish to have the stem cells, which are extremely vital directly after birth, preserved for their children as a provision. In order to enable the greatest number of parents and children to undertake stem cell provisioning, Vita 34 maintains a network of numerous birthing facilities in Germany, Austria and Switzerland. Via our partners, Vita 34 has contracts for the collection of umbilical cord blood with more than 1,500 birthing facilities and works together with some 15,000 OB / GYNs.

Added Value – Beyond mere Cryo-Preservation

Expecting parents make a decision for a long-term biological provision when they choose to store umbilical cord blood and tissue, and they know that they have a reliable partner on their side in Vita 34. In addition to the collection, preparation and cryo-preservation of stem cells from umbilical cord blood and tissue, Vita 34 has continually expanded the spectrum of what it has offered. Individual attention is given to the needs of parents today by the Vita 34 range:

- With **VitaPlusDonation** Vita 34 offers parents the option of combining the health provision for their own child with a public donation as an alternative to pure autologous storage (own provision) or allogenic donation (third-party donation) of umbilical cord blood. In case of need the stem cell preparations is available to one's own child. In addition, the stem cells can also be donated to a third-party person who has become ill. This is possible because the tissue-specific markers of this stem cell preparation are sent to the stem cell registry www.stemcellsearch.org established by Vita 34 anonymously. Physicians and patients worldwide can conduct research in this public registry for matching stem cell units from the released stock at Vita 34.
- Since siblings can help one another with stem cells from umbilical cord blood and tissue, Vita 34 started its **Sibling Initiative** in 2002. Vita 34 allows the storage free of charge of stem cells from the umbilical cord blood of a child whose brother or sister is seriously ill and need the stem cells from the newborn sibling for treatment, for example in the case of leukemia.
- Across Europe, Vita 34 has established the only **mobile stem cell** team, in order to ensure treatment with stem cells from umbilical cord blood in every hospital. The mobile stem cell team from Vita 34 brings the cryo-preserved stem cells into the respective clinic

and takes on their proper preparation. Apart from observing all pharmaceutical law requirements in the storage of stem cells, Vita 34 fulfills the highest quality standards in dispensing the umbilical cord blood. This is done thanks to mobile special equipment and the use of mobile clean room technology, independent of how the clinic is equipped.

- Vita 34 has developed an analysis package for newborns and small children in cooperation with specialists for gynecology, human genetics and paediatrics. The **Vita 34 Prevention Screening** supplements a standard physician's examination and helps with the early detection of genetically related health risks and predispositions to incompatibilities. It encompasses tests of the DNA for risks regarding intolerances against antibiotics, lactose and cereal flour, as well as a disturbance of the immune system or hemochromatosis.

Vita 34 is the only private stem cell bank in Germany that can demonstrate a number of medical applications for stem cell preparations stored for one's own use. This is proof of the high quality of storage at Vita 34. Thanks to reliable preparation and long-term storage using the highest quality and safety standards, the suitability of a stem cell unit for therapeutic use can be ensured.

Additional to practical application, Vita 34 is set apart by research activities and a large number of permits. In addition to a permit for dispensing umbilical cord blood to one's own child, Vita 34 is the only private stem cell bank to possess:

- Permits from the German Federal Institute for Vaccines and Biomedical Pharmaceuticals (Paul-Ehrlich Institute) for dispensing umbilical cord blood preparations for the therapeutic use in hematological / oncological diseases for siblings, and to help other people in the case of disease, in the form of a donation.
- A permit for the collection, processing, cryo-preservation and storage of umbilical cord tissue in Germany, Austria and Switzerland (DACH region).
- The capability and the required permits to provide customers with both the storage of whole blood as well as separated blood.

In order to study the potential applications of umbilical cord blood stem cells and develop new cell products, Vita 34 is working together with renowned research institutes and universities, and actively participates in applied stem cell research. In the Biotechnology business segment, Vita 34 develops biological processes for producing cell and tissue cultures, as well as their use in the optimization and multiplication of cells and plants.

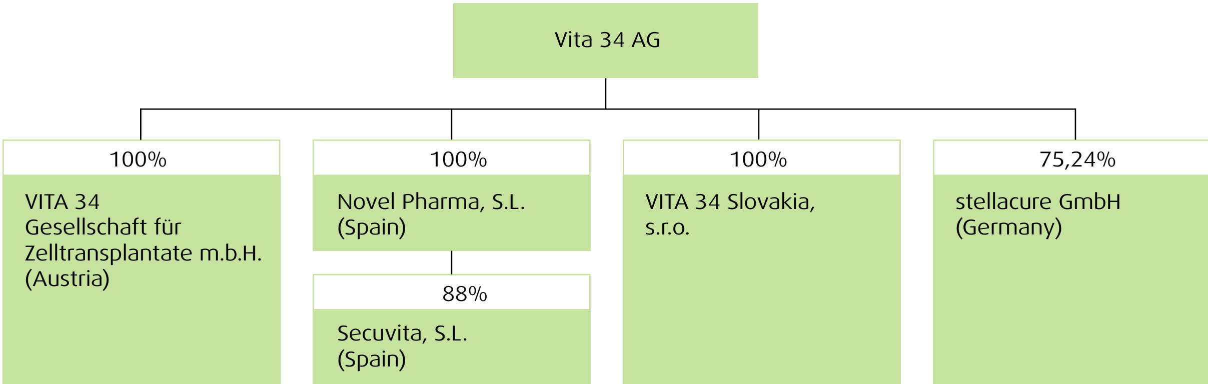
Corporate Structure

The publicly traded Vita 34 AG company is the parent of the Group: Vita 34 holds 100 percent interests in Novel Pharma, S.L. (Spain), VITA 34 Slovakia, s.r.o. (Slovakia) and VITA 34 Gesellschaft für Zelltransplantate m.b.H. (Austria). In addition, there is a 75.24 percent participation in stellacure GmbH (Germany), as well as an 88 percent participation in Secuvita, S.L. (Spain) via Novel Pharma, S.L. (Spain).

Three companies are included and fully consolidated in the Group annual report of Vita 34 AG as of 31 December 2014.

- stellacure GmbH, Hamburg, Germany
- Novel Pharma, S.L., Madrid, Spain
- Secuvita, S. L., Madrid, Spain

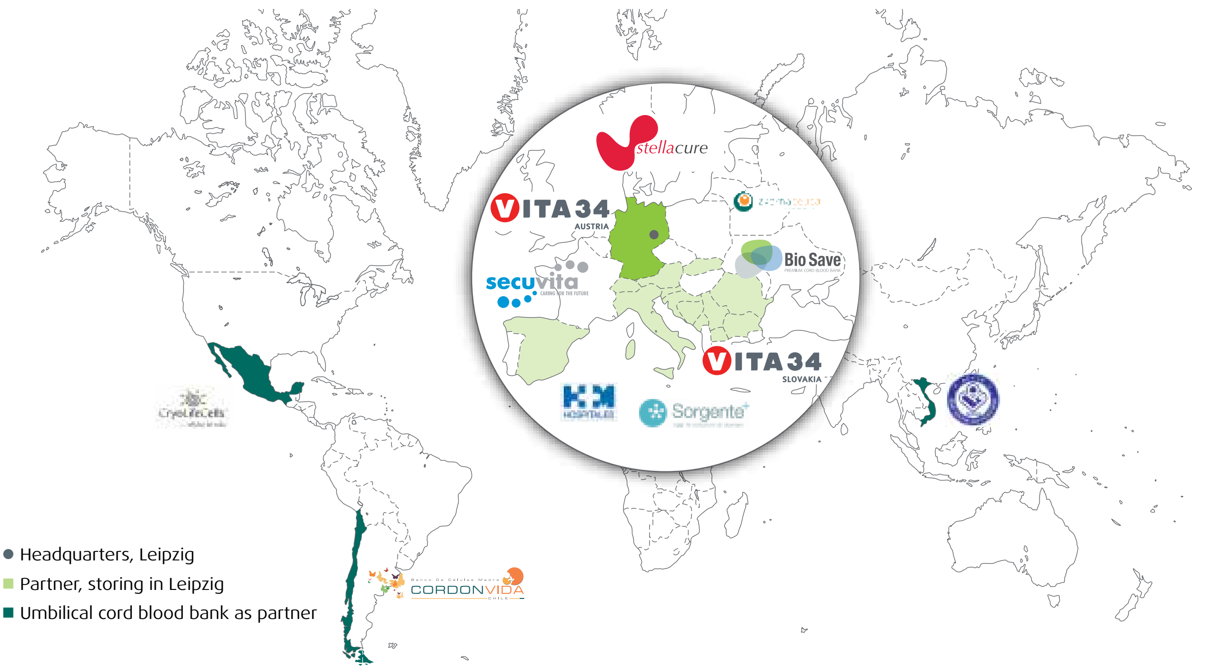
Corporate Structure



Vita 35 on the International Market

Foreign business via subsidiaries and cooperative venture partners is a significant component of company activity. Vita 34 has continuously expanded its activities in the international market in the last few years, and was active in 17 countries apart from Germany in Europe and worldwide as of the end of the reporting period. Within the scope of European cooperation, partners use the service provided by Vita 34 – the collection package developed by Vita 34 and the preparation of the stem cell units for long-term storage in the cryo-tanks in Leipzig. International cooperation partners use the "Vita 34 Bag" collection system developed and patented by Vita 34, which allows decentralized preparation and storage of umbilical cord blood outside of clean rooms, and reduces cost-intensive start-up investments.

International Presence – The Vita 34 Family



Objectives and Strategy

Vita 34 is the largest stem cell bank in the German-speaking countries. Based on its already leading market position, Vita 34 endeavors to further develop the German market for the storage of stem cells from umbilical cord blood and tissue. It is the declared goal of Vita 34 to establish the Company as an internationally leading provider of new products based on stem cells.

Vita 34 has defined a growth strategy for sustainable, positive corporate development that is based on strengthening market leadership, additional product development, and accelerated expansion of research and development. Vita 34 wants to generate persistent growth in revenue and profits by opening up new markets, services and product ranges, as well as via anorganic growth.

Vita 34 – Growth Cores

Market Leadership

Vita 34 is an internationally active provider for the cryo-preservation of umbilical cord blood and tissue. The market-leading position of the Company in the German-speaking countries is to be persistently bolstered, and additional market share in Europe is to be won by expanding quality leadership. The Company intends to open up new growth markets in Europe by expanding local cooperative sales ventures. In addition, Vita 34 plans on establishing and operating umbilical cord blood banks in selected growth markets in Asia and Latin America together with partners. Vita 34 can tap potential profits in new markets via geographic diversification, giving the entire business model additional and sustainable stability. Apart from organic growth, it is the intent to grow Vita 34 inorganically also by means of acquisitions.

Product Development
Due to the intensive scientific development in the field of regenerative medicine, Vita 34 expects there to be a globally increasing demand for the cryo-preservation and reliable storage of cells and tissues. Within the framework of long-term corporate strategy, Vita 34 plans to expand the product range to include high-quality products for therapeutic use, and to use additional sources of adult stem cells besides stem cells from umbilical cord blood and tissue for product development.

Expansion of R&D
Stem cell research is gaining in significance in the field of regenerative medicine. Umbilical cord blood and tissue stem cells are of particular interest for medicinal application, since they are vital, young and free of infections. The intensification and the expansion of research initiatives are, therefore, significant elements of the growth strategy. Vita 34 gains access to new results in stem cell research via cooperative efforts with noteworthy universities and renowned research institutes. The intent is to accelerate the introduction of product innovations in the field of stem cells by expanding our research and development activities.

Control System and Performance Indicators

At the Group level Vita 34 AG is organized into business units according to products and services for the purpose of corporate control, and has the following two business segments: "Stem Cell Banking" and "Biotechnology." In order to make decisions on the distribution of resources and to control the earning power of the segments, they are monitored by management separately. The Management Board is regularly informed concerning the course of business by means of detailed reports. This allows the Management Board to counter deviant developments quickly.

As compared with the prior year, the controlling system at Vita 34 has hardly changed. The Management Board of Vita 34 uses as financial key figures total operating revenue, earnings before interest taxes, depreciation and amortization (EBITDA) with corresponding margin, as well as the equity ratio. In addition, the development of newly stored stem cell units has been defined as a control variable. The following list contains information on the relevant, internal group control variables:

Control Variables

Control Variables		2014	2013	2012
Total operating revenue	EUR k	15,176	14,784	14,488
EBIT	EUR k	1.690	1,469	-742
EBITDA	EUR k	2,775	2,658	414
EBITDA Margin	Percent	20.1	19.6	3.0
Equity Ratio	Percent	59.8	59.8	56.0
Newly Stored Stem Cell Units	No.	7,378	7,167	7,417

Total Operating Revenue
The revenue that the company has earned in operations as a whole is presented in total operating revenue. In addition to sales revenues, this includes income from research and development, other operating income as well as changes in unfinished services.

EBIT, EBITDA and EBITDA Margin
The earnings before interest and taxes (EBIT), as well as the earnings before interest, taxes, depreciation and amortization (EBITDA) are central success variables at Vita 34. EBIT, EBITDA and the EBITDA margin serve as significant measures for the operating earning power of the company. Vita 34 has set a medium-term goal of 20 percent for EBITDA margin.

Equity Ratio

Vita 34 monitors and controls the internal financial structure of the company, among other things via the equity ratio. Internally, for the financing of additional growth, Vita 34 has set a target of 50 percent for the share of own capital in the balance sheet total.

Newly Stored Stem Cell Units

The cryo-preservation of umbilical cord blood and tissue is the primary business activity of Vita 34. The storage figures are, therefore, the main driver of revenue trends. Vita 34 has set as a goal the stabilization of the newly stored stem cell units annually. In the medium term Vita 34 plans to increase the newly stored stem cell units by an average of 10 percent per annum.

In fiscal year 2014, the defined control variables developed positively with regard to the defined target values. The exact development of the total operating revenue, sales, EBITDA margin and equity ratio variables, as well as the figures on stem cell storage, are expounded on in the "Revenue and Profit Situation," "Financial Situation" and "Assets" chapter.

Research and Development

The results of stem cell research are gaining in significance in the field of regenerative medicine. Since stem cells that are as free from infection as possible and extremely vital and young, they possess a high development potential. Therefore, umbilical cord blood and tissue represent important sources for stem cell research.

The increasing number of studies, as well as the results of the work of renowned scientists, underscore the medical potential of stem cells from umbilical cord blood and tissue. Currently more than 1,000 clinical studies with umbilical cord blood and more than 300 with umbilical cord tissue are registered worldwide, dealing with specific areas of application (www.ClinicalTrials.gov). Likewise, the number of umbilical cord blood transplants has increased in comparison with the previous year. According to research conducted by the Parent's Guide to Cord Blood Foundation, by the end of 2013 more than 1,000 patients had been treated with stem cells from privately stored umbilical cord blood.[3]

In order to do justice to the intense development in the field of regenerative medicine, Vita 34 intensified its research activities in the Biotechnology business segment in 2014. The goal of Vita 34 is to help shape the applied worldwide research regarding the use of umbilical cord blood. Vita 34 would like to establish quality standards for a later use via the storage of different stem cell materials, and to continue to research the functioning of stem cells from umbilical cord blood and tissue. Thus, Vita 34 is creating the potential for itself of achieving quick access to innovative products in the field of stem cells.

The developments at Vita 34 are conducted in a modern laboratory with a team of highly qualified employees. The top priorities are observing high standards of quality and an optimum of safety in the storage of stem cell units. In order to ensure this, the research and development team at Vita 34 has developed a collection kit. It serves simultaneously as a storage and transport container for transporting the umbilical cord blood and tissue from the birthing clinic to the Vita 34 laboratory. Our internally developed, patented "Vita 34 Bag" collection system allows decentralized preparation and storage of umbilical cord blood without large investments in clean rooms. This system, too, is the result of intensive, targeted research and development, and is already used by the Spanish chain of clinics Hospitales de Madrid and the Chilean umbilical cord blood bank CordónVida.

Research Projects

In order to study the potential applications of umbilical cord blood stem cells and develop new cell products, Vita 34 is working together with renowned research institutes and universities throughout Germany, and actively participates in applied stem cell research. In individual projects, Vita 34 is also involved in the use of plant stem cells. Vita 34 intensively pursued the following research focal points in fiscal year 2014:

[3] Bone Marrow Transplantation, Karen Ballen, MD, Frances Verter, PhD, Joanne Kurtzberg, MD, "Umbilical Cord Blood Donation: Public or Private?" in press for summer 2015

Mesenchymal Umbilical Cord Stem Cells for Treatment of Graft versus Host Disease and Corresponding Follow-Up Project

Since 2012 the Vita 34 research team has been studying the effectiveness of mesenchymal stem cells (MSCs) in blood stem cell transplantations in treating leukemia in a joint project with the Department of Hematology and Internal Oncology of the University of Leipzig. The project, which was subsidized by Sächsische Aufbaubank with EUR 500,000 was concluded successfully in October 2014.

The cooperation partners studied the effectiveness of mesenchymal stem cells from the umbilical cord in blood stem cell transplants when treating leukemia. The goal was to develop a broadly applicable cell therapy for treating graft versus host disease (GvHD), and thus use mesenchymal stem cells for preventing or treating this disease. The umbilical cord contains a variety of difference cells with stem cell potential. Therefore, the objective was to determine how a mesenchymal stem cell preparation from the umbilical cord needs to be prepared, such that it can be employed most effectively for treating GvHD. To this end, fundamental parameters such as the form of transplantation, therapeutic MSC concentrations and suitable treatment times were examined. A promising approach is the use of blood stem cells and MSCs from the same donor in a preventative application. The results of this project form the basis for further developments, which are to be advanced by Vita 34 in a follow-up project.

Herein, suitable mechanisms are to be selected in which MSCs of the umbilical cord can be separated with high-quality systems. Moreover, it will examine in which concentrations the selected MSCs are to be used for a therapy. To this end Vita 34 can draw upon the many years of expertise of the Fraunhofer Institute for Cell Therapy and Immunology Leipzig as a cooperative partner. The partners assume that the therapeutic use will continue to improve via targeted selection of stem cells.

A project of Vita 34 starting at the beginning of fiscal year 2015 is intended to tap into additional tissues for the isolation of mesenchymal stem cells. Various human tissues and the resulting MSCs that can be isolated will be studied and compared in detail. With regard to the core business of Vita 34, the cryo-preservation of the various tissue types is to be reviewed within the scope of this project. GMP compliant, standardized work instructions (SOPs, Standardized Operating Procedures, GMP, Good Manufacturing Practice) will be drafted during the development of the questions above, which will be drawn upon at the end of the project in applying for a production permit with the responsible authorities. Vita 34 will be able to offer new products based on this production permit.

Vitality Markers in Cryo-Preserved Stem Cells in Banks

In fiscal year 2014, Vita 34 continued research into the development of a procedure, with which plant tissue can be preserved for several hundred years at temperatures of some -190 degrees Celsius. In doing so, new biological markers for the cryo-preservation of plants were developed by fundamental research work, a method in which tests on up to millions of molecules can be conducted automatically. The goal was, based on the data for determining vitality, to undertake a valuation of the regeneration capability of the tested plants and, thus, storage success. The use of these vitality markers will lead to quality control in the cryo-preservation of plants in bio banks. This is an enormous competitive advantage, since potential users can be assured regeneration success even before long-term storage

Cryo-Preservation of Autologous Fatty Tissue

Autologous, i.e. the bodies own, fatty tissue is used in reconstructive surgery as a filler material, for example in the treatment of burn wounds or in tissue reconstruction after the removal of tumors. Aesthetic surgery also frequently uses material from a patient's own body. Up to now the fatty tissue with the fat stem cells it contains has been taken from one part in the body and directly used again. The success of the treatment here is dependent on the vitality of the multi-potent stem cells. This is why early preservation would make sense in this case, however, it is not yet possible today.

This is where a current research project of Vita 34 ties in. Vita 34 started a research project on the cryo-preservation of autologous fatty tissues together with the Fraunhofer Institute for Cell Therapy and Immunology Leipzig, and human med AG, Schwerin in October 2014. The desired development goal is a cryo-technical procedure for providing a vital fatty tissue product that is safe to use. This research project is being supported by a grant from the German Federal Ministry for Economic Affairs and Energy.

Optimized Extraction of Plant Agents

In May 2014 Vita 34 began an R&D project in cooperation with the Technical University Dresden. The goal of the tests performed at the Vita 34 research lab is the development of a process for the optimized extraction of plant agents for producing medicines. To this end plant stem cells were placed in bio reactors to extract their agents. Vita 34 convinced of the potential of plant stem cells and the active agents produced from them for the pharmaceutical industry. With the development of optimized procedures Vita 34 is opening up the potential for itself to profit from new knowledge in this area.

Personnel

Motivated and qualified employees are the foundation of a long-term positive development of Vita 34 AG. As of December 31, 2014 Vita 34 employed 105 employees in either full or part-time positions and five trainees. Some 13 percent of the staff at Vita 34 has a managerial function. The average age of group employees in the reporting year was some 41 years of age; the average length of employment was around 6 years.

Employee Structure of Vita 34 as of December 31, 2014

Anzahl	2014	2013
Total Employees*	**105**	**98**
Of these Management Board	2	2
Of these in Management	14	9
Trainees	**5**	**2**

* based on headcount without leased employees and trainees, casual labor and employees on parental leave

The staff at Vita 34 is characterized by a large portion of women, representing some 70 percent. Approximately 15 percent of Vita 34 employees in Germany take advantage of the offer to improve compatibility of family and career. This includes both part-time employment, as well as the flexible distribution of shifts and personalized maternity leave design.

Ratio of Women at Vita 34 as of December 31, 2014

in %	2014	2013
Total Employees*	**70**	**74**
Management Board	0	0
In Management	71	67
Trainees	**80**	**100**

* based on headcount without leased employees and trainees, casual labor and employees on parental leave

Employee Loyalty via Health protection and Training

Highly motivated and qualified employees are essential to the corporate success of Vita 34. Vita 34 promotes inter-team cooperation and joint activities. The team structure, flat corporate hierarchy, and very good working environment contribute to employee satisfaction. In addition, Vita 34 employees can present suggestions within the context of the Vita idea management system.

Vita 34 places high importance on the continued education of employees. In the Production and Quality Assurance departments, Vita 34 offers continuous education and training. To ensure health and safety in the workplace, Vita 34 has appointed two safety officers, who monitor the observance of legal provisions together with the labor committee.

ECONOMIC REPORT

Overall Economic Environment and Industry-Related Peripheral Conditions

Overall Economic Environment

Apart from Germany, Austria and Switzerland, Spain, Italy and Southeastern Europe are important core markets for Vita 34. The economic environment in Europe and especially these countries, therefore, has an influence on Vita 34's activities.

According to information from the Kiel Institute for the World Economy (IfW) the economic recovery stagnated in the Eurozone in the middle of 2014, and is slowly picking up the pace. According to IfW, the Gross Domestic Product (GDP) in 2014 rose by 0.8 percent, and an additional increase of 1.2 percent is expected in 2015.

Germany continued to develop economically better than the overall Eurozone: According to estimates of IfW, economic growth in 2014 was 1.5 percent, in 2015 growth is expected to be 1.7 percent. In addition, according to IfW private consumption should continue to increase based on increasing income and the sharply falling oil prices. Economic growth in **Austria** is somewhat weaker than in Germany. For **Spain** IfW is forecasting growth after several recessionary years, whereas in **Italy** the development is forecast to continue to be under average as compared with the Eurozone.

There are other significant indicators for the "Stem Cell Banking" business model that are also trending positive: The decision to store umbilical cord blood is, among other things, dependent on **purchasing power**, as well as the **income of the population**. The Society for Comsumer Research (Gesellschaft für Konsumforschung, GfK) calculated a purchasing power increase of 2 percent in Europe as compared with the prior year. In Germany, for the year 2015 GfK (Gesellschaft für Konsumforschung) has forecast an increase in purchasing power of some 2.74 percent as compared with the prior year 2014. Thanks to the low inflation rate and stable wage development, the real purchasing power growth per capita should be around 1.3 percent.

Industry-Related Peripheral Conditions

Vita 34 offers a private health provision with the storage of umbilical cord blood and tissue in an extremely dynamic environment with a continuously growing state of research. Stem cells have been used for the treatment of severe diseases for more than 55 years, primarily in the case of cancer, blood disorders or diabetes. An increasing number of people are being affected, among them many children. For example, a doubling in the incidence of diabetes in children under 5 years of age is forecast by 2020. Apart from that, heart defects are currently the most frequently hereditary defects in children; and leukemia accounts for more than one third of all cancer diagnoses in those less than 15 years of age.

More frequently, however, there are occurrences of degenerative diseases such as heart attack or stroke. Stem cell therapy offers an even greater potential for their treatment. Experts expect that in the future every seventh person in an age up to 70 years will need stem cells for the treatment of cardio-pulmonary diseases, and correspondingly the need for cryo-preservation and the reliable storage of cells and tissues will increase. The following table shows on the example of Germany a list of new diagnoses:

Number of new diagnoses p.a. in Germany

Stroke	270,000
Heart Attack	300,000
Cancer	500,000
Cancer (Children and adolescents up to 15 years of age)	1,800
Type-1 Diabetes (Children and adolescents up to 14 years of age)	2,100-2,300
Congenital heart defects	5,000-6,000
Early childhood brain damage (infantile cerebral palsy)	1,400

The application variety of autologous umbilical cord blood stem cells opens up significant potential to regenerative medicine. Physicians worldwide are increasingly using the possibility of umbilical cord blood transplantation, which is reflected in the continuously increasing number of therapeutic applications with stem cells from umbilical cord blood. In all, 30,000 umbilical cord blood transplantations have taken place to date. Thus, the segment of umbilical cord blood transplantation has the highest growth rates in the entire market for cell transplants. The conditions could hardly be better for the continued development of the Vita 34 core business.

Development of Business

Vita 34 can look back on an overall pleasing fiscal year 2014. The number of newly stored stem cell units from umbilical cord and tissue increased by some 2.9 percent to 7,378 stem cell units in the reporting period. In the prior year's period some 7,167 new stem cell depots had been stored at Vita 34.

At the same time, the business situation of the Group improved significantly over the course of the year. Vita 34 has been successful in increasing profitability with an optimized cost structure. A detailed explanation of the individual key financial figures and the financial performance indicators can be found in the "Revenue and Profit Situation", "Financial Situation" and "Assets" chapters starting on page 37.

With regard to strategic development, in fiscal year 2014 in accordance with the defined growth cores [→ Chapter "Objectives and Strategy" Page 29] the expansion of international activities for strengthening market position, the development of the product range, as well as the expansion of research activities were the focal point.

Market Leadership

Acquisition of the Business of Vivocell Biosolutions GmbH & Co KG

At the end of fiscal year 2014 Vita 34 had signed a purchase contract for the acquisition of all of the assets of Vivocell, Graz, Austria, effective January 2, 2015. With some 13,000 stem cell units, Vivocell founded in 2001, is the market-leading private stem cell bank in Austria. The business activities of Vivocell were concentrated on the collection, preparation and storage of stem cells from umbilical cord blood for private provision, and thus fit excellently into the Vita 34 AG portfolio.

Within the scope of the asset deal, Vita 34 had taken over the entire stem cell bank, including all stem cell units and all equipment as of January 2, 2015. [→ Chapter "Subsequent Report" Page 40] By taking over a donor bank, whose preparations are entered in international registries and can be dispensed worldwide for the treatment of the most ill persons, Vita 34 has secured for itself additional medical expertise in the processing of umbilical cord blood.

By taking over the business of Vivocell Vita 34 can achieve additional synergetic effects in marketing and sales, as well as production and administration, in the German-speaking countries, and advance the sales activities in the DACH region within the scope of the planned market expansion. Plans are to increase sales activities in Austria, in order to ensure additional market share in the DACH region.

Closer Cooperation with International Partners

In the reporting period Vita 34 was successful in intensifying cooperation with various partners, thus strengthening its market position in Europe.

Vita 34 expects positive impetus on the number of newly stored stem cell units in Slovenia on account of the takeover of Slovenian partner Izvorna Celica by **Serbian cooperation partner Bio Save**. Thanks to the existing sales and marketing cooperative venture with Bio Save, Vita 34 is already storing umbilical cord blood for customers from Serbia, Montenegro, Macedonia, Bosnia-Herzegovina, Romania and Croatia. Apart from this, Vita 34 expanded its international presence to Monaco via the cooperative venture with its **Italian partner company Sorgente** during the reporting period. The existing exclusivity agreement for cooperative sales and marketing venture on the Italian market has now been concluded for the official cooperation in Monaco. Vita 34 had signed a "letter of intent" (LoI) with the private clinic **Van Hanh Hospital in Ho Chi Minh City, Vietnam**. Currently, a potential cooperation for establishing a stem cell center in Ho Chi Minh City is under review. With closing the agreement with the National Hospital of Obstetrics for establishing a public umbilical cord blood bank, Vita 34 has been successful in advancing activities in Vietnam and Southeast Asia further.

Furthermore, Vita 34 entered into a cooperative agreement with **Lithuanian umbilical cord blood bank AS "Imunolita"** founded in 2007, at the beginning of fiscal year 2015. With this market entry into Lithuania, Estonia and Latvia, Vita 34 is consistently pursuing foreign expansion in 2015. [→ Chapter "Subsequent Report" Page 40]

Product Development

VitaPlusCord – Market Penetration in Germany and Introduction of Umbilical Cord Tissue Storage on the European Market

Vita 34 is the only private stem cell bank in Germany that has the required permits for collecting, processing, cryo-preserving and storing umbilical cord tissue and, can store therefore umbilical cord tissue along with umbilical cord blood according to Good Manufacturing Practice guidelines (GMP). In order to enter into contracts for collecting umbilical cord tissue with all partner clinics in Germany, Vita 34 has applied for permits for collecting tissue with all of the 27 responsible agencies within Germany. By the end of the reporting period Vita 34 had received the green light from a majority of the local authorities. On the basis of this approval Vita 34 already has entered into **contracts for umbilical cord tissue collection with some 70 percent of clinics in Germany**.

Since Vita 34 received a permit at the end of Q3 2013 for the collection and storage of umbilical cord tissue in accordance with Sec. 20b German Pharmaceuticals Act (Arzneimittelgesetz, AMG), the company can make a positive assessment at the end of fiscal year 2014. Barely one year later Vita 34 can offer this new, and in the German market unique, product in many regions in Germany.

During the reporting period Vita 34 also concentrated on **the introduction of umbilical cord tissue storage in the European market** and was able to reach decisive milestones. Vita 34 received the permit for the introduction of umbilical cord tissue from Switzerland and the collection of umbilical cord tissue in Austria in Q1 2014. Stem cell units from umbilical cord tissue from Austria, Switzerland, Spain, Macedonia, Romania, Bulgaria, Bosnia-Herzegovina and Slovenia have already been stored. In Croatia, Vita 34 pursued the introduction of stem cell units from umbilical cord tissue with its cooperation partner.

Expansion of R&D

Vita 34 continued to expand its research activities in the Biotechnology segment during fiscal year 2014.

In fiscal year 2014 Vita 34 also pursued and successfully concluded two research projects, among other things: The results from the project for studying the effectiveness of mesenchymal stem cells of the umbilical cord in blood stem cell transplantations in treating leukemia form the basis for a follow-up project. In an additional project new biological vitality markers for the cryo-preservation of plants were developed through fundamental research work. Vita 34 also began two new research projects with cooperative partners in fiscal year 2014, in the form of a research project for the cryo-preservation of autologous fatty tissue, as well as a project for developing a process for the optimized collection of plan agents for the manufacture of medicines. [→ "Research and Development" Page 31].

Other Milestones in Fiscal Year 2014

Applications

The assurance of the highest safety and quality standards is the prerequisite for our numerous applications with stem cells from the Vita 34 cryo-tanks. Since the first application in 2004, to date the number of transplantations using Vita 34 stem cell units total 28, which is equivalent to some 44 percent of the overall 63 therapeutic applications from private stem cell banks reported to Cord Blood Europe.

In the reporting period a total of three stem cell units stored at Vita 34 were dispensed and transplanted: In Q1 2014, a stem cell unit stored at Vita 34 was used for a patient in an Austrian clinic afflicted with acute myeloid leukemia. In Q2 2014 a stem cell unit that had been stored at Vita 34 was used at an Austrian clinic to treat a 6 year-old boy suffering from a ß-thalassemia. This was, simultaneously, the tenth allogenic transplantation using a Vita 34 transplant, since stem cells from the umbilical cord blood of the sister were used. The 28th transplant of a Vita 34 stem cell unit finally took place on December 4, 2014. An 11-year-old boy with severe aplastic anemia was treated with his own umbilical cord blood.

Permits

The issuance of a Good Manufacturing Practice (GMP) certificate, the assurance of quality in the production process for pharmaceuticals and agents, is reviewed every three years in an extensive inspection performed by the State Directorate of Saxony (Landesdirektion Sachsen). The GMP certificate was issued again in Q3 2014 and confirms to Vita 34 that the production process in the company's internal glass GMP laboratory complies with the valid guidelines regarding quality assurance.

In November 2014 the State Directory of Saxony granted Vita 34 a production permit in accordance with Sec. 13 German Pharmaceuticals Act (AMG) for a separation process. Correspondingly, the already existing production permit for the storage of whole-blood was extended with a separation process. Differently from the whole blood process used by Vita 34 exclusively up to now, the stem cells are stored in an isolated manner during this preservation process. Thus, Vita 34 is the only stem cell bank in Europe that can offer the collection and preparation of stem cells via two different processes, providing an advantage in the acquisition of customers and cooperative venture partners.

Revenue and Profit Situation

EUR k	2014	2013
Total operating revenue	**15,176**	**14,784**
of that Revenue	13,786	13,554
of that other operating income	1,665	1,389
of that changes in unfinished services	-275	-159

In fiscal year 2014 the profit situation at Vita 34 trended positively. In all, Vita 34 achieved **total operating revenue** of EUR 15.2 million in the period reported, which was 2.7 percent higher than the prior year's EUR 14.8 million. **Revenues** increased to EUR 13.8 million following EUR 13.6 million the previous year. Vita 34, therefore, fulfilled the prognosis for fiscal year 2014. According to business segment some EUR 13.3 million was attributable to the Stem Cell Storage segment and some EUR 0.5 million to the Biotechnology business segment. The revenue development is mainly attributable to the increased number of newly stored stem cell units, and especially to the additionally generated revenues created thanks to the newly introduced VitaPlusCord product.

EUR k	2014	2013
Revenues	13,786	13,554
- Cost of sales	-5,911	-5,491
Gross profit	**7,875**	**8,063**
- Marketing and selling expenses	-4,419	-4,697
- Administrative expenses	-3,292	-2,896
- Other operating expenses / income	1,526	999
Operating profit / EBIT	**1,690**	**1,469**
- Interest income / expenses	7	-126
- Income tax expense	-707	-555
Earnings for the period	**990**	**788**

In fiscal year 2014 the **cost of sales** was EUR 5.9 million, following EUR 5.5 million in the prior year's reference period. Since its takeover at the end of December 2013, the subsidiary stellacure GmbH has been included in the consolidation group of Vita 34. The increase in the selling costs of 7.6 percent in annual comparison is mainly attributable to the costs incurred in the subsidiary and the reduction in work in progress. Apart from this, the cost of sales also contains costs for research and development that were somewhat higher in fiscal year 2014.

The **gross profit from sales** totaled EUR 7.9 million as compared with EUR 8.1 million in fiscal year 2013. This is equivalent to a gross margin of 57.1 percent, as compared with 59.5 percent in the reference period of the prior year.

The balance of **other operating income and expenses** increased significantly in fiscal year 2014 to EUR 1.5 million following EUR 1.0 million in the reference period the prior year. Income consists mostly of income from reaserch and development activities. Moreover, this includes income from dissolving a reserve formed in the previous years, interest and compensatory damage claims in the amount of EUR 0.6 million, which are based on a positive court judgment against a business customer of Vita 34.

In the reporting period the marketing and **selling expenses** were reduced to EUR 4.4 million following EUR 4.7 million in fiscal year 2013 thanks to optimized use of funds and an associated increase in efficiency in marketing. The administrative expenses on the other hand increased from EUR 2.9 million the prior year to EUR 3.3 million in the reporting period. The **administrative expenses** rose due to the integration of a subsidiary including incurred costs, increased personnel expense, as well as an adjusted Supervisory Board compensation commensurate with a resolution of the Annual General Meeting.

The financial key figure, **earnings before interest and taxes, depreciation and amortization (EBITDA)** of EUR 2.8 million in fiscal year 2014 was higher than in the reference period, and with 15 percent slightly below the prognosis for fiscal year 2014. The **earnings before interest and taxes (EBIT)** increased to EUR 1.7 million in the reporting period following EUR 1.5 million in the prior year. The income tax expense in 2014 was posted with an amount of EUR 0.7 million, whereas EUR 0.6 million was incurred in the previous year.

The **period result**, which had been EUR 0.8 million in fiscal year 2013, was now EUR 1.0 million in the current reporting period. This resulted in **earnings per share** of EUR 0.36 in the reporting period based on an average number of issued shares of 3,026,500, following EUR 0.28 in the 2013 reference period, an increase of 28.6 percent.

Financial Situation

The presentation of the financial situation is done in the consolidated statement of cash flows. Based on a **period result before income tax** in the amount of some EUR 1.7 million in the reporting period 2014 (fiscal year 2013: EUR 1.3 million), with some EUR 1.1 million the lion's share of cash adjustments were attributable to scheduled depreciation. In the reference period of the prior year 2013 this was EUR 1.2 million. Vita 34 posted an outflow of EUR 1.4 million in net current assets in the reporting period (prior year's period: EUR 0.7 million). This change in annual comparison is, in particular, due to increased receivables and other assets, as well as reduced debt. Thus, the **cash flow from operating activities** in the reporting period of EUR 1.1 million was below the prior year's value of EUR 1.8 million.

Vita 34 invested a total of EUR 0.4 million in plant and equipment and intangible assets during the reporting period (prior year's period: EUR 0.8 million). Since Vita 34 had already created sufficient storage capacity in the prior year, in the reporting period lower investments in plant and equipment of EUR 0.2 million were made than the EUR 0.5 million invested the 2013 reference period. Correspondingly, the **cash flow from investment activities** of EUR -0.4 million was higher than the prior year's value of EUR -0.8 million.

The **cash flow from financing activities** was EUR 0.2 million in the reporting period, following EUR -1.6 million in the prior year's period. Vita 34 took in Investment Income of some EUR 0.3 million in the reporting period (prior year's period: EUR 0.1 million). In the reporting period there was no longer redemption of loans, which had been paid back as scheduled by the end of 2013.

As of December 31, 2014 Vita 34 had **cash and cash equivalents** amounting to some EUR 3.7 million (December 31, 2013: EUR 2.9 million). This, therefore, provided a solid basis for further growth.

Assets

The **balance sheet total** increased from EUR 35.6 million as of December 31, 2013 to EUR 37.1 million as of December 31, 2014. On the asset side of the balance sheet the **non-current assets**, including Goodwill, were EUR 27.2 million as of December 31, 2014, following EUR 27.3 million as of the end of fiscal year 2013. In particular, this contains the goodwill of EUR 13.9 million, which remained unchanged as compared with December 31, 2013. This is comprised of the goodwill of Vita 34 AG, the Spanish subsidiary Secuvita, S.L., and the Biotechnology business segment. In the other financial assets, as of December 31, 2014 mainly a loan to VITA 34 Gesellschaft für Zelltranplantate m.b.H. (Austria) for the acquisition of the assets of Vivocell Biosolutions GmbH & Co KG, Graz, is recognized.

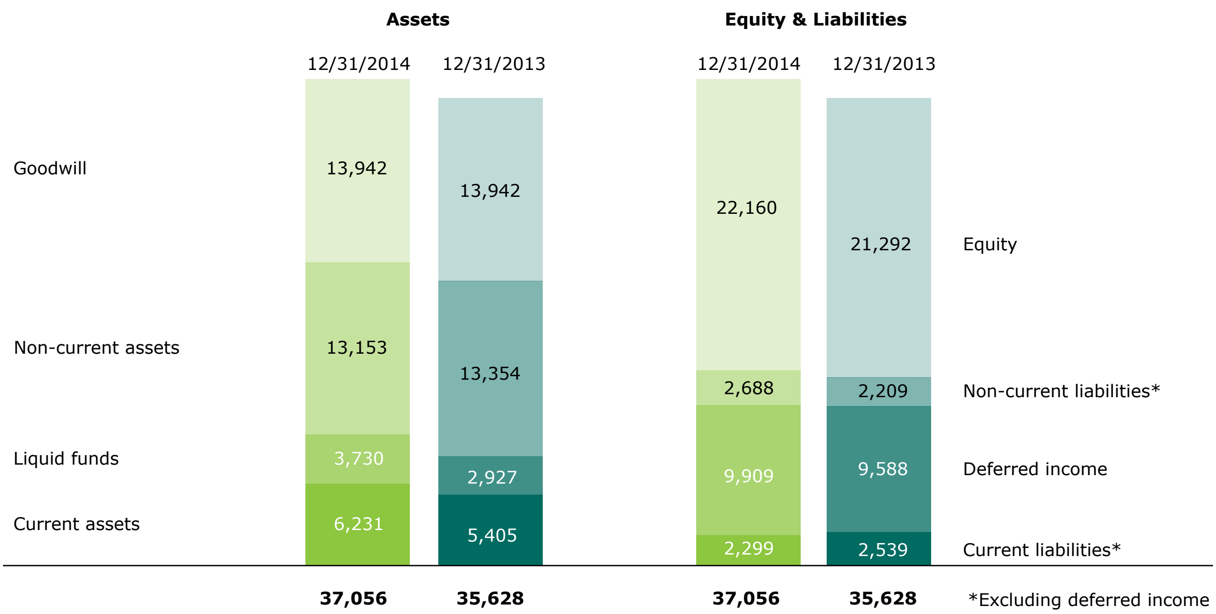
The **current assets** in the reporting period increased to EUR 10,0 million (December 31, 2013: EUR 8.3 million), due to increased trade receivables of EUR 3.9 million (December 31, 2013: EUR 2.8 million). This increase is in part explained by an increased receivable vis-a-vis a commercial customer of Vita 34 in the amount of EUR 0.6 million, which is based on a favorable court judgment. It consists of the dissolution of a reserve formed in the last years, interest and compensatory damages. The **cash and cash equivalents** increased from EUR 2.9 million as of December 31, 2013 to EUR 3.7 million as of the 2014 closing date.

On the liabilities side, **equity** as of the closing date December 31, 2014, was EUR 22.2 million thanks to higher retained earnings (December 31, 2013: EUR 21.3 million). The equity ratio as of the closing date of the reporting period was 59.8 percent, as in the prior year's period.

Non-current liabilities and deferred income increased to EUR 11.1 million as of December 31, 2014 following EUR 10.4 million as of December 31, 2013. This development mainly resulted from an increase in deferred income tax, deferred grants as well as deferred income. **Current liabilities without deferred income** decreased slightly from EUR 4.0 million as of year's end 2013 to EUR 3.8 million as of December 31, 2014. This decreased can be traced primarily to the lower trade liabilities of EUR 0.7 million as of the December 31, 2014 closing date (December 31, 2013: EUR 1.1 million). In comparison, the other liabilities increased slightly to EUR 1.1 million (prior year 1.0 million) and the income tax liability to EUR 0.2 million (prior year: EUR 0.1 million).

Deferred income was EUR 9.9 million as of December 31, 2014, in the wake of EUR 9.6 million at the end of the prior year. This contains the storage fees that are paid by customers in advance, and are dissolved in linear fashion over the agreed storage period.

Balance Sheet



Subsequent Report

Effective January 2, 2015 Vita 34 acquired the assets of the Austrian market leader for umbilical cord blood storage, Vivocell Biosolutions GmbH & Co KG, Graz. The number of stem cell units increased by 13,000.

In addition, Vita 34 signed a cooperation agreement in January 2015 with the Lithuanian stem cell bank AS "Imunolita." With this market entry into the Baltic region, Vita 34 is consistently pursuing its foreign expansion.

Following the conclusion of fiscal year 2014, no occurrences of special significance or with a major effect on the asset, financial, or profit situation of the Group have occurred.

Corporate Governance

Declaration on Corporate Governance in Accordance with § 289a German Commercial Code [HGB]

Compliance Declaration in Accordance with Sec. 161 German Stock Corporation Act (AktG)

The Management Board and Supervisory Board of a German stock corporation listed on a stock exchange are obligated in accordance with Sec. 161 German Stock Corporation Act (AktG) to declare once annually whether the recommendations of the Government Commission on the German Corporate Governance Code have been observed and will be observed, or which recommendations have not been applied or will not be applied. The following Declaration of Compliance was made accessible on the Company's website on March 19, 2015, along with the last five years' Declarations of Compliance.

"The Management Board and the Supervisory Board of Vita 34 AG declare in a accordance with Sec. 161 German Stock Corporation Act (AktG) that the recommendations of the Government Commission German Corporate Governance Code (DCGK) in the version dated May 13, 2013 have been observed since the issuance of the last compliance declaration on May 13, 2014, with the following exceptions. Moreover, Vita 34 AG complies with the recommendations of the codex in the version dated June 26, 2014, since its publication in the German Federal Gazette, and will continue to comply with these, with the exception of the items listed below:

- Sec. 3.8 Para. 3 DCGK: No separate deductible has been agreed upon with the Supervisory Board, since we are not of the opinion that the diligence and sense of responsibility exercised by the members of the Supervisory Board in performing their duties could be further enhanced by agreeing to a deductible.

- Sec. 4.1.5 DCGK: In filling management positions in the Company, the Management Board takes both company-specific circumstances, as well as commensurate variety into consideration. In our opinion, however, the specifications of the DCGK restrict the Management Board too greatly in its selection of the suitable candidates for the management positions to be filled.

- Sec. 4.2.3 Para. 4 DCGK: In deviation from the Corporate Governance Codex no severance cap was agreed to with one Management Board member. He was granted grandfathered terms, since he had started his third term of office.

- A specification for the composition of the Management Board, as called for in Sec. 5.1.2 Para. 1 DCGK, limits the Supervisory Board inappropriately in its selection of suitable Management Board members. The same applies accordingly for a target regarding the structure of the Supervisory Board membership, as called for in Sec. 5.4.1, Para. 2 and 3. We are fundamentally of the opinion that this represents too broad a limitation in the selection of suitable Supervisory Board members in individual cases. In addition, such a target also impairs the right of our shareholders to elect the members of the Supervisory Board.

- Sec. 5.1.2 Para. 2 Sentence 3 and Sec. 5.4.1 Para. 2 Sentence 1 DCGK: An age limit for Management and Supervisory Board members has not been established. The determining factor for the capability of the members of these bodies is not age; therefore, we do not consider an age limit to be sensible. The composition of the Supervisory Board should continue to occur, taking the availability, professional suitability and contribution to the company into consideration. On account of this, and the low number of Supervisory Board members, we see the absolute determination of a number of female members as not expedient.

- Secs. 5.3.1, 5.3.2 and Sec. 5.3.3 DCGK: The establishment of committees (i.e. a body that is only comprised of part of the members of the Supervisory Board), especially an Audit Committee, and a Nominating Committee does not make sense due to the size of the Vita 34 AG Supervisory Board of only three board members. A committee capable of making a decision must also have three members, therefore, the people would be identical."

Leipzig, March 19, 2015

The Supervisory Board The Management Board"

Corporate Governance Practices

At Vita 34 AG, the principles of good Corporate Governance are a significant foundation of cooperation with our shareholders, employees and business partners. Corporate Governance practices, which go beyond the legal requirements, are not implemented.

Management and Supervisory Board Procedure

Both bodies work together for the benefit of the company. The Management Board is responsible for running the Company; the Supervisory Board advises and controls the Management Board. The Management Board and the Supervisory Board observe the rules of orderly company management.

The Vita 34 AG Management Board consists of 2 members. The Chairman of the Management Board is Dr. André Gerth; an additional Management Board member is Mr. Jörg Ulbrich. The Management Board leads Vita 34 AG under its own responsibility, thereby orienting itself on a continuous increase in company value.

The work of the Management Board in general is regulated by rules of operation. The rules of operation contain the fundamentals of management of the Management Board members, those matters reserved for the entire Management Board, as well as the majority required to pass a Management Board resolution.

The Management Board regularly informs the Supervisory Board concerning all of the issues relevant to the company related to strategy, planning, business development, risk and risk management, as well as compliance, in a timely and comprehensive manner. Currently no member of the Management Board is active as a Supervisory Board member of a company outside the group.

The Supervisory Board of Vita 34 AG comprises three members. It supervises and advises the Management Board regarding the management of the business. To this end, the Supervisory Board regularly discusses the development of business, as well as planning, strategy and its implementation. It approves the annual plan prepared by the Management Board, accepts the annual financial statements and acknowledges the consolidated financial statements acceptingly. Furthermore, it is responsible for appointing and removing the members of the Management Board, as well as for representing the Company in dealings with the Management Board.

The Chairman of the Supervisory Board coordinates the work in the Supervisory Board, directs the meetings and handles the external affairs of the Supervisory Board. The members of the Supervisory Board are independent in their decisions and are not bound to specifications or instructions from third parties.

The Supervisory Board has not received any notice of conflicts of interest from either the Management Board or from Supervisory Board members. To date, no Management Board member of Vita 34 AG has moved into the Supervisory Board.

The compensation of Management Board members consists of a performance-independent component and a success-dependent component. Vita 34 AG publishes the Management Board compensation individually.

Supervisory Board compensation is regulated in Sec. 18 of the bylaws. The Supervisory Board members at Vita 34 AG receive a fixed compensation. Performance-based compensation is not provided for. Additional details on the compensation of the Management and Supervisory Boards can be found in the concolidated notes under note 26.

The Management Board publishes insider information that pertains to Vita 34 AG immediately, to the extent it is not exempt from doing so in individual cases. In addition, the company keeps an insider directory, which comprises all persons who have access to insider information.

A solid principle of the communications policy of Vita 34 AG is that all shareholders and interest groups are treated equally when publishing information, which pertains to the company and is significant for evaluating the development of the company.

All mandatory publications, as well as additional investor relations publications of the company are issued in German and in English. All information relevant for capital markets is available in German and English on the Vita 34 AG website at www.vita34group.de.

In accordance with Sec 15a of the German Securities Trading Act (WpHG), the members of the Management Board and the Supervisory Board, as well as certain employees with management duties and persons who are close to them, must disclose the purchase and sale of Vita 34 AG stock and financial instruments based on it (Directors' Dealings). The following securities transactions requiring notification took place in fiscal year 2014, and were also published on the company's website. The publication documentation, as well as the corresponding announcements, was sent to the German Federal Financial Supervisory Authority.

The percentage of stock owned by Management Board and Supervisory Board members at Vita 34 AG is greater than 1 percent. Here, Management Board member Dr. André Gerth held 383,600 shares as of December 31, 2014, which is equivalent to 12.67 percent. 103,870 shares, equivalent to 3.43 percent, were attributable to Supervisory Board Member Dr. Holger Födisch, and 40,000 shares, equivalent to 1.32 percent, were owned by Supervisory Board Chairman Dr. Hans-Georg Giering.

Reporting According to Sec. 315 Para. 4 German Commerical Code [HGB]

Registered Capital

The registered capital of Vita 34 AG is EUR 3,026,500 and is divided into 3,026,500 individually registered, non-par value shares. Here, each share equals one vote.

Authorized Capital

In accordance with Sec. 7 para. 2 of the bylaws of Vita 34 AG, the Company has authorized capital. The Management Board is authorized, in accordance with a resolution of the Annual General Meeting on August 24, 2014, to increase the nominal capital of the company once or several times up to a total of EUR 1,513,250.00 by August 27, 2019 by means of the issuance of up to 1,513.250 new, individually registered, non-par value shares in exchange for cash or in-kind contributions (Authorized Capital 2014).

If the capital stock is increased in exchange for cash contributions, the shareholders must be granted subscription rights. The subscription rights may also be granted to the shareholders indirectly in accordance with Sec. 186 Para. 5 German Stock Corporation Act. The Management Board is, however, authorized to decide, in each case with the approval of the Supervisory Board, on the exclusion of shareholders in purchasing stock.

A subscription right exclusion is only admissible to

- To even out peak amounts;
- Issue employee stock to employees of the company, as well as employees of enterprises associated with the company;
- Increase capital in exchange for contributions in kind;
- To the extent necessary, at the point in time of the exercise of the Authorized Capital 2014 in order to grant the holders of current conversion and/or option rights or a conversion obligation arising from already granted or to be granted conversion and/or option subscriptions arising from Vita 34 AG or its group companies a right to purchase new shares in the scope that would be due them following exercise of the conversion and/or option rights or following fulfillment of a conversion obligation of the shareholders;
- If the issue price of the new shares in the case of capital increases in exchange for contributions in cash is not significantly lower than the stock market price of already listed shares at the time of the final determination of the issue price, and the shares issued

do not exceed in total 10 percent of the capital stock either at the time of effectiveness or at the time this authorization is exercised. This limitation covers shares that have been sold, issued or are to be issued during the term of this authorization up to the point of its exercise based on other authorizations with direct or corresponding application of Sec. 186, Para. 3, Sentence 4 German Stock Corporation Act with exclusion of subscription rights.

The Management Board decides on the other details of conducting capital increases from Authorized Capital 2014, especially the content of stock rights and the conditions of stock issue with the approval of the Supervisory Board. The Supervisory Board is authorized to adjust the version of Sec. 7 Para 2 of the bylaws according to the respective exercise of the authorized capital and, if the authorized capital is not or not fully exploited by August 27, 2019, to adjust the expiration deadline for the authorization.

Restrictions on the Transfer of Stock

An agreement was entered into with Management Board member Dr. Gerth within the context of integrating BioPlanta GmbH and the issuance of new Vita 34 AG shares from authorized capital for the takeover of BioPlanta GmbH that the new shares could not be sold before three years from the effective as of July 1, 2012, without the approval of Vita 34. This lock-up period agreement was extended for an additional 18 months.

Major Shareholders of the Company

The following direct or indirect participations in the capital of Vita 34 AG, which exceed ten percent, were made known to Vita 34 AG by means of voting rights notifications as of December 31, 2014:

- Dr. André Gerth: 12.7 percent.
- HSCI OJSC, Moscow, Russia: 11.2 percent.

Rules for Appointing and Removing Members of the Management Board and Concerning Changes to the Bylaws

The legal provisions concerning the appointment and removal of members of the Management Board can be found in Secs. 84 and 85 German Stock Corporation Act. Section 9 of the bylaws of Vita 34 AG provides for a unanimous arrangement. Amendments to the bylaws can be made in accordance with Secs. 179, 133 German Stock Corporation Act, as well as Sec. 25 of the Vita 34 AG bylaws by means of a resolution of the Annual General Meeting passed with a simple majority of the votes cast, to the extent a larger majority is not called for by law.

Significant Agreements that Exist under the Condition of a Change in Control Following a Takeover Offer

There are no significant agreements of the Company that are subject to the condition of a change in control following a takeover offer, except for an agreement made with a member of the Management Board for the case of a change in control ("change of control term").

To the extent that the change of control term is applied, it gives the Management Board member the right to terminate his employment contract within six months. If the Management Board member avails himself of this termination right, the Management Board member has claim to payout of his salary for the remaining term of the contract, at the most, however, in an amount that corresponds with the value of three annual salaries (fixed salary plus bonus), as well as to severance in the amount of up to two annual salaries (fixed salary and variable compensation). The payout and severance together must not exceed an amount of three annual remunerations. In the case of termination of the employment agreement, the Supervisory Board may demand that the Management Board member continue in office as a director for a period of up to six months following a change in control.

Opportunity and Risk Report

Internal Controlling And Risk Management System

Vita 34 has been operating an internal risk and opportunity management system for years. It identifies, evaluates and prioritizes all significant risks and opportunities, in order to take controlling steps. With reference to German Accounting Standards (DRS 20), a risk is defined as the possibility of a negative deviation from the company forecast, whereas an opportunity is the possibility of a positive deviation from the defined corporate objectives.

A comprehensive documentation and communication of the risks is the basis of the risk management system and its control. Associated activities are recognized within the risk management system and monitored. An internal controlling system represents an additional central component of the risk management system. In particular, invoicing, accounting and controlling processes are managed with this. Risk management and the internal controlling system are represented together and interface directly with the Management Board and management level. The Management Board designs the scope and orientation of the established systems on it own responsibility, using the company-specific requirements. Despite adequate and functionally implemented systems, there can never be absolute reliability in the identification and management of risk. Recognized risks are, for example, limited by the engagement of external specialists and are reviewed with regard to their influence on the business processes and the group financial statements. Within the context of the accounting based internal control system, controls are implemented to ensure sufficient security that business operations and the preparation of the annual and Group financial statements are safeguarded despite the identified risks.

The identification, recording and evaluation of new risks are done in an operative process. Annually, the Controlling Department conducts a risk inventory, in order to analyze, review and supplement the types of risk detected in cooperation with the responsible management personnel and the Management Board. Changes in risk and the corresponding data are reported to the Management Board and the Supervisory Board on a monthly basis. The risk management system is documented and the individual risks are described in the risk management manual and the risk information sheets.

Additionally, the company rules and other corporate guidelines are defined and partially validated. Major procedures are subject to the four eyes principle in all areas of the company, that means that two signatures are always required for execution. In the case of IT supported systems, the access rights (read and write authorization) are regulated for each employee.

External service providers participate in the preparation of monthly, quarterly and annual financial statements. The assignment of the duties is set and documented when drafting the financial statements.

Apart from the regular process-related risks, primarily risks within projects, as well as special occasions, are identified, analyzed and recorded based on the risk management system. Risks are divided into the following risk categories: Strategic, financial, personal and legal risks, product, capital market and infrastructure risks, as well as risks in marketing and sales.

From among the entirety of the identified risks, the following risks are expounded upon, which from the current view could significantly influence the profit, financial and asset situation of Vita 34:

Company Risks

Product Risk

Future research could show that stem cells from other sources (e.g. from bone marrow, or peripheral blood or tissues) collectable at any time could become an alterative to stem cells from umbilical cord blood and cord tissue within the scope of therapeutic use. The diseases treated with autologous stem cells mainly occur at an advanced age. Today, however, these patients do not have an autologous umbilical cord blood unit. A risk could arise, that for this reason research with bone marrow or peripheral stem cells is pursued more quickly. This is why autologous bone marrow cells are used exclusively today for treatments following heart attacks, although research in animal models has shown that umbilical cord blood stem cells have a better effect.

In addition, the development of what are known as iPS cells (induced pluripotent stem cells) can, based on the body cells of a patient containing nuclei, lead to an alternative stem cell source for different regenerative therapies. Renowned scientists, however, have been able to demonstrate that umbilical cord blood is better suited for this technology than other, older somatic cells (e.g. skin cells). Vita 34 engaged in cooperative research efforts in this field at an early stage, in order to establish umbilical cord blood as a cell source for iPS techniques. Based on the advantages of umbilical cord blood as compared with other cell sources, the increasing use of the latter does not represent a fundamental existential risk in the view of management, rather it contributes to the expansion of the potential uses of umbilical cord blood stem cells. In addition, Vita 34 participates in research projects, in order to identify potential for additional adult stem cell sources in a timely fashion, and use them in its own product development.

The primary concentration on one product – stem cell storage – can currently be seen as a product risk.

Strategic Risks

There is a risk that the market expansion on a national or international level will be slower or less extensive than expected. International markets can have unplanned developments due to regulatory, market or economic influences, and thus also limit or slow down growth. It can be assumed that the market expansion and the growth of Vita 34 will not take a linear course over the quarters, but instead will be subject to fluctuation. Moreover, there is a risk that ongoing cooperative ventures will be terminated and that reductions in revenue and profit will follow.

Financial Risks

Both price fluctuations as well as bad debt could result from changes in the economic conditions in markets or influences on consumers. Particularly in foreign markets, financial risks could arise from changing interest and tax policy, as well as exchange rate fluctuations. An increase in competition could give rise to financial or liquidity risks. Risks are to be avoided and mitigated by long-term business planning and liquidity planning with foresight.

Legal Risks

Legal risks could arise from the manifold regulations and laws that affect Vita 34. Changes in the field of medical and pharmaceutical law could influence the existing business structures. An active dialog with decision makers is used to try to present the special features of Vita 34 within the context of interpreting law, and to design implementation of reforms in a practical manner. In addition, competitive disputes could influence or significantly limit the business activity of Vita 34, e.g. in Marketing and Sales. Legal risks also arise from failed umbilical cord blood and tissue collections, improper transport, processing errors at Vita 34 or the destruction of stored preparations which, for example, can lead to liability claims on the part of the customers affected. Vita 34 has taken out insurance policies for cases of damage and liability, in order to supplement comprehensive quality management. This should exclude or limit the commercial effects of risks that occur. The scope of the insurance policies is continuously reviewed and adjusted where necessary. Moreover, Vita 34 will not undertake any cost saving measurements that could affect quality.

Risks in Marketing and Sales

Based on negative, unprofessional or incorrect reporting in the media concerning the storage of umbilical cord blood or stem cell applications, potential customers could be influenced. This can lead to decreases in revenues. In addition, the selection of cooperative ventures or cooperation partners can also lead to loss in revenue due to damages to reputation or contractual constellations. There is a risk that the business activity of Vita 34 will be negatively influenced by an increase in the intensity of competition. This includes both aggressively priced offers as well as low prices or significant price reductions on the part of competitors or companies entering the market. This could lead to a weaker revenue and profit development at Vita 34. It cannot be ruled out that a slow economic recovery following the financial market crisis could have a negative effect on the consumption patterns of end consumers and, therefore, on the development of revenues and profits at Vita 34. Vita 34 takes the national purchasing power development prognosticated by market researchers into consideration in planning.

Capital Market Risks

The development of the Vita 34 stock price can be influenced by external events, e.g. a financial market crisis. The associated investment decisions by shareholders are in part controlled by factors that have no connection with the key performance indicators of Vita 34. Vita 34 will continue to appear on the capital market by observing laws and regulations, as well as transparent communication with stakeholders.

Personnel Risks

Vita 34 see no risks that could threaten the company thanks to established measures of the internal control systems, as well as by means of a personnel policy that is characterized by social and safety oriented measures.

Infrastructure Risks

The failure of process and sales relevant technology or the failure or limitation of logistical processes can influence the profit situation of Vita 34. These risks are mostly prevented or excluded by redundant safeguarding systems.

Opportunities for Future Development

Product Opportunities

In 2012 Vita 34 developed a unique GMP procedure for preserving umbilical cord tissue, with which mesenchymal stem cells can be collected as starter cells for regenerative medicine. Since the end of Q3 2013, Vita 34 has been the only private stem cell bank in Germany that can not only store umbilical cord blood, but also umbilical cord tissue in accordance with Good Manufacturing Practice Guidelines (GMP), based on the corresponding permits. This unique selling proposition provides Vita 34 with the opportunity to attain better market access via the corresponding VitaPlusCord product offering, thus profiting from an increased number of newly stored stem cell units.

Due to the intensive scientific development in the field of regenerative medicine, Vita 34 expects there to be a globally increasing demand for the cryo-preservation and reliable storage of cells and tissues. Via the expansion of research and development capacities, Vita 34 endeavors to establish additional product ranges in the future. As a service provider and supplier to pharmaceutical / therapy oriented companies, Vita 34 has been able to attain a significant market position.

Opportunities through Diversification of the Business Model

In the Biotechnology business segment, Vita 34 is active in the field of Biotechnology in consulting on environment projects, as well as in pharmaceutical and biotechnological development. Vita 34 achieves synergetic effects between the business segments that contribute to increased profitability of the Company. Apart from an international network, Vita 34 also has decisive competencies in project management. Overall, diversification of the business model has a stabilizing effect on the revenue trend.

Opportunities via Internationalization
Vita 34 is an internationally active provider for the cryopreservation of umbilical cord blood and tissue. Vita 34 is represented in the European and global markets in a total of 17 countries apart from Germany via subsidiaries and cooperation partners. Vita 34 continuously opens up attractive new markets that allow contributions to profits in the medium term. [→ Chapter "Subsequent Report" Page 40]. Within the scope of these cooperative ventures the European partner companies are independently active in marketing and sales. Vita 34 subsequently takes over the preparation and storage of the umbilical cord blood and tissue in Leipzig. Through this form of cooperation, Vita 34 can profit from additional income, without incurring its own cost of sales abroad. The company has a stable foundation via geographic diversification, which opens up the possibility of participating in the potential of several target markets.

Market Opportunities via Acquisitions
Competitive advantages can result for the company through targeted, strategic acquisitions. This provides Vita 34 with access to qualified personnel, existing and potential customers, as well as new technologies. After the takeover of stellacure GmbH, with the establishment and approval of the separation process at Vita 34 there is now an additional option of preservation for collecting and preparing stem cells. With regard to competition this provides benefits to Vita 34 in acquiring customers via the variety of possible offerings.

Within the scope of the increasing consolidation of the market for private stem cell banking, Vita 34 is examining the potential of further diversifying its product range via acquisitions. A broader product range can have a stabilizing effect on the revenue and profit situation.

Assessment of the Management Board
As the largest stem cell bank with a leading market position on the German-speaking market, Vita 34 has positioned itself with regard to the opportunities and risks to ensure the continued existence of the company in the long term, and to utilize the opportunities that present themselves. If one or all of the opportunities / risks listed occur, this would have an effect on the development of the Company and on the financial performance indicators [→ Chapter "Controlling Systems and Performance Indicators" Page 30] At this time Vita 34 cannot make any statement as to which financial performance indicator would be influenced by which risk or opportunity, or as to what the extent of such an effect would be. After reviewing the risk situation as of the closing date, December 31, 2014, there were no risks that endanger the continuation of the Company. The overall risk situation of Vita 34 has not fundamentally changed as compared with the prior year. No existentially threatening risks can be seen for the future.

Prognosis Report

Outlook

In fiscal year 2014 Vita 34 earned total operating revenues of EUR 15.2 million. The earnings before interest, taxes, depreciation and amortization (EBITDA) rose to EUR 2.8 million. Thus, for the second time in a row the total operating revenue and the operating result were increased as compared with the prior year. We have, therefore, achieved our goals and look back on an overall pleasing fiscal year 2014. We consider the prospects for the current fiscal year to be positive, as well.

We assume there will be a stable economic development in the European region in 2015, a region important to Vita 34. Experts from the Kiel Institute for the World Economy (IfW) are forecasting growth in Gross Domestic Product (GDP) in the Eurozone by 1.2 percent and for Germany of some 1.7 percent. Economic growth is expected in excess of 2014 also for our other core markets in Austria, Switzerland and Southeastern Europe, according to IfW. Only a slight increase in GDP is forecast for Spain and Italy in 2015. Apart from general economic conditions, the medical demand for cryo-preserved stem cells and tissues, and especially the development of the market for stem cell transplants is of decisive importance for further operative development of Vita 34. As of mid 2013 worldwide 30,000 umbilical cord blood transplants had been counted, of them 1,000 applications from private banks.[4] Experts expect that in the future the demand for cryo-preservation and reliable long-term storage of cells and tissues for a possible application of stem cells for treating various diseases will increase significantly.

The consistent expansion of our international activities and the simultaneous intensification of existing cooperative efforts with partners had a positive effect on the profit situation of Vita 34 in fiscal year 2014. With the acquisition of the business of the Austrian market leader for umbilical cord blood storage in the context of an asset deal, we have set an additional milestone. Thereby, we have very decisively strengthened our leading market position in the German-speaking countries. At the same time it will be easier to gain additional market share in Austria. The takeover of the some 13,000 stem cell units from umbilical cord blood took place at the beginning of January 2015. The integration of the target into the Vita 34 group should be complete during the course of 2015.

We will continue to consistently pursue geographic expansion in the current fiscal year. At the beginning of fiscal year 2015 a cooperation agreement was entered into with the Baltic stem cell bank AS "Imunolita." With the associated market entry in the Baltic countries, Vita 34 is now active in a total of 20 countries outside of Germany. The first contributions from the Baltic region are expected in the second half-year 2015. In addition, we will intensify cooperation with our Serbian sales partner Bio Save d.o.o. Since we have taken on stem cell units from Turkey and Greece with the integration of the Austrian Vivocell stem cell units, we will review the cooperation with the local sales partners in these two markets and, where applicable, expand upon it.

Vita 34 will not just develop positively via expansion into new geographic markets. We are, moreover, consistently pursuing the goal of further extending the value chain via the development and introduction of new products for pharmaceutical manufacture, thereby achieving a significant market position. In fiscal year 2014 the VitaPlusCord product was established in the DACH region, as well as via local sales partners in the European market. We are on a good path towards offering VitaPlusCord comprehensively in Germany. We intend to obtain a production permit and authorization to dispense allogenic separated umbilical cord blood in the current fiscal year. Thus, we will possess all permits for the production of innovative products, and will make use of the resulting competitive advantage.

In the future we will also avail ourselves of additional sources for the collection of adult stem cells, in order to develop new products for therapeutic use in the medium

[4] Bone Marrow Transplantation, Karen Ballen, MD, Frances Verter, PhD, Joanne Kurtzberg, MD, "Umbilical Cord Blood Donation: Public or Private?" in press for summer 2015

term. We have already identified additional possibilities for the isolation of stem cells from other tissues in the course of our research and development activities. Currently we are examining whether these options are suitable for new product offerings, and whether this can further strengthen the core business of stem cell banking. In particular, we will consistently pursue the research project involving the cryo-preservation of stem cells from fatty tissue in the current fiscal year.

From today's perspective due to the ongoing tense economic situation in Europe and the necessary expenditures for implementing our corporate strategy decided at the end of 2014, we expect total operating revenues and an operating result (EBITDA) at the 2014 level for the current fiscal year. We expect that EBIT, EBITDA margin and the number of newly stored stem cell units will be at last year's levels. With a target equity ratio of some 60 percent in the current year, we have a solid basis for achieving additional growth. The increased profitability of the Company will be used in order to achieve significantly more aggressive revenue and profit growth within the context of a Buy and Build strategy. The three cores of our growth strategy – market penetration and the opening of new markets, the development of the product portfolio, as well as the expansion of research activities – form the foundation for this. The goal of the Management Board is to use our strong market position as a specialist for the cryo-preservation of biological materials in the next years, in order to further total operating revenue, thereby continuously expanding the profits earned.

Forward-Looking Statements

This annual report contains forward looking prognoses. These statements are based on the current level of information, which were available to Vita 34 at the point the annual report was drafted. Such forward-looking statements are subject, however, to risks and uncertainties. If the assumptions taken as a basis should not transpire or additional opportunities / risks arise, the actual events could deviate strongly from the estimates rendered. Vita 34 can assume no responsibility for this information.

Leipzig, March 19, 2015

The Vita 34 AG Management Board

Dr. André Gerth
CEO

Jörg Ulbrich
CFO

Consolidated Financial Statement and Notes

Consolidated Statement of Income

EUR k	Note	01/01/-12/31/2014	01/01/-12/31/2013
Revenue	5.2	13,786	13,554
Cost of sales	5.3	-5,911	-5,491
Gross profit on sales		**7,875**	**8,063**
Other operating income	5.4	1,665	1,389
Marketing and selling expenses	5.5	-4,419	-4,697
Administrative expenses	5.6	-3,292	-2,896
Other operating expenses	5.7	-139	-390
Net operating profit / loss (EBIT)		**1,690**	**1,469**
Finance revenue	5.9	103	79
Finance costs	5.8	-96	-205
Earnings before taxes		**1,697**	**1,343**
Income tax expense	6	-707	-555
Period result		**990**	**788**
Period result attributable / Total comprehensive income for the year after tax to			
Owners of the parent		1,100	838
Non-controlling interests		-110	-50
Earnings per share (EUR) Basic and diluted, for profit or loss for the year attributable to ordinary equity holders of the parent (EUR)	7	0.36	0.28

Consolidated Statement of Comprehensive Income

EUR k	Note	01/01/-12/31/2014	01/01/-12/31/2013
Period result		**990**	**788**
Other Result			
Revaluation of defined benefit plans	19	-179	0
Income tax effect	19	57	0
Items, not to be reclassified into consolidated statement of income in subsequent periods		**-122**	**0**
Total output after tax		**868**	**788**
Attribution of total output after income tax to			
Owners of the parent company		978	838
Shares of other shareholders		-110	-50

Consolidated Statement of Financial Position (Assets)

EUR k	Note	12/31/2014	12/31/2013
Non-current assets			
Goodwill	8	13,942	13,942
Intangible assets	8	6,678	7,175
Property, plant and equipment	9	4,590	4,756
Other financial assets	13	620	76
Trade receivables	12	1,095	1,177
Restricted cash	14	170	170
		27,095	**27,296**
Current assets			
Inventories	11	297	550
Trade receivables	12	3,884	2,762
Other receivables and assets	13	2,050	2,093
Cash and cash equivalents	14	3,730	2,927
		9,961	**8,332**
		37,056	**35,628**

Consolidated Statement of Financial Position (Equity & Liabilities)

EUR k	Note	12/31/2014	12/31/2013
Equity			
Issued capital	15	3,027	3,027
Capital reserves	15	18,213	23,950
Revenue reserves	15	1,390	-5,447
Other reserves	15	-122	0
Treasury shares	15	-436	-436
Non-controlling interests	15	88	198
		22,160	**21,292**
Non-current liabilities and deferred income			
Interest-bearing loans	16.2	164	210
Silent partners' interests	17	940	940
Deferred income taxes	6	463	31
Deferred grants	20	1,121	974
Pension provisions	19	0	54
Deferred income	21	8,367	8,169
		11,055	**10,378**
Current liabilities and deferred income			
Trade payables		696	1,127
Provisions	18	103	148
Income tax payable	6	239	58
Interest-bearing loans	16.1	87	140
Deferred grants	20	94	88
Other liabilities	22	1,080	978
Deferred income	21	1,542	1,419
		3,841	**3,958**
		37,056	**35,628**

Consolidated Statement of Changes in Group Equity

EUR k	Issued capital	Capital reserves	Revenue reserve	Revaluation reserves
	Equity attributable to the			
Note				
Balance as of January 1, 2013	**3,027**	**23,950**	**-6,285**	**0**
Period result	0	0	838	0
Changes in the consolidation scope	0	0	0	0
Balance as of December 31, 2013	**3,027**	**23,950**	**-5,447**	**0**
Balance as of January 1, 2014	**3,027**	**23,950**	**-5,447**	**0**
Period result	0	0	1,100	0
Other result	0	0	0	-122
Total operating revenue	0	0	1,100	-122
Utilization of capital reserves	0	-5,737	5,737	0
Balance as of December 31, 2014	**3,027**	**18,213**	**1,390**	**-122**

owners of the parent			
Total shareholders' equity	Treasury shares at acquisition costs	Non-controlling interests	Total equity
20,692	**-436**	**238**	**20,494**
838	0	-50	788
0	0	10	10
21,530	**-436**	**198**	**21,292**
21,530	**-436**	**198**	**21,292**
1,100	0	-110	990
-122	0	0	-122
978	0	-110	868
0	0	0	0
22,508	**-436**	**88**	**22,160**

Consolidated Statement of Cash flows

EUR k	Note	01/01/-12/31/2014	01/01/-12/31/2013
Cash flow from operating activities			
Earnings before taxes		1,697	1,343
Adjusted for:			
Amortization and depreciation	8,9	1,085	1,189
Gains / losses from the disposal of non-current assets		17	-2
Other non-cash expenses / income		-157	-98
Finance revenue	5.9	-103	-79
Finance costs	5.8	96	205
Working capital adjustments:			
+ / - Receivables and other assets		-1,541	-464
+ / - Inventories		253	83
+ / - Liabilities		-329	-117
+ / - Provisions		-99	-389
+ / - Deferred income		321	235
Interest paid		-91	-144
Income taxes paid		-94	13
Cash flow from operating activities		**1,055**	**1,775**
Cash flow from investing activities			
Purchase of intangible assets	8	-277	-259
Purchase of property, plant and equipment	9	-163	-498
Purchase of companies, net of assumed cash		0	-22
Cash received from the sale of property, plant and equipment		0	2
Interest received		16	21
Cash flow from investing activities		**-424**	**-756**
Cashflow from financing activities			
Changes in restricted cash		0	118
Cash received from investment grants	20	271	75
Changes in loans	16	-99	-1,790
Cash flow from financing activities		**172**	**-1,597**
Net change in cash and cash equivalents		803	-578
Cash and cash equivalents at the beginning of the reporting period	14	2,927	3,497
Change in cash and cash equivalents from changes in the consolidation scope		0	8
Cash and cash equivalents at the end of the reporting period (Liquid funds)	**14**	**3,730**	**2,927**

Consolidated Notes

1. Information the Parent Company and the Group

The parent company Vita 34 AG (the "Company"), headquartered in Leipzig (Germany), Deutscher Platz 5a, recorded in the commercial register of the District Court Leipzig under number HRB 20339, is a company whose corporate purpose is the collection, preparation and storage of stem cells from umbilical cord blood and tissue, the development of cell therapy procedures, as well as conducting projects in the field of Biotechnology. Its subsidiaries (together with the Company referred to as the "Group") also operate in the field of cord blood and tissue storage.

The declaration of compliance with the German Corporate Governance Code required by Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] has been issued and made available to the shareholders on our website www.vita34group.de.

The consolidated financial statements of Vita 34 AG for the fiscal year as of December 31, 2014 were authorized for issue by the Management Board on March 19, 2015. Vita 34 AG was incorporated in Germany as a limited liability stock corporation domiciled in Germany, whose shares are admitted for public trading.

2. Accounting and Valuation Principles

2.1 Basis for the Preparation of the Financial Statements

The consolidated financial statements of Vita 34 AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of the end of the reporting period, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code]. All IFRS standards applicable for the fiscal year 2014 and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) were adopted to the extent that these have been endorsed by the European Union.

The consolidated financial statements of Vita 34 AG are generally prepared in Euro on an amortized cost basis. Exceptions to this are the financial assets held for commercial purposes, as well as financial investments available for divestiture, which were valuated at the applicable fair value. Unless indicated otherwise, all amounts have been rounded to thousands of Euros (EUR '000).

Consolidation principles
The consolidated financial statements include the financial statements of Vita 34 AG and its subsidiaries as of December 31, of each fiscal year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control exists when the Group has a risk exposure to or claims on variable returns based on its investment in the subsidiary and it can also use its influence over the subsidiary to influence these returns. In particular, the Group controls a subsidiary when, and only when, it possess the following characteristics:

- Executive power over the subsidiary (i.e. the Group has the opportunity based on its currently existing rights to control the subsidiary in a way that this has a significant influence on its returns)
- Risk exposure to or claims to variable returns based on its investment in the subsidiary, and
- The ability to use its executive power over the subsidiary in such a manner, that the returns of the subsidiary are influenced as a result.

If the Group has no majority of voting rights or comparable rights in a subsidiary, it takes all relevant facts and circumstances into consideration in evaluating whether it has executive power over this subsidiary. This includes, among other things:

- A contractual relationship with others with voting rights
- Rights arising from other contractual arrangements
- Voting rights and potential voting rights of the Group.

If the facts and circumstances provide indications that one or more of the three controlling elements have changed, the Group must review once again whether it controls a subsidiary. The consolidation of a subsidiary begins on the day the Group achieves control over that subsidiary. It ends when the Group loses control over the subsidiary. Assets, liabilities, income and expenditures of a subsidiary that are acquired or divested during the reporting period are incorporated into the balance sheet or the Group income statement beginning on the day the Group achieves control over the subsidiary and ending on the day the control ends.

The profit and loss, and every other component of the remaining result are attributed to the holders of common stock of the parent company and the shares without controlling influence, even if this leads to a negative balance for the shares without a controlling influence. If needed, adjustments are made to the financial statements of subsidiaries, in order to align their accounting methods with those of the Group. A group internal assets and liabilities, equity, income and expenditures, as well as cash flows from business transactions that take place between group companies are completely eliminated during consolidation.

A change in the level of participation in a subsidiary without loss of control is posted as an equity transaction. If the parent company loses control over a subsidiary, the following steps are taken:

- Derecognition of the assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the book value of shares without controlling influence in the former subsidiary
- Derecognition of the cumulative conversion differences recorded in equity
- Recognition of the fair value of the consideration received
- Recognition of the fair value of the remaining participation
- Recognition of the profit or loss in the statement of profit and loss
- Reclassification of the components of the other result attributable to the parent company in the statement of profit and loss or in the retained earnings, as would be required if the Group had directly divested the corresponding assets or liabilities.

The following companies have been included in the consolidated Group:

- stellacure GmbH, Hamburg, Germany
- Novel Pharma, S.L., Madrid, Spain
- Secuvita, S. L., Madrid, Spain

2.2 Changes in Accounting Policies

The accounting policies and valuation methods used generally correspond to the policies applied in the prior period.

The Group has adopted the following new and revised IFRSs and IFRIC interpretations for the first time during the year.

- IFRS 10 "Consolidated Financial Statements"
- IFRS 11 "Joint Arrangements"
- IFRS 12 "Disclosure of Interests in Other Entities"
- Modifications to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements: Investment Companies"
- Modifications to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interest in Other Entities": Consolidated Financials Statements, Joint Arrangements, Disclosure of Interests in Other Entities: Transition Guidance
- IAS 27 "Separate Financial Statements"
- IAS 28 "Investments in Associates"
- Amendments to IAS 32 "Financial Instruments: Presentation": Offsetting Financial Assets and Financial Liabilities
- Modifications to IAS 36 "Impairment of Assets": Information on recoverable amount in the case of non-financial assets
- Modifications to IAS 39 "Financial Instruments: Recognition and Measurement": Novation of Derivatives and Continuation of Accounting for Financial Instruments

Adoption of the aforementioned standards and interpretations is mandatory from January 1, 2014. There were no significant effects on the Group financial statements of Vita 34 AG on account of the new or modified standards and interpretations.

2.3 Significant Accounting Judgments and Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Impairment Testing of Goodwill

The goodwill acquired within the scope of the company combinations has been attributed to the "Stem Cell Storage – DACH", "Spain" and "Biotechnology" units for impairment testing.

The recoverable amount of the respective cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets prepared by senior management covering a five-year period, as approved by the Supervisory Board. The discount rate used is between 11.4 and 14.3 percent before taxes. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows. The underlying assumptions for calculating the recoverable amount including a sensitivity analysis are explained in more detail in Note 10.

Treatment of Unused Tax Losses and Deferred Tax Assets

During the tax field audit performed at Vita 34 AG, covering assessment periods up to 2009, the tax authorities did not agree with the opinion of Vita 34 AG concerning the tax treatment of depreciation on loans to affiliated companies.

The assessment issued differed from the tax return of Vita 34 AG, and led in effect to a reduction of the unused tax loss as of December 31, 2002 in the amount of EUR 2,553k. Vita 34 AG has filed suit against these assessments. There is uncertainty concerning the outcome of these proceedings. In calculating whether, and in which amount, the tax losses carried forward existed as of the significant dates December 31, 2013 and 2014, management is of the opinion that the depreciation on loans to affiliated companies should be given tax consideration.

The tax provisions as well as deferred taxes on tax losses carried forward as of the closing date have been determined taking this evaluation into consideration.

Deferred tax assets were recognized in full for the unused tax losses as of the end of the reporting period at Vita 34 AG, stellacure GmbH and Secuvita S.L., since it is probable that the unused tax losses will be fully utilized according to the corresponding planning statement. Deferred tax assets for differences between the tax carrying amounts and the IFRS carrying amounts at Vita 34 AG, stellacure GmbH and Secuvita S.L. were offset against the deferred tax liabilities. In the case of an overlap of the deferred tax claims they have been activated, since it is considered likely that the taxable income for this will be available.

In contrast, deferred tax losses of Novel Pharma S.L. were not activated. This company is purely a holding company, in which no sufficient taxable income is expected in the future based on the current tax situation.

Here, we refer to the explanations under Note 6 "Income Taxes".

Recognition of Grants for Development Projects

The income from publicly funded development projects is recognized at the point in time when the corresponding subsidizable expenditures have been incurred in the company. Recognition of the inflow as income presupposes a grant notice from the public entity providing the grant.

By recognizing the income at the time the subsidizable expenditures are incurred, a presentation of the expenditures and income that is correct for the period is ensured in the consolidated financial statements.

2.4 Summary of Significant Accounting Policies

Company Combinations and Goodwill

Company combinations after December 31, 2008

All mergers are drawn up in accordance with the acquisition method. The acquisition costs of a company acquisition are measured as the sum of the consideration transferred, valuated at the applicable fair value of the asset surrendered at the time of acquisition, and the interests without controlling influence in the acquired company. Ancillary costs of acquisition are recorded at the time they are incurred as expenses.

The valuation of non-controlling shares is done proportionally using the applicable proportional fair value of the acquired asset and the assumed liabilities, or the corresponding share of the identifiable net assets of the acquired company. In accordance with the first-time approach, profits and losses are allocated proportional to holdings in an unlimited manner, which can also lead to a negative balance in the case of non-controlling shares.

If the Group acquires a company, it evaluates the suitable classification and designation of the financial assets and assumed liabilities in accordance with the contractual terms, economic circumstances and the prevailing conditions at the time of acquisition.

Goodwill is initially valuated at the procurement cost, which is measured as the excess of the transferred consideration over the acquired identifiable assets and assumed liabilities of the Group.

After initial recognition, goodwill is measured at costs less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. This applies irrespective of whether other assets or liabilities of the acquired company are assigned to these cash-generating units.

As of December 31, 2014 there have been three cash-generating units, "Storage of Stem Cells – DACH", "Spain" and "Biotechnology."

Changes in the holding percentages that do not lead to a loss of control are recognized as equity transactions. Here, each difference between the amount by which the non-controlling interests are adjusted and the applicable fair value of the paid or received consideration is directly recorded in the retained earning and attributed to the Company.

Fair Value Measurement

All assets and liabilities for which fair value is recognized in the financial statements, are organized in accordance with the following fair value hierarchy, based on the lowest level input parameter that is significant on the whole for fair value measurement:

1.a. Level 1 – Prices for identical assets or liabilities quoted in active markets (non-adjusted)

1.b. Level 2 – Measurement procedures, in which the lowest level input parameter significant on the whole for fair value measurement is directly or indirectly observable on the market

1.c. Level 3 – Measurement procedures, in which the lowest level input parameter significant on the whole for fair value measurement is not directly or indirectly observable on the market

In the case of assets or liabilities that are recognized in the financial statements on a recurring basis, the Group decides whether regrouping between the levels or hierarchy has taken place, by reviewing the classification at the end of each reporting period (based on the lowest level input parameter significant on the whole for fair value measurement).

Intangible Assets

Individually acquired intangible assets that were not acquired within the context of a merger are initially recognized at their acquisition costs. The acquisition costs of intangible assets acquired within the context of a merger are equivalent to their attributable fair value at the time of acquisition. Following initial recognition, intangible assets are carried at cost less total accumulated amortization and total accumulated impairment losses.

A differentiation is made between intangible assets with limited useful life and those with an unlimited useful life.

Intangible assets with a finite useful life are amortized over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each fiscal year at the latest. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method. Such changes are treated as changes in an estimate. The amortization expense on intangible assets with a finite life is recognized in the statement of income in the expenses category consistent with the function of the intangible asset.

In the case of intangible assets with an unlimited useful life, an impairment test is conducted on the level of the cash-generating unit annually for the individual assets. The intangible assets are not depreciated according to schedule. The useful life of an intangible asset with an unlimited useful life is reviewed annually to determine whether an unlimited useful life is still justified. If this is not the case, a change in the evaluation from unlimited to limited useful life is conducted prospectively.

Research and Development Costs

Research costs are expensed as incurred. Development costs incurred within the scope of an individual project are recognized when the Group can demonstrate the following:

- The technical feasibility of completion of the intangible asset, which allows internal use or the sale of an asset
- The intent to complete the asset and the ability to use or sell it
- How the asset will produce a future commercial benefit
- The availability of resources for the purpose of completing the asset
- The ability to reliably determine the expenditures attributable to the intangible asset during its development
- The ability to use the intangible asset created

After initial recognition the development costs are recognized at their acquisition costs less cumulative depreciation and cumulative impairment losses. Depreciation begins with the conclusion of the development phase and from the point in time at which the asset can be used. It is conducted over the period of expected future use, and is recorded in the cost of sales. An impairment test is conducted annually during the development phase.

A summary of the policies applied to the Group's intangible assets (without goodwill) is presented as summarized below:

	Patents	Software	Acquired contracts in the field of the storage of umbilical cord blood
Useful lives	Patents are amortized over an average useful life of 15 years.	The operating software is amortized over an average useful life of 5 years.	The acquired storage contracts are amortized over the expected 20-year term of the contracts. In the case of potential new contracts from existing customer relationships the amortization is over 5 years.
Method used	Amortization is charged over the expected useful life using the straight-line method. The Company does not have any patents with an indefinite useful life.	Amortization is charged over the useful life using the straight-line method.	The amortization is charged over the expected term of the contracts using the straight-line method.
Internally generated or acquired	All patents were purchased for a consideration.	All software was internally produced and purchased for a consideration.	The contracts were acquired within the context of mergers.
Impairment testing / recoverable amount testing	An impairment test is carried out annually or more frequently where an indication of impairment exists.	An impairment test is carried out annually or more frequently where an indication of impairment exists.	An impairment test is carried out annually or more frequently where an indication of impairment exists.

	Erworbene Verträge auf dem Gebiet Biotechnologie	Erworbene Entwicklungsprojekte
Amortization periods	The expected profits from concluded contracts of BioPlanta GmbH are amortized over the expected term of the contracts of an average of 3 years.	The expected profits from development contracts acquired are amortized over the expected term of the projects plus the expected product life cycle of maximum 10 years.
Applied valuation method	Amortization is done in accordance with project progress.	Depreciation is linear over the expected term of the development contracts.
Developed internally or acquired	The contracts were acquired within the scope of a merger.	The development contracts were acquired within the scope of a merger.
Impairment test / review of the attainable amount	A test is conducted annually, as well as during the year, if there are indicators for an impairment.	A test is conducted annually, as well as during the year, if there are indicators for an impairment.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of income when the asset is derecognized.

Property, Plant and Equipment

Property, plant and equipment not acquired in a merger, are recognized at their acquisition or production costs minus planned, accumulated depreciation. The acquisition costs of intangible assets acquired within the context of a merger are equivalent to their attributable fair value at the time of acquisition. Depreciation is calculated on a straight-line basis over the useful life of the assets.

The carrying amounts of property, plant and equipment are tested for impairment as soon as there is any indication that the carrying amount of an asset exceeds its recoverable amount.

Useful Life of the Assets

	2014	2013
Laboratory equipment	5-14 years	5-14 years
Cryo-tanks and accessories	40 years	40 years
Other equipment, furniture and fixtures	3-13 years	3-13 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is calculated as the difference between the net realizable value and the carrying amount of the asset, and recognized in the statement of income in the period in which the asset is derecognized.

The net carrying amounts of the assets, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If there is any indication of impairment, or if an annual impairment test is required, the Group estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the two amounts of the applicable fair value of an asset or a cash-generating unit minus the disposal costs and useful life. The recoverable amount needs to be determined for each asset, unless an asset does not generate any cash flows that are mostly independent of other assets or other groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is described as impaired and written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the fair value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. This is based on valuation multipliers, share prices of shares in publicly traded companies or other available indicators of fair value. Impairment losses attributable to continuing operations are recognized in the statement of income in those expense categories consistent with the function of the impaired asset.

With the exception of goodwill, the Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized for an asset in prior years may no longer exist or have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group determines at the end of each reporting period whether there is evidence that goodwill is impaired. Goodwill is tested for impairment at least once a year. Impairment tests are also conducted if events or circumstances indicate that the carrying amount may be impaired. Impairment is determined by finding the recoverable amount of the cash-generating unit that the goodwill is attributable to. To the extent that the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, impairment is recorded. Any impairment loss recognized on goodwill is not reversed in a subsequent period.

Investments and Other Financial Assets

Financial assets as defined by IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value. In the case of financial investments, which are not at measured fair value through profit or loss, any directly attributable transaction costs are included that are directly attributable to the acquisition of the financial asset. The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

Regular way purchases and sales of financial assets are recognized as of the settlement date, i.e., the date on which an asset is delivered to or by the company. Usual market purchases or sales are purchases or sales of financial assets that prescribe the delivery of the asset within a set period determined by market regulations or convention.

- Financial assets valuated with an effect on income at the attributable fair value

  The category of financial assets at fair value through profit or loss includes financial assets held for trading and financial assets classified upon initial recognition as at fair value through profit or loss.

- Loans and Receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. These assets are measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

- Financial Assets Available for Divestiture

  Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale and are not classified in the following categories:

  - Financial assets valuated with an effect on income at the attributable fair value
  - Loans and Receivables.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, and any gain or loss is recognized in a separate item under equity. On derecognition of the investment or identification of impairment, any cumulative gain or loss that had previously been recognized directly in equity is recognized in the statement of income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to bid prices quoted on the stock exchange at the close of business on the end of the reporting period.

Own Shares

If the Group acquires its own shares, they are recognized at the acquisition costs and deducted from equity. The purchase, the sale, the issuance or the retirement of the company's own shares are recognized as profit neutral. Any differences between the carrying amount and the consideration is recognized in the miscellaneous capital reserves.

Inventories

Inventories are measured at the lower of cost and net realizable value.

The costs of purchase of materials and supplies are determined using the weighted average cost method.

The costs of conversion of work in process include direct materials and labor as well as appropriate portions of production overheads and production-related depreciation. Administrative and selling costs and interest are not included.

Trade and Other Receivables

Trade and other receivables are recognized at cost.

Trade receivables due in less than twelve months are reported under current assets. In some cases the Company offers its customers financing options. Receivables can then have a term of up to 25 years, thus significantly longer than the business cycle of twelve months assumed by the Company. Due to the long payment term of some receivables, trade receivables due in more than twelve months are reported separately under non-current assets.

Discernible individual risks have been taken into account by bad debt allowances. The allowances are staggered in accordance with the group of similar receivables to which an individual receivable belongs.

Receivables are written off as soon as they become uncollectible.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand, bank deposits, and short-term deposits with an original maturity of no more than three months. Restricted cash is recognized separately.

For the purpose of the statement of cash flows, cash and cash equivalents consist of the cash and short-term deposits defined above.

Loans, Overdraft Facilities and Silent Participation

The loans and silent partnerships are generally recognized at repayment or settlement amount. They are initially recognized at cost. The costs here are generally the fair value of the consideration received. They are subsequently measured using the effective interest method by increasing the carrying amount to reflect the passage of time until the repayment amount is reached at the end of the term.

Non-interest bearing loans are recognized at the applicable fair value when first recorded. In the following periods the valuation is done at amortized cost using the effective interest method.

Overdraft facilities are recognized at first posting with the applicable fair value, which generally is equivalent to the repayment amount.

Derecognition of Financial Assets and Financial Liabilities

- Financial Assets

  A financial asset is derecognized where the contractual rights to receive cash flows from a financial asset have expired.

- Financial Liabilities

  A financial liability is derecognized when the obligation underlying the liability is discharged, or cancelled or expires.

Impairment of Financial Assets

The Group assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired. Please refer to the section above for details of trade receivables.

Financial Assets Available for Divestiture

If an asset available for divestiture is impaired, the cumulative loss resulting as the difference between the cost and the currently applicable fair value less any prior impairment recognized in the income statement for this instrument is deducted from other gains and losses and recognized in the income statement. Allowances for equity are not recognized in the income statement retroactively; a later increase in fair value is recognized directly in other gains and losses.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is only recognized as a separate asset when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the fair value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Pensions

Within the scope of acquiring the interest in BioPlanta GmbH, the Company assumed a pension agreement, as well as the reinsurance coverage taken out in this context. The Company has paid premiums to an insurance company for these pension obligations. The amount of the pension obligation is determined using the actuarial prospective entitlement cash value method. The Company records the actuarial profits and losses in the reporting period, in which they are incurred, in their full amount in Other Profit / Loss. The actuarial profits and losses here are immediately posted in retained earnings, and are not reclassified with an effect on income in the subsequent years.

The amount recognised as an asset or liability from the performance-based plan encompasses the cash value of the performance-based obligation (applying a discount rate based on senior, fixed-interest, corporate bonds; see Note 19) and the applicable fair value of the plan assets available for fulfilling obligations. Plan assets encompass qualifying insurance policies. Plan assets are protected from Group creditors and can not be paid directly to the Group. The applicable fair value is based on information concerning the market price. The value of a recognized asset of the performance-based plan is equivalent to the cash value of any economic benefit in the form of reimbursement from the plan or the form of a reduction in the future contribution payments to the plan. Since the plan assets encompass a qualified insurance policy, which precisely covers all of the promised benefits with regard to the amount and when it is due, the recognition of the plan asset is limited to the cash value of the obligations covered.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an estimate of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. A distinction is drawn between operating leases and finance leases, depending on whether all of the risks and rewards incidental to ownership are substantially transferred.

- The Group as a Lessee

  Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term. Operating leases were entered into for the offices rented, for vehicles as well as for photocopiers and telecommunication system.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In addition the following conditions must be satisfied for revenue to be recognized:

- Sale of Goods

  Income is recognized when the ownership of the sold goods together with the determinant opportunities and risks have transferred to the purchaser. This is usually when the goods are received.

- Rendering of Services

  Revenue from processing of cord blood and tissue is recognized as income when the processing has been completed. If a total amount has been agreed with the customer as full compensation for the processing and storage, the total revenue generated by the product is used as a basis to determine the revenue share attributable to the storage in proportion to the costs of processing and storage. Income from the storage of umbilical cord blood and tissue is recorded linearly according to the term of storage. Any prepaid storage fees received are recognized as "Deferred Income," taking the effect of interest into account.

  The Group renders additional services in the fields of the Environment, Research and Development. Revenues from the sale of services are recognized in the period, in which the service is rendered. This is done according to the degree of completion of the transaction and the ratio of the service rendered as of the closing date as a percentage of the total service to be rendered.

- Interest Income

  Revenue is recognized as interest accrues.

Borrowing Costs

Borrowing costs attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the acquisition or production cost of this asset. Other borrowing costs are expensed in the period they are incurred.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all associated conditions will be complied with. When the grants relate to an expense item, they are recognized as income over the period necessary to match the grants on a systematic basis to the costs that they are intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of income over the expected useful life of the relevant asset by equal annual installments.

Taxation

- Current Tax Assets and Liabilities

  Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

- Deferred Taxes

  Deferred taxes are recognized using the liability method on all temporary differences as of the end of the reporting period between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

  Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Exceptions are:

  - Where the deferred tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.
  - In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reviewed at each end of the reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. In doing so, tax rates (and tax regulations) that are valid as of the closing date or that will be valid in the near future, are used as a basis.

- Value-Added Tax

  Revenue, expenses and assets are recognized net of VAT. Exceptions are:

  - Where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of the asset or as part of the expense item as applicable
  - Receivables and payables are stated with the amount of VAT included.

  The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.5 New Accounting Policies

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) has issued new standards, interpretations and amended standards which are not yet effective for the fiscal year 2014 and which were not applied in the accompanying consolidated financial statements:

- IFRS 9, Financial Instruments (not yet adopted by the EU): The standard was issued in July 2014 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2018. This standard comprehensively regulates the recognition of financial instruments. As compared with the predecessor standard IAS 39 the new classification guidance for financial assets revised in the latest version of IFRS 9 should be emphasized. This is based on the characteristics of the business model, as well as the contractual cash flows of financial assets. Also fundamentally new are the regulations on recognizing impairment, which is now based on a model of expected losses. In addition, the presentation of hedging accounting has been revised under IFRS 9 and has been designed to better represent operative risk management. This is likely to affect the Group's net assets, financial position and results of operations or cash flows, and to result in more disclosures in the notes. However, this can not be reliably assessed at the current time, since the project has not been concluded.
- Modifications to IFRS 11, Joint Arrangements: The revisions were adopted in May 2014 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. The acquirer of shares in a joint arrangement, which represents a business operation as defined in IFRA 3, must apply all principles with regard to the accounting recognition of company mergers from IFRS 3 and other IFRS standards, to the extent that they do not contradict the guidance in IFRS 11. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- IFRS 14, Regulatory Deferral Accounts (not yet adopted by the EU): The standard was issued in January 2014 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2016. Only companies that are first-time users of IFRS and which have recognized regulatory deferral accounts pursuant to their prior accounting regulations are permitted to do this after transitioning to IFRS. This standard has been conceived as a short-term intermediate solution, until the IASB has concluded its long-term fundamental project on price-regulated business transactions. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- IFRS 15, Revenue from Contracts with Customers (not yet adopted by the EU): The standard was issued in May 2014 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2016. This standard regulates when and in which amount revenues are to be recognized. IFRS 15 replaces IAS 18 "Revenues", IAS 11 "Construction Contracts", and a series of revenue-reated interpretations. The application of IFRS 15 is obligatory for all IFRS users and applies to nearly all contracts with customers; the most significant exceptions are leasing arrangements, financial instruments and insurance contracts. This is likely to affect the Group's net assets, financial position and cash flows, and to result in more disclosures in the notes. However, this can not be reliably assessed at the current time, since the project has not been concluded.
- Modifications to IFRS 10, Consolidated Financial Statements, IFRS 12, Joint Arrangements, and IAS 28, Investments in Associates: The amendments were adopted in December 2014 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. The revisions address facts that have arisen in conjunction with the use of the consolidation exception for investment companies. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Modifications to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates: The amendments were adopted in September 2014 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. The revisions clarify that in the case of transactions with an associated company or joint venture, the extent of the

profit recognition depends on whether the divested or acquired assets represent business operations. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.

- Amendments to IAS 1, Presentation of Financial Statements: The amendments were adopted in December 2014 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. These revisions have the goal to eliminate hurdles the drafter perceives with regard to the execise of discretion in presentation of the financial statements. The amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Revisions to IAS 16, Property, Plant and Equipment, and IAS 38 Intangible Assets: The revisions were adopted in May 2014 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. These revisions provide guidance on which methods can be used for depreciating plant, property and equipment, as well as intangible assets, in particular with regard to a revenue-based depreciation model. This is likely to affect the Group's net assets, financial position and cash flows, and to result in more disclosures in the notes. However, this can not be reliably assessed at the current time, since the project has not been concluded.
- Modifications to IAS 16, Plant, Property and Equipment and IAS 41 Agiculture: The amendments were adopted in June 2014 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. With these revisions, fruit-bearing plants, which are no longer subject to significant biological changes are brought into the scope of applicability of IAS 16, such that they may be recognized analogously to plant, property and equipment. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Changes to IAS 27, Separate Financial Statements: The amendments were adopted in August 2014 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. Based on these revisions the equity method is again admissible as an accounting option for interests in subsidiaries, joint ventures and associated companies in a separate financial statement of an investor. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Changes to IAS 19 Performance Base Plans - Employee Contributions: The standard was adopted by the EU in December 2014 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2015. These revisions encompass the clarification of the classification of employee contributions or contributions from third-parties, which are associated with the term of employment, as well as the creation of a relief if the amount of the contributions is independent of the number of years of employment. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- IFRIC 21, Levies: The interpretation was adopted by the EU in June 2014 and is effective for the first time for fiscal years beginning on or after June 17, 2014. IFRIC 21 offers guidelines as to when a liability for a levy required by a government is to be recognized. The interpretation applies both to levies that are recognized in the balance sheet according to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as well as for levies for which the time frame and amount are known. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Annual improvements to IFRS, 2010 - 2012 cycle: The revisions to the standards were adopted by the EU in December 2014 and are to be applied for the first time to fiscal years beginning on or after February 1, 2015. The revisions to the standards incorporate changes to and clarifications of various IFRS guidelines. The amendments will have an effect on the notes.

- Annual improvements to IFRS, 2011 - 2013 cycle: The revisions to the standards were adopted by the EU in June 2014 and are to be applied for the first time to fiscal years beginning on or after January 1, 2015. The revisions to the standards incorporate changes to and clarifications of various IFRS guidelines. The amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Annual improvements to IFRS, 2012 – 2013 cycle: The amendments were adopted in September 2010 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. The revisions to the standards incorporate changes to and clarifications of various IFRS guidelines. The amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.

The Group intends to apply these standards (to the extent applicable) from the point in time they take effect.

3. Mergers 2014

There were no mergers in 2014.

4. Segment Reporting

The Group is organized into business units according to products and services for the purpose of corporate taxation, and has the following two reporting business segments:

- The "Stem Cell Storage" business segment is active in the field of collecting, processing and storing stem cells from umbilical cord blood and umbilical cord tissue, as well as the development of cell therapy procedures;
- The "Biotechnology" business segment develops biological processes for cell and tissue culture and employs them in the optimization and multiplication of cells and plants. Analyses and services are performed for environmental projects.

The operating profit/loss of the business units is monitored by management separately, in order to make decisions concerning the distribution of resources and to determine the profitability of the units. The development of the segments is evaluated using operating profit. The Group financing (including finance income of EUR 103,000 and finance expense of EUR -96,000) as well as taxes on income and profits, are taxed uniformly across the Group and are not attributed to the individual segments.

The offset prices between the operative segments are determined in accordance with typical market conditions amongst unrelated third-parties.

The following table contains information on income and segment results of the operating segments of the Group for fiscal years 2014 and 2013:

Period from 01/01 - 12/31/2014

EUR k	Stem Cell Storage	Biotechno-logy	Total	Consoli-dated	Group
Revenue from transactions with external customers	13,285	501	13,786	0	13,786
EBITDA (earnings before interest and taxes, depreciation and amortization)	2,207	568	2,775	0	2,775
Depreciation	-878	-207	-1,085	0	-1,085
EBIT (operating profit)	1,329	361	1,690	0	1,690
Segment assets	35,229	3,536	38,765	-1,709	37,056
Segment liabilities	-14,329	-2,276	-16,605	1,709	-14,896

Period from 01/01 - 12/31/2013

EUR k	Stem Cell Storage	Biotechno-logy	Total	Consoli-dated	Group
Revenue from transactions with external customers	13,090	464	13,554	0	13,554
EBITDA (earnings before interest and taxes, depreciation and amortization)	2,328	330	2,658	0	2,658
Depreciation	-1,031	-158	-1,189	0	-1,189
EBIT (operating profit)	1,297	172	1,469	0	1,469
Segment assets	33,149	2,479	35,628	0	35,628
Segment liabilities	-13,487	-849	-14,336	0	-14,336

4.1 Information Concerning Geographic Regions

The geographic segments of the Group are determined in accordance with the revenues earned in the geographical areas.

The following table contains information on income and segment results of the geographic segments of the Group for fiscal years 2014 and 2013:

Period from 01/01 - 12/31/2014

EUR k	DACH	Spain	Total	Consoli-dated	Group
Income from transactions with external customers	10,951	2,835	13,786	0	13,786
Income from transactions with other segments	591	0	591	-591	0
	11,542	**2,835**	**14,377**	**-591**	**13,786**
EBITDA (earnings before interest and taxes, depreciation and amortization)	2,906	-131	2,775	0	2,775
Depreciation	-672	-413	-1,085	0	-1,085
EBIT (operating profit)	2,234	-544	1,690	0	1,690
Segment assets	32,511	8,081	40,592	-3,536	37,056
Segment liabilities	-11,363	-7,069	-18,432	3,536	-14,896

Period from 01/01 - 12/31/2013

EUR k	DACH	Spain	Total	Consoli-dated	Group
Income from transactions with external customers	10,228	3,326	13,554	0	13,554
Income from transactions with other segments	662	0	662	-662	0
	10,890	**3,326**	**14,216**	**-662**	**13,554**
EBITDA (earnings before interest and taxes, depreciation and amortization)	2,568	90	2,658	0	2,658
Depreciation	-780	-409	-1,189	0	-1,189
EBIT (operating profit)	1,788	-319	1,469	0	1,469
Segment assets	30,824	8,160	38,984	-3,356	35,628
Segment liabilities	-11,108	-6,584	-17,692	3,356	-14,336

DACH: Germany, Austria, Switzerland (DACH)

5. Revenue, Other Income and Expenses

5.1 Total Operating Revenue

In all, Vita 34 achieved total operating revenue of EUR 15.2 million in the period reported.

Total Operating Revenue

EUR k	2014	2013
thereof net sales revenue	13,786	13,554
thereof other operating income	1,665	1,389
thereof changes in unfinished services	-275	-159
	15,176	**14,784**

5.2 Sales Revenues

The revenue disclosed in the statement of income breaks down according to the following stages in the value chain:

Revenue

EUR k	2014	2013
from processing	10,976	10,821
from project business	501	464
from storage	2,309	2,269
	13,786	**13,554**

5.3 Cost of Sales

Cost of sales disclosed in the consolidated statement of income includes the following expenses:

Cost of sales

EUR k	2014	2013
Cost of materials	969	847
Personnel expenses	1,612	1,476
Amortization, depreciation and write-downs	787	837
Third-party services	1,632	1,828
Rent and rent incidentals	268	290
Other expenses	643	213
	5,911	**5,491**

5.4 Other Operating Income

Other operating income disclosed in the consolidated statement of income breaks down as follows:

Other Operating Income

EUR k	2014	2013
Government grants	818	1.073
Income from the derecognition of accruals	97	88
Income from the reversal of provisions	10	26
Income from the reversal of allowances for bad debts	314	0
Income from compensation for damages	238	0
Sundry other income	188	202
	1,665	**1,389**

The public grants are mainly R&D grants from Sächsische Aufbaubank. The income from research and development is countered by expenditures in the amount of EUR 1,700k. There are no unfulfilled conditions or contingencies attached to these grants.

Income from derecognition of deferred liabilities mainly encompasses the derecognition of financial obligations deferred in the prior year that the Group used less of than expected in the reporting year.

Income from the dissolution of and individual reserve, as well as income from compensatory damages claims are the result of a court case won before the State Superior Court in Celle. The subject of the legal action were claims in the amount of EUR 615k net on the part of Vita 34 AG vis-a-vis a business customer. Thanks to the judgment in favor of Vita 34 AG the reserve formed in the last years in the amount of EUR 314k was dissolved. Moreover, the company has claims against the business customer for interest and compensatory damages (EUR 238k). This claim has been recognized accordingly under Other Operating Income.

5.5 Marketing and Selling Expenses

The marketing and selling expenses disclosed in the consolidated statement of income break down as follows:

Marketing and Selling Expenses

EUR k	2014	2013
Personnel expenses	1,494	1,760
Amortization, depreciation and write-downs	130	162
Marketing expenses	1,968	1,759
Other expenses	827	1,016
	4,419	**4,697**

5.6 Administrative Expenses

The administrative expenses disclosed in the consolidated statement of income comprise the following:

Administrative Expenses

EUR k	2014	2013
Personnel expenses	1,780	1,502
Amortisation, depreciation and write-downs	168	190
Operating lease expenses	630	667
Legal, consulting and audit fees	469	479
Other expenses	245	58
	3,292	**2,896**

5.7 Other Operating Expenses

Other operating expenses disclosed in the consolidated statement of income break down as follows:

Other Operating Expenses

EUR k	2014	2013
Additional expense for public private partnerships	0	116
Research and development costs	69	155
Bad debts	49	104
Sundry other expenses	21	15
	139	**390**

5.8 Finance Expenses

The finance costs disclosed in the consolidated statement of income break down as follows:

Finance Costs

EUR k	2014	2013
Bank loans and overdrafts	30	139
Charges for silent partnerships	66	66
	96	**205**

5.9 Finance Income

Only interest income is recognized under finance income.

5.10 Employee Benefits Expense

The expense for employee benefits breaks down as follows:

Employee Benefit Expense

EUR k	2014	2013
Wages and salaries	4,270	4,027
Social security costs	532	642
Pension costs	84	69
	4,886	**4,738**

The employer’s contributions to statutory pension insurance of EUR 309k (2013: EUR 303k) are classified as payments under a defined contribution plan, and are recognized in full as an expense accordingly.

Employees (annual average)

Number	2014	2013
Employees	99	93
Trainees / Interns	3	3
	102	**96**

6. Income Taxes

The main components of the income tax expense / credit for fiscal years 2014 and 2013 are comprised of the following:

Major components of the income tax expense

EUR k	2014	2013
Consolidated Statement of Income		
Current income tax		
Current income tax expense	218	44
Deferred income tax		
Origination and reversal of temporary differences	139	-26
on unused tax losses	350	537
Income tax expense	**707**	**555**
Consolidated Statement of Comprehensive Income	**1,697**	**1,343**
Deferred income taxes from other comprehensive income recognised during the fiscal year		
Net losses from actuarial gains and losses	57	0
Taxed recognised in equity	**57**	**0**

The income tax liabilities recognized in the consolidated statement of financial position pertain to the probable income tax expenses for the fiscal year, as well as for the assessed year 2009 in the amount of EUR 40k. The income tax expenses for 2009 are the result of corrected tax determinations made by the German tax authorities.

A reconciliation between income tax expense / credit and the product of accounting profit multiplied by the Group's applicable tax rate for the fiscal years 2014 and 2013 is as follows:

Reconciliation of deferred taxes

EUR k	2014	2013
Earnings before income tax	**1,697**	**1,343**
Income tax income at the parent company's tax rate of 31.5% (2013: 31.5%)	-535	-423
Adjustment because profits / loss of Novel Pharma, S. L. do not give rise to an income tax refund / expense	-1	-1
Adjustment due to tax-free income	71	19
Adjustment due to non-deductible expenses	-26	-20
Adjustment of deferred taxes on tax losses carried forward	-178	-130
Payment of tax arrears for prior years	-38	0
Income tax expense at effective income tax rate of 31.5 % (2013: 31.5 %)	**-707**	**-555**
Income tax expense / income in consolidated statement of income	**-707**	**-555**

Deferred income tax at the end of the reporting period relates to the following:

Deferred income tax

	Consolidated Statement of Financial Position		Consolidated Statement of Income	
EUR k	2014	2013	2014	2013
Deferred income tax liabilities				
Higher tax write-offs	-2,130	-2,127	-3	120
Discounting of loans	-4	0	-4	19
Difference of trade receivables	-47	-44	-3	-21
Difference of other receivables	79	0	79	0
Difference of trade debts	-222	0	-222	0
Adjustment participation carrying amounts	-169	-211	42	6
Difference of other reserves	57	0	0	0
Difference of deferred grants	0	0	0	0
	-2,436	**-2,382**		
Deferred income tax credits				
Discounting of receivables	21	31	-10	14
Difference of other receivables	0	2	-2	-37
Difference of Inventories	0	0	0	-15
Difference of other receivables	12	0	12	0
Provisions	29	61	-32	-60
Difference of deferred grants	4	0	4	0
Unused tax losses	1,907	2,257	-350	-537
	1,973	**2,351**		
Deferred taxes	-463	-31		
Deferred tax expense			**-489**	**-511**

In Germany, Vita 34 AG has tax losses carried forward of EUR 2,332k for corporate income tax purposes (2013: EUR 4,166k) and of EUR 2,150k for trade tax purposes (2013: EUR 4,010k) that are available. In the case of stellacure GmbH there are corporate and trade tax losses carried forward, each in the amount of EUR 546k (2013: each EUR 309k). The respective losses carried forward are available to the Group on an unlimited basis, to be offset with future profits of the respective company subject to tax. Taking the financial planning for the parent company into consideration, it can be assumed that the tax losses carried forward will be used in the following years. This is why deferred taxes were activated for the first time on the corresponding tax losses carried forward.

In Spain, income tax losses carried forward in the amount of EUR 4,505k (2013: EUR 4,300k) are on hand at subsidiary Secuvita S.L., which are available to the Group for a period of 15 years for offsets against future taxable profits of this company. Deferred tax assets on tax losses carried forward were activated, since it is probable that the unused tax losses will be utilized according to the corresponding planning statement.

There are losses carried forward at Novel Pharma, S.L. that are available to the Group for a period of 15 years for offset against future taxable profits of Novel Pharma S.L. However, deferred tax assets have not been recognized in respect of these losses, as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in an intermediate holding company that does not usually generate taxable profits. They can only be used under certain conditions, which are currently not likely to occur.

7. Earnings per Share

Basic / Diluted Earnings per Share

Basic / diluted earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic / diluted earnings per share are calculated as follows:

Basic / diluted earnings per share

EUR k	2014	2013
Net profit / loss from continuing operations	990	788
Portion attributed to non-controlling shares	110	50
Profit / loss from continued operations attributable to the owners of ordinary shares in the parent company	**1,100**	**838**
Number of shares outstanding (weighted average)	3,026,500	3,026,500
Earnings per share pursuant to IFRS (EUR)	**0.36**	**0.28**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

8. Goodwill, Intangible Assets

Intangible assets developed as follows:

Intangible assets as of December 31, 2014

EUR k	Develop-ment costs	Patents and licences	Goodwill	Acquired contracts and deve-lopment projects	Total
Cost as of January 1, 2014	0	3,355	13,942	7,881	25,178
Additions	99	178	0	0	277
Reclassification	0	63	0	0	63
Disposals	0	0	0	0	0
Cost as of December 31, 2014	**99**	**3,596**	**13,942**	**7,881**	**25,518**
Accumulated amortization and impairments as of January 1, 2014	0	2,620	0	1,441	4,061
Amortization charge for the year	0	239	0	535	774
Disposals	0	0	0	0	0
Reclassification	0	-96	0	159	63
Accumulated amortization and impairments as of December 31, 2014	**0**	**2,763**	**0**	**2,135**	**4,898**
Carrying amount as of January 1, 2014	0	735	13,942	6,440	21,117
Carrying amount as of December 31, 2014	99	833	13,942	5,746	20,620

Intangible assets as of December 31, 2013

EUR k	Patents and licences	Goodwill	Acquired contracts and deve-lopment projects	Total
Cost as of January 1, 2013	3,030	13,942	7,623	24,595
Additions	259	0	0	259
Acquisition of a subsidiary	69	0	258	327
Disposals	-3	0	0	-3
Cost as of December 31, 2013	**3,355**	**13,942**	**7,881**	**25,178**
Accumulated amortization and impairments as of January 1, 2013	2,085	0	1,087	3,172
Amortization charge for the year	538	0	354	892
Disposals	-3	0	0	-3
Accumulated amortization and impairments as of December 31, 2013	**2,620**	**0**	**1,441**	**4,061**
Carrying amount as of January 1, 2013	945	13,942	6,536	21,423
Carrying amount as of December 31, 2013	735	13,942	6,440	21,117

9. Property, Plant and Equipment

Property, plant and equipment developed as follows:

Property, plant and equipment as of December 31, 2014

EUR k	Real property	Technical equipment	Furniture and fixtures	Total
Cost as of January 1, 2014	306	4,767	1,909	6,982
Additions	0	113	50	163
Reclassification	0	33	-33	0
Disposals	0	0	-203	-203
Cost as of December 31, 2014	**306**	**4,913**	**1,723**	**6,942**
Accumulated depreciation and impairments as of January 1, 2014	0	1,117	1,109	2,226
Amortization charge for the year	0	167	144	311
Disposals	0	0	-185	-185
Accumulated depreciation and impairments as of December 31, 2014	**0**	**1,284**	**1,068**	**2,352**
Carrying amount as of January 1, 2014	306	3,650	800	4,756
Carrying amount as of December 31, 2014	306	3,629	655	4,590

Property, plant and equipment as of December 31, 2013

EUR k	Real property	Technical equipment	Furniture and fixtures	Total
Cost as of January 1, 2013	306	4,533	1,673	6,512
Additions	0	234	264	498
Acquisition of a subsidiary	0	0	19	19
Disposals	0	0	-47	-47
Cost as of December 31, 2013	**306**	**4,767**	**1,909**	**6,982**
Accumulated depreciation and impairments as of January 1, 2013	0	957	1,018	1,975
Amortization charge for the year	0	160	137	297
Disposals	0	0	-46	-46
Accumulated depreciation and impairments as of December 31, 2013	**0**	**1,117**	**1,109**	**2,226**
Carrying amount as of January 1, 2013	306	3,576	655	4,537
Carrying amount as of December 31, 2013	306	3,650	800	4,756

10. Impairment testing of goodwill and intangible assets with indefinite useful lives

The goodwill and intangible assets with indefinite useful lives acquired within the scope of the company combinations has been attributed to cash-generating units for impairment testing, as follows:

- The goodwill from the acquisition of shares in Vita 34 AG (Commercial Register District Court Leipzig HRB 18047) was attributed to the "Stem Cell Storage - DACH" cash-generating unit.
- The goodwill from the acquisition of a majority interest in Secuvita S.L. was divided between the "Spain" and "Stem Cell Storage - DACH" cash-generating unit, commensurate with the future potential income expected.
- The goodwill from the takeover of the interests in BioPlanta GmbH was assigned to the "Biotechnology" cash generating unit.
- The intangible asset value with indefinite useful life acquired within the context of the acquisition of the interest in stellacure GmbH was assigned to the "Stem Cell Storage – DACH" cash generating unit.

"Stem Cell Storage - DACH" Cash-Generating Unit
The Group conducts its annual impairment test in the fourth quarter of the fiscal year. The Group considers the relationship between market capitalization and book value, apart from other factors, in reviewing the indicators for impairment.

The recoverable amount of the "Stem Cell Storage - DACH" cash-generating unit has been determined based on a value in use calculation using cash flow projections updated from the prior year and based on financial budgets approved by senior management covering a five-year period, as approved by the Supervisory Board. The depreciation rate for the cash flow prognoses for the "Stem Cell Storage - DACH" segment before tax is 11.4 percent (prior year 12.3 percent). Cash flows beyond the five-year period are extrapolated using a 0.5 percent growth rate.

"Spain" Cash-Generating Unit
The recoverable amount of the cash-generating unit "Spain" has also been determined based on a value in use calculation, using cash flow projections based on financial budgets approved by senior management covering a five-year period, as approved by the Supervisory Board. The pre-tax discount rate applied to the cash flow projections is 14.3 percent (prior year: 17.4 percent). Cash flows beyond the five-year period are extrapolated using a 0.5 percent growth rate.

"Biotechnology" Cash-Generating Unit
The recoverable amount of the cash-generating unit "Biotechnology" has also been determined based on a value in use calculation, using cash flow projections based on financial budgets approved by senior management covering a five-year period, as approved by the Supervisory Board. The pre-tax discount rate applied to the cash flow projections is 11.6 percent (prior year: 12.2 percent). Cash flows beyond the five-year period are extrapolated using a 0.5 percent growth rate.

The carrying value of goodwill and intangible assets with indefinite useful lives, assigned to the respective cash-generating units:

Carrying amounts

EUR k	2014	2013
Goodwill segment “Stem Cell Storage – DACH“	12,822	12,822
Goodwill segment “Spain”	592	592
Goodwill segment “Biotechnology”	528	528
	13,942	**13,942**

Key Assumptions Used in Value in Use Calculation of the Units as of December 31, 2014 and December 31, 2013
The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved for new agreements concluded in the year immediately before the budgeted year.

Depreciation Rates – The depreciation rates reflect the estimates of company management with regard to the specific risks attributable to the cash generating units. This is the benchmark used by management to assess the operating performance and evaluate future investment projects. The discount rate is derived from a risk-free interest rate, also taking a market risk premium and a company-specific beta factor into account. The reduction in the discount rate is a result of lower interest rates for long-term securities, as well as from lower risk premiums in the case of the “Spain” cash-generating unit.

Sensitivity of the Assumptions Made
Company management is of the opinion that it can be reasonably expected that in general possible changes to one of the key assumptions used to determine the value in use of the “Stem Cell Storage - DACH” cash-generating unit could lead to the carrying value of the cash-generating unit exceeding its recoverable amount. The value in use could fall below the carrying value particularly in the event that the expected number of newly stored stem cell units from reclaiming market share in Austria and Switzerland is not reached in the planning period, or the discount rate increases. In the case of a reduction of the annual free cash flow in the planning period of approximately EUR 350k or an increase in the discount rate of 2.5 percent, the value in use of the cash-generating unit would be reduced to its book value.

Company management is of the opinion that it can be reasonably expected that in general possible changes to one of the key assumptions used to determine the value in use of the “Spain” cash-generating unit could lead to the carrying value of the cash-generating unit exceeding its recoverable amount. The value in use could fall below the carrying value particularly in the event that the expected number of stored stem cell units is not reached in the planning period. In the case of a reduction of the annual free cash flow in the planning period of approximately EUR 95k or an increase in the discount rate of 6.2 percentage points, the value in use of the cash-generating unit would be reduced to its book value.

Company management is of the opinion it can be reasonably expected that, in general, potential changes to one of the key assumptions used to determine the value in use of the “Biotechnology” cash-generating unit could lead to the carrying value of the cash-generating unit exceeding its recoverable amount. In particular, if the expected revenues from development projects are not realized during the planning period, the value in use could sink below the carrying value. In the case of a reduction of the annual free cash flow in the planning period of approximately EUR 220k or an increase in the discount rate of 10.1 percentage points, the value in use of the cash-generating unit would be reduced to its book value.

11. Inventories

Inventories break down as follows:

Inventories

EUR k	2014	2013
Materials and supplies (measured at costs of purchases)	208	186
Work in progress (at cost of conversion)	89	364
	297	**550**

Inventories were not written down.

12. Trade receivables

Trade receivables break down as follows:

Receivables

EUR k	2014	2013
Non-current trade receivables	1,095	1,177
Current trade receivables	3,884	2,762
	4,979	**3,939**

The additional non-current trade receivables that originated in the reporting year were discounted using an interest rate of 4.0 percent (2013: 4.0 percent) based on their terms to maturity. Due to the long term of some receivables (up to 25 years), trade receivables due in more than twelve months are reported separately under non-current assets.

Not impaired receivables

			Thereof: Not impaired as of the end of the reporting period but past due in the following periods			
EUR k	Carrying amount	Thereof: Not impaired as of the end of the reporting period past due	less than 60 days	between 60 and 180 days	between 180 and 360 days	more than 360 days
Trade receivables as of December 31, 2014	4,979	3,171	459	306	230	775
Trade receivables as of December 31, 2013	3,939	2,415	642	200	35	93

Receivables that have been overdue for more than 360 days are mainly recognized as receivables owed by a commercial customer of the Group. The receivables were pending litigation in the last years and were adjusted in part. The case before the State Superior Court in Celle against the commercial customer for payment of the outstanding remuneration was won in December 2014. The outstanding receivables plus interest and collection fees are immediately enforceable. Due to the positive judgment in favor of Vita 34 AG in the prior year the reserve formed in the amount of EUR 314k was dissolved. In addition, the company has claims against the commercial customer for interest and compensatory damages of EUR 238k.

With respect to the trade receivables that were neither impaired nor past due, there was no indication at the end of the reporting period that the debtors would fail to meet their payment obligations.

Valuation allowances of trade receivables break down as follows:

Valuation allowances

EUR k	2014	2013
Valuation allowances as of 1 January	554	454
Increases (expenses for valuation allowances)	47	100
Release of allowances	-314	0
Valuation allowances as of 31 December	**287**	**554**

The following table presents the expenses from the full derecognition of trade receivables:

Expenses from derecognized receivables

EUR k	2014	2013
Expenses for the complete derecognition of receivables	2	4

All expenses from valuation allowances and derecognition of trade receivables are disclosed under other operating expenses.

Default Risk

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit verification procedures are only performed in cases where trade is financed via banks other than the Group's partner banks. Customers of the Group who wish to trade on credit terms are not subject to credit verification procedures because past experience has shown that such measures do not significantly reduce the risk of default.

13. Other receivables and assets

Other receivables and assets

	12/31/2014		12/31/2013	
EUR k	Total	Thereof: Current	Total	Thereof: Current
Financial receivables and assets				
- Other financial receivables and assets	586	586	279	279
- Other financial assets	620	0	76	0
	1,206	**586**	**355**	**279**
Deferred grants	832	832	836	836
Grants for investments and projects	632	632	978	978
	1,464	**1,464**	**1,814**	**1,814**
	2,670	**2,050**	**2,169**	**2,093**

Financial receivables and assets include, in particular, receivables from the granting of loans to subsidiaries of Vita 34 AG not included in the Group financial statements. These subsidiaries have not yet been included in the Group financial statements, because they had not yet commenced any operative activities in fiscal year 2014.

VITA 34 Gesellschaft für Zelltransplantate m.b.H. Vienna, Austria ("Vita Austria") was given a loan of EUR 780k in December 2014 for the acquisition of Vivocell Biosolutions GmbH & Co KG ("Vivocell") Austria. Moreover, of the EUR 300k credit facility made available to VITA 34 Slovakia s.r.o., an amount on EUR 121k was drawn upon.

14. Cash and cash equivalents, restricted cash

Cash and cash equivalents, restrictd cash

EUR k	2014	2013
Restricted cash	170	170
Cash: Cash at banks and in hand	3,730	2,927
	3,900	**3,097**

Bank balances earn interest at the floating rates for on-call deposits.

Of the cash, an amount of EUR 170k (2013: 170k) is not freely available to the Company.

For the purpose of calculating cash flow, the cash and cash equivalents as of December 31 are broken down as follows:

Overview cash and cash equivalents

EUR k	2014	2013
Cash at banks and in hand	3,730	2,927
	3,730	**2,927**

15. Issued Capital and Reserves

Issued capital and reserves

	2014	2013
Issued capital		
Ordinary shares of EUR 1 each (all fully paid in)	3,026,500	3,026,500
Composition of equity	TEUR	TEUR
Issued capital	3,027	3,027
Capital reserve	18,213	23,950
Revenue reserves	1,390	-5,447
Other reserves	-122	0
Own shares	-436	-436
Non-controlling shares	88	198
	22,160	**21,292**

Vita 34 AG capital stock in accordance with its articles of incorporation and bylaws is disclosed as issued capital pursuant to German stock corporation law. Equity is divided into 3,026,500 non-par value, individually registered shares.

Capital reserves contain contributions beyond the capital stock and other payments by shareholders in connection with capital increases as well as reserves for share-based payments. In 2014, the net loss 2013 was offset by drawing upon the capital reserves in the amount of EUR 5,737k.

Retained earnings contain the cumulative profits including the net result for the current year.

The **other reserves** include actuarial profits and losses from a performance-based pension plan after the effects of income tax.

Own shares contains shares (2.64 percent) that were acquired in conjunction with the acquisition of the interest in Secuvita S.L.

The **non-controlling shares** contain the shares of the minority shareholders of stellacure GmbH and Secuvita S.L. in the acquired assets and liabilities, valued at the proportional applicable fair value at the time of acquisition. The goodwill attributable to minority shareholders of Secuvita, S.L. was not disclosed here. After initial recognition, profits and losses are attributed without limit proportionate to interests.

Authorized Capital

In accordance with Sec. 7 para. 2 of the bylaws of Vita 34 AG, the Company has authorized capital. The Management Board is authorized, in accordance with a resolution of the Annual General Meeting on August 24, 2014, to increase the nominal capital of the Company once or several times up to a total of EUR 1,513,250.00 by August 27, 2019 by means of the issuance of up to 1,513.250 new, individually registered, non-par value shares in exchange for cash or in-kind contributions (Authorized Capital 2014).

The Management Board will decide on the exclusion of the subscription rights of shareholders, in each case with the approval of the Supervisory Board. An exclusion of the right to purchase stock is, in particular, admissible in order to:

- To even out peak amounts;
- Issue employee stock to employees of the company, as well as employees of enterprises associated with the company;
- Increase capital in exchange for contributions in kind;
- To the extent necessary, at the point in time of the exercise of the Authorized Capital 2014 in order to grant the holders of current conversion and / or option rights or a conversion obligation arising from already granted or to be granted conversion and / or option subscriptions arising from Vita 34 AG or its Group companies a right to purchase new shares in the scope that would be due them following exercise of the conversion and / or option rights or following fulfillment of a conversion obligation of the shareholders;
- If the issue price of the new shares in the case of capital increases in exchange for contributions in cash is not significantly lower than the stock market price of already listed shares at the time of the final determination of the issue price, and the shares issued do not exceed in total 10 percent of the capital stock either at the time of effectiveness or at the time this authorization is exercised. This limitation covers shares that have been sold, issued or are to be issued during the term of this authorization up to the point of its exercise based on other authorizations with direct or corresponding application of Sec. 186, Para. 3, Sentence 4 German Stock Corporation Act with exclusion of subscription rights.

The Management Board decides on the further details of conducting capital increases from Authorized Capital 2014, especially the content of stock rights and the conditions of stock issue with the approval of the Supervisory Board. The Supervisory Board is authorized to adjust the version of Sec. 7 Para 2 of the bylaws according to the respective exercise of the authorized capital and, if the authorized capital is not or not fully exploited by August 27, 2019, to adjust the expiration deadline for the authorization.

16. Loans

16.1 Current

Overview of current loans as well as current liabilities owed to banks

EUR k	Interest rate as a %	2014	2013
Loan for EUR 600k	5.24	65	65
Loan for EUR 75k	8.64	16	15
Loan for EUR 137k	0.00	6	60
		87	**140**

16.2 Non-current

Non-current loans

EUR k	Effective interest rate as a %	Maturity	2014	2013
Loan for EUR 600k	5.24	2008-2017	116	182
Loan for EUR 75k	8.64	2011-2016	11	28
Loan for EUR 137k	0.00	2013-2024	37	0
			164	**210**

The loan recognized in the statement of financial position over EUR 600k with a residual debt of EUR 181k is secured by 80,000 own shares.

17. Shares of Silent shareholders

Silent partnership

EUR k	2014	2013
Silent partnership MBG	940	940
	940	**940**

The Mittelständische Beteiligungsgesellschaft Sachsen m.b.H., Dresden (MBG) receives a fixed fee of 6 percent p.a. on the contribution of EUR 940k it has made to Vita 34 AG; the fee is payable quarterly for the preceding quarter as of 15 March, June, September, and December of each year. In addition, MBG receives a profit-based fee of 50 percent of the net profit for the year of Vita 34 AG, or max.1 percent p.a. of the contribution made. The basis for calculating the profit-based fee is the net profit for the year under German commercial law, adjusted for certain income and expense items.

MBG does not participate in losses of Vita 34 AG. The term of the silent partnership ends on June 30, 2018.

18. Provisions

Provisions

EUR k	Summe
As of January 1, 2014	148
Addition	0
Utilization	-35
Unused amounts reversed	-10
As of December 31, 2014	**103**
Current provisions 2014	103
Non-current provisions 2014	0
	103
Current provisions 2013	148
Non-current provisions 2013	0
	148

The provisions comprise expenses for legally prescribed manufacturing authorizations for birthing facilities in connection with the collection of umbilical cord blood during birth.

In addition, provisions for expected project costs in public/private partnership projects (PPP) in Mexico were created, which are not covered by income from this project. Within the context of the PPP projects the Company is supporting development projects in developing and emerging countries, which are intended to improve the lives of people in these regions.

19. Pension Reserves

In 2013 the pension obligations towards one member of the management board was rearranged. In accordance herewith the pension obligation was limited to the claims earned as of July 31, 2014. This is a performance-based pension plan (covered by capital).

Contributions are to be paid to a specially administrated pension fund for the performance-based pension plan.

The following table shows the components of the expenditures for pension obligations recognized in the consolidated statement of income, as well as the amounts recognized in the statement of financial position:

Expenses for pension obligations contained in consolidated statement of income

EUR k	2014	2013
Current service cost	9	8
Interest expense	9	9
Interest income	-6	-2
Expenses for pension obligations	**12**	**15**

Net liabilities from performance-based obligations

EUR k	2014	2013
Cash value of performance based obligations	-301	-184
Applicable fair value of plan assets	358	130
Effect of the asset ceiling	-57	0
Liability from the performance-based obligation	**0**	**-54**

In accordance with IAS 19.113, the cash value of the performance-based obligation and the applicable fair value of the plan asset are offset. Plan assets include a qualified insurance policy that covers all of the promised benefits exactly with regard to their amount and when they are due. Thus, recognition of the plan asset is limited to the cash value of the obligations covered. In the prior year the missing amount arising from the performance-based obligation was recorded in the consolidated statement of financial position under pension reserves.

Development of the cash value of the performance-based obligation

EUR k	2014	2013
Cash value of the performance based obligation as of January 1	184	167
Current service cost	9	8
Interest expense	9	9
Revaluation		
Actuarial losses based on changed financial assumptions	142	0
Experience adjustments	-43	0
Cash value of performance based obligations as of December 31	**301**	**184**

Development of applicable fair value of plan assets

EUR k	2014	2013
Applicable plan value of assets as of January 1	130	117
Interest income	6	2
Revaluation		
Income resulting from plan assets without those that are in net interest costs and income	-23	0
Employer contributions	371	11
Repayment of reinsurance	-126	0
Applicable fair value of plan assets as of December 31	**358**	**130**

The valuation of the pension obligations as of December 31, 2014 was done using the biometric calculation guidance Heubeck RICHTTAFELN 2005 G according to the modified fractional value method.

The actuarial losses from the valuation of the performance-based obligation and plan assets in the amount of EUR 179k total have been recognized as other income. Deferred taxes of EUR 57k were formed based on the actuarial losses, which have also been taken into consideration in the other income.

Basic assumption for determining the pension obligations as of December 31, 2014

in %	2014	2013
Discount rate	2.30	4.89
Annual salary trend	0.00	0.00
Pension trend	1.90	1.90

Taking into consideration that the pension agreement is only limited to the claims earned up to July 31, 2014, Vita 34 does not expect any expenses for performance-based pension plans in 2015.

Sensitivity Analysis
The following is a representation of the quantitative sensitive analysis of the most important assumptions as of December 31, 2014.

Assumptions and Scenarios of Quantitative Sensitivity Analysis

	Discount Factor		Live expectancy of Pension Beneficiary	
EUR k	Increase by 0.5 %	Decrease by 0.5 %	Growth by 1 year	Decline by 1 year
Effect on performance-based obligation	264	343	310	292

The sensitivity analyses at hand were done using a process, which extrapolates the effect of realistic changes to the most important assumptions by the end of the reporting period onto the performance-based obligation.

Since there is no entitlement to a pension increase, no changes will result from future benefits.

20. Deferred Grants

The investment grants and subsidies recognized under grants showed the following development:

Grants

EUR k	2014	2013
As of 1 January	1,062	1,079
Received during the fiscal year	271	74
Released through profit and loss	-118	-91
As of 31 December	**1,215**	**1,062**
Current	94	88
Non-current	1,121	974
	1,215	**1,062**

The grants are released on a straight-line basis over the useful life of the subsidized assets.

21. Deferred Income

Deferred income

EUR k	2014	2013
Current	1,542	1,419
Non-current	8,367	8,169
	9,909	**9,588**

Deferred income contains storage fees collected from customers in advance, which are recognized as income on a straight-line basis over the term of storage. Interest effects were taken into account accordingly.

22. Trade payables and Other Liabilities

Liabilities

EUR k	2014	2013
Financial liabilities		
Current trade payables	696	1,127
Other liabilities	594	784
	1,290	**1,911**
Non-financial liabilities		
Employee benefits	355	134
Payments based on termination of employment	131	60
	486	**194**
	1,776	**2,105**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled within 30 days.
- Other liabilities are non-interest bearing and also have an average term of 30 days. Non-financial liabilities mainly pertain to amounts accrued for short-term employee benefits.
- Interest payable is normally settled monthly or quarterly throughout the fiscal year.

23. Additional Information on Financial Instruments

Carrying amounts by measurement category

EUR k	Carrying amount 12/31/2014	Carrying amount in Statement of Financial Position	
		Amortized cost	Fair value 12/31/2014
Assets			
Cash and cash equivalents	3,900	3,900	3,900
Trade receivables	4,979	4,979	4,943
Other financial assets	1,206	1,206	1,206
Liabilities			
Liabilities to banks	251	251	251
Shares in silent partners	940	940	940
Trade payables	696	696	696
Other non-interest-bearing liabilities	594	594	594
Thereof combined by measurement category			
Loans and receivables	10,085	10,085	10,049
Financial liabilities valued at fair value	2,481	2,481	2,481

Carrying amounts by measurement category

EUR k	Carrying amount 12/31/2013	Carrying amount in Statement of Financial Position	
		Amortized cost	Fair value 12/31/2013
Assets			
Cash and cash equivalents	3,097	3,097	3,097
Trade receivables	3,939	3,939	3,899
Other financial assets	355	355	355
Liabilities			
Liabilities to banks	350	350	350
Shares in silent partners	940	940	940
Trade payables	1,127	1,127	1,127
Other non-interest-bearing liabilities	784	784	784
Thereof combined by measurement category			
Loans and receivables	7,391	7,391	7,351
Financial liabilities valued at fair value	3,201	3,201	3,201

23.1 Fair Value

Cash and cash equivalents, current trade receivables and other receivables mostly fall due within the short term. Consequently, their carrying amounts as of the end of the reporting period approximate their fair value.

The fair value of non-current trade receivables, which fall due in more than one year, corresponds to the present value of the payments relating to the assets using a market interest rate. The classification is made in Level 2 of the fair value hierarchy.

Trade payables and other liabilities generally have short terms to maturity; the carrying amounts approximate fair value.

The fair value of non-current interest-bearing loans and silent partners' interests recognized in the statement of financial position at amortized cost was determined by discounting the expected future cash flows using a market interest rate. The classification is made in each case in Level 2 of the fair value hierarchy.

23.2 Net Result by Measurement Category

Net result

EUR k	2014	2013
Loans and receivables	368	-25
Financial liabilities valued at applicable fair value	-96	-205
Total	**272**	**-230**

All components of the net result are recognized under interest income and expenses. Not included are income from the reversal of bad debt allowances, expenses for allowances for trade receivables and bad debts relating to the loans and receivables measurement category of EUR 265k (2013: EUR -104k); these are instead disclosed under other operating income and other operating expenses.

The net results by measurement category are mainly comprised of interest income and expenses in the total amount of EUR 7k (prior year: EUR -126k), and expenses from write-downs on receivables in the amount of EUR 265k (prior year: EUR -104k).

23.3 Analysis of Maturity Profile of Financial Obligations

The following table presents the contractually agreed (without discounting) considerations and redemption payments for primary financial liabilities:

Analysis of maturity profile of financial obligations

EUR k	2015	2016	2017 ff.
Liabilities to banks	89	83	97
Shares in silent partners	66	66	1.043
Other non-interest-bearing liabilities	1,238	9	70
Total	**1,393**	**158**	**1,210**

All instruments in the portfolio as of December 31, 2014 and for which payments had already been contractually agreed were included. Budgeted figures for future new debt are not included. The variable compensation from financial instruments, which is essentially calculated based on the net result generated for the year, was determined on the basis of Vita 34 AG's budget. All on-call financial liabilities are allocated to the earliest possible period in the table.

23.4 Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans and medium-term forms of investment such as funds. The Group continually monitors its risk of a shortage of funds using a liquidity planning tool. This tool considers the maturity of both its financial assets (e.g., receivables, other financial assets) and projected cash flows from operations.

23.5 Credit Risk

The Group mostly does business with private customers. Credit ratings are obtained from TEBA Kreditbank GmbH & Co. KG for contracts with installment payments in the "Stem Cell Storage - DACH" segment. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is limited to the carrying value contained in Note 12. There is no significant concentration of risk of default within the Group.

With respect to the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's maximum exposure to credit risk arises from default of the counterparty is equal to the carrying amount of these instruments.

23.6 Interest Risk

The Group is not exposed to any significant interest rate risks since all loan agreements and silent participation agreements were concluded at fixed rates of interest.

23.7 Currency Risk

In the reporting period the Group also had revenues and expenses in Swiss Francs (CHF). Therefore, changes in the Euro / CHF exchange rate can fundamentally affect the consolidated statement of financial position. No other major transactions are settled in other foreign currencies.

The exchange rate as of December 31, 2011 was 1.20 CHF / Euro. The intervention rate of EUR 1.20 / CHF set by the Swiss National Bank was abandoned on January 15, 2015. As a consequence the rate dropped to 0.85 EUR / CHF and had settled at 1.04 Euro / CHF at the time this report was prepared.

A possible increase in the exchange rate by 20 percent would lead to a change in the Group earnings before taxes as well as Group equity of EUR 102k in each case due to a change in the fair value of the monetary assets and liabilities. As compared with the current reporting year, the result of the future reporting year will be more strongly influenced by fluctuations in the Euro / CHF exchange rate.

24. Commitments and Contingencies

24.1 Operating Lease Commitments - Group as Lessee

The Group has entered into commercial leases on certain motor vehicles and technical equipment. These leases have an average life of between two and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

In addition, the Group has leasing agreements for the use of premises.

All leases have been classified and measured as operating leases in accordance with IAS 17.

Future minimum lease payment obligations under non-cancellable operating leases as of the end of the reporting period are as follows:

Minimum lease payments

EUR k	2014	2013
Within one year	696	790
Between one and five years	1,342	2,423
	2,038	**3,213**

24.2 Capital Commitments

As of the closing date of December 31, 2014 the Group had no obligations to purchase plant, property or equipment (2013: EUR 0).

24.3 Legal Disputes

Legal action has been initiated against Secuvita, S.L. and its former shareholders in conjunction with the acquisition of the shares in Secuvita, S.L. by Novel Pharma, S.L. The suit filed by the interest holder remaining as a shareholder in Secuvita, S.L. requests that the transfer of shares in Secuvita, S.L. to Novel Pharma, S.L. be declared invalid and that the shareholder resolutions of Secuvita, S.L. in its meeting of June 30, 2010 be declared void. Taking into consideration that the suit has little chance of being successful, the Company has decided not to include an allowance in the annual financial statements for this.

24.4 Contingent Liabilities

Contingent liabilities of EUR 477k arising from the acquisition of a majority position in stellacure GmbH in 2013 vis-a-vis the seller have been assigned a fair value of EUR 0. These are liabilities, which would be incurred according to the purchase agreement under a condition that current estimation judges to be unlikely.

25. Information on related party transactions

Vita 34 AG and the following subsidiaries are included in the consolidation group:

Overview of subsidiaries involved in consolidation

	Percentages of equity	
Name, Headquaters	2014 in %	2013 in %
Novel Pharma, S. L., Madrid, Spain	100.0	100.0
Secuvita, S. L., Madrid, Spain	88.0	88.0
stellacure GmbH, Hamburg, Germany	75.2	75.2

Associated companies and persons include subsidiaries not involved in the Group financial statements, shareholders with significant influence and persons in key positions within the company.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant fiscal year:

Transactions with affiliated companies

EUR k	Received payments and other costs from affiliated companies	Receivables from affiliated companies	Liabilities towards affiliated companies
Subsidiaries of Vita 34 AG			
VITA 34 Gesellschaft für Zelltransplantate m.b.H. Österreich			
2014	16	0	16
2013	5	0	22
VITA 34 Slovakia, s.r.o.			
2014	0	0	0
2013	0	16	0

Granted loans to affiliated companies

EUR k	Received interests	Receivables
Subsidiaries of Vita 34 AG		
VITA 34 Gesellschaft für Zelltransplantate m.b.H. Österreich		
2014	1	782
2013	0	0
VITA 34 Slovakia, s.r.o.		
2014	1	120
2013	0	10

The loan granted to Vita Austria serves to finance the acquisition of all assets in Vivocell. The loan is not secured and is to be paid off at the end of its term (December 31, 2019). The interest rate is 200 basis points over the Euro Interbank Offered Rate and is adjusted annually.

A working capital credit line in the amount of EUR 300k was grated to VITA 34 Slovakia, s.r.o. The working capital credit line is not secured and has an open term. The interest rate is 200 basis points over the Euro Interbank Offered Rate and is adjusted annually.

Expenses to related parties

EUR k	2014	2013
There is an agreement with a former member of the management board concerning rights of use and sale relating to a patent application and two patents. The former management board member has surrendered the patents concerned and patent application permanently for use by Vita 34 AG.		
No compensation was paid for the surrender for use in fiscal year 2013 and 2014.		
Compensation of key management personnel of the Group:		
Short-term benefits:		
Remuneration of the supervisory board	90	27
Management board salaries	606	521

The Group obligated itself to render a performance in the amount of EUR 195k for a company that is close to a member of the Supervisory Board. In 2014 no invoice was issued to the closely associated company.

In 2013 a GmbH [German limited liability company] with close ties to a Supervisory Board member, provided services to the Group. The cost to the Group for the services rendered was EUR 30k.

In 2014 a law firm for which a Supervisory Board member is active, provided services to the Group. The cost to the Group for the services rendered was EUR 2k.

Dr. André Gerth (Chief Executive Director), was paid rent for the use of storage rooms in the fiscal year in the amount of EUR 10k (prior year: EUR 10k).

In addition, there is an employment contract with the partner of Dr. André Gerth (Chief Executive Director).

An agreement was entered into with Dr. med. Eberhard F. Lampeter (former member of the Management Board) concerning the early termination of contract effective July 31, 2012. As compensation for the promised variable compensation components, compensation expenses in the amount of EUR 97k were taken into consideration in the first half-year 2014.

26. Remuneration of the Management Board and Supervisory Boards Pursuant to Sec. 314 HGB

The following disclosures on Management Board remuneration are disclosures required by HGB (German Commercial Code) in the notes to the financial statements (cf. Sec. 314 HGB) and disclosures prescribed by provisions of the German Corporate Governance Code.

The Mangement Board of Vita 34 AG has two members at present.

In fiscal year 2014 the following gentleman were elected to the Management Board

Dr. André Gerth   Chief Executive Director (CEO)
Jörg Ulbrich   Chief Financial Officer (CFO)

The employment contracts were revised in each case in fiscal year 2014.

26.1 System of Management Board Compensation and Review

The Supervisory Board determines the remuneration amount and structure for the Management Board pursuant to Sec. 87 German Stock Corporation Act (AktG). Remuneration of Vita 34 AG's Management Board comprises fixed and variable components and other fees.

26.2 Fixed Compensation, Variable Success-Based Compensation and Fringe Benefits

The fixed component is a contractually defined basic salary that is paid out in equal monthly amounts. The variable compensation component, which is based on targets set in each case for a fiscal year, is based on whether certain quantitative targets are met, and is limited in its amount. In fiscal year 2014 the quantitative goals involved earnings before interest and taxes (EBIT).

In addition, the members of the Management Board received supplementary benefits. These consist principally of insurance payments and the private use of company cars, and are taxed individually for each Management Board member.

26.3 Remuneration of the Management Board for Fiscal Year 2014

The remuneration of the members of the Management Board for their activities in fiscal year 2014 totaled EUR 606k (2013: EUR 521k). The table below provides a breakdown of Management Board remuneration by person. The variable compensation has been indicated with the amounts calculated based on the company result.

Renumeration of the management board of Vita 34 AG for fiscal year 2014

	Dr. André Gerth Chief Executive Officer (CEO)				Jörg Ulbrich Chief Financial Officer (CFO)			
EUR k	2013	2014	2014 (min)	2014 (max)	2013	2014	2014 (min)	2014 (max)
Non-performance-related component								
Fixed component	180	189	189	189	120	125	125	125
Compensation for not taking annual leave	25	0	0	0	0	0	0	0
Ancillary compensation	26	20	20	20	17	20	20	20
Total	**231**	**209**	**209**	**209**	**137**	**145**	**145**	**145**
Performance-related component								
Variable compensation	84	107	0	240	84	107	0	180
Sub-Total	**315**	**316**	**209**	**449**	**221**	**252**	**145**	**325**
Pension expenses	10	35	35	35	0	0	0	0
Total	**325**	**351**	**244**	**484**	**221**	**252**	**145**	**325**

Actual renumeration of the management board of Vita 34 AG for fiscal year 2014

	Dr. André Gerth Chief Executive Officer (CEO)		Jörg Ulbrich Chief Financial Officer (CFO)	
EUR k	2013	2014	2013	2014
Non-performance-related component				
Fixed component	180	189	120	125
Compensation for not taking annula leave	0	25	0	0
Ancillary compensation	26	20	17	20
Total	**206**	**234**	**137**	**145**
Performance-related component				
Variable compensation	84	96	84	96
Sub-Total (Total remuneration according to DRS 17)	**290**	**330**	**221**	**241**
Pension benefits	10	35	0	0
Total (Total remuneration according to DCG-code)	**300**	**365**	**221**	**241**

No members of the Management Board received benefits or were promised benefits by a third party in the past fiscal year for their activities as members of the Management Board.

Within the scope of converting the pension obligation for one member of the Management Board, in 2014 a one-time payment to a pension fund in the amount of EUR 245k Euro was made, taking into account the reimbursement from the cancellation of the reinsurance policies.

26.4 Management Board Remuneration for Fiscal Years Beyond 2015

Changes to Management Board compensation are such that beginning in 2015 the Management Board will receive performance and target-based, variable compensation. The target amount of the variable compensation if the targets are 100 percent attained is limited in each case for all agreed partial performances, as well as including the discretionary bonus. The variable compensation is comprised of four partial components “strategic corporate objectives” (Component I), “EBIT goal” (Component II), “Stock Price Performance” (Component III) and “Discretionary Bonus” (component IV).

26.5 Premature Termination of the Employment Agreement

Within the context of newly drafting the employment contract terms in fiscal year 2014, a Management Board member was made promises concerning benefits in the case of premature termination of the service contract in the case of a change of control. A change of control takes place when a shareholder or third-party directly or indirectly possesses more than 50 percent of the voting rights in Vita 34 AG, or has entered into a company contract in accordance with Sec. 291 German Stock Company Act, or the company is incorporated in accordance with Sec. 319 Akt German Stock Corporation Act. The promised benefits encompass the payment of the capitalized draws (fixed salary and profit sharing), as well as a claim to severance. Both amounts are limited in their height.

26.6 Share-Based Payments

The Management Board members of Vita 34 AG do not receive any additional share-based payments.

26.7 Remuneration of the Supervisory Board (remuneration report)

The Supervisory Board of Vita 34 AG comprises three members.

In fiscal year 2014 the following gentlemen were appointed to the Supervisory Baord:

Dr. Hans-Georg Giering	Managing Partner: Magnosco GmbH
Dr. Holger Födisch	Director of Dr. Födisch Umweltmesstechnik AG
Alexander Starke	Attorney with FSR.Recht GbR

Remuneration for this body in the amount of EUR 90k (2013: EUR 27k) was paid in 2014.

The remuneration of the Supervisory Board members is determined pursuant to Art. 18 of the bylaws. This provision in its current form is based on the resolution of the Annual General Meeting dated August 28, 2014, effective January 1, 2014. The remuneration is agreed as a fixed annual sum and is paid quarterly to members of the Supervisory Board. The roles of the Supervisory Board Chairman and his deputy are taken into account separately.

Supervisory Board remuneration of Vita 34 AG

EUR k	2014
Dr. Hans-Georg Giering (Chairman)	32
Dr. Holger Födisch (Deputy Chairman)	36
Alexander Starke	22

With regard to other compensation of benefits extended to a member of the Supervisory Board or their associated companies and persons, we refer to our information on related party transactions (see Note 25).

Dr. Holger Födisch had the Chairmanship of the Supervisory Board as of July 31, 2014. Effective August 01, 2014 Dr. Hans-Georg Giering will assume position of Supervisory Board Chairman.

27. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise interest-bearing loans, silent partnerships, as well as cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group uses only financial assets with a good rating and the best safety standards where the funds are available at short notice.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. Company management drafts and reviews risk management guidelines for each of these risks.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business and maximize shareholder value. Vita 34 has set an equity ratio of more than 50 percent as an internal goal.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and methods as of December 31, 2014 and December 31, 2013. Capital comprises the equity disclosed in the statement of financial position.

28. Subsequent Events

With a debt law contract dated December 01, 2014 Vita Austria, a 100 percent subsidiary of Vita 34 AG, acquired all of the required assets for business operations from the insolvent Vivocell. As of January 02, 2015. Vivocell had been up to now the Austrian market leader for stem cell deposits from umbilical cord blood. In the course of acquiring the assets some 13.000 stem cell units of umbilical cord blood were transferred to Vita Austria (see Note 3).

The purchase price for the assets was EUR 650k plus 20 percent VAT, whereby EUR 238K were paid for the plant, property and equipment (especially storage tanks, liquid nitrogen system, equipment for storing umbilical cord blood and tissues, as well as office and business equipment) and EUR 412k were attributable to the other assets acquired from Vivovell (in particular stem cell bank, goodwill, and customer base, etc.). To have the required financial funds for the purchase Vita Austria was granted a loan from Vita 34 AG in the amount of EUR 780k.

The Vivocell lab in Graz was closed in 2015. The storage of the stem cell deposits made up to now as well as the newly stored stem cell units will be done in Germany at Vita 34 AG. By acquiring the Vivocell assets there are also future synergy effects for the Group, which in part are based on an improved utilization of the laboratory in Leipzig as well as synergies in marketing.

Due to the associated expansion of business operations at Vita Austria the company will be fully consolidated as of 2015. The assets, liabilities, and contingent liabilities of Vivovell to be set within the course of price allocation encompass in particular the following items:

- Transferred storage contracts
- Stem cell bank consisting of autologous and allogenic stem cell units.
- Acquired plant, property and equipment
- Deferred Taxes
- (Contingent) liabilities vis-à-vis the seller arising from a variable purchase price payment

Taking into consideration the documents available up to now, in particular the acquired storage contracts, a determination of the fair value of the acquired intangible assets at the time of the acquisition is not yet ultimately determinable. The value of the plant, property and equipment is approx. EUR 238k.

29. Auditor's Fees and Services Pursuant to Sec. 314 HGB

The fees of the auditor of the consolidated financial statements recognized as an expense in the fiscal year break down as follows:

Audit fees

EUR k	2014	2013
Audit fees	69	61
thereof fees for previous years' audit	13	0

Audit fees mainly comprise fees for the statutory audit of the financial statements and the consolidated financial statements.

Leipzig, March 19, 2015
The Vita 34 AG Management Board

Dr. André Gerth
CEO

Jörg Ulbrich
CFO

Declaration of the Legal Representatives

We hereby affirm that to the best of our knowledge the consolidated financial statements provide a picture of the asset, financial and profit situation of the Group, which reflects the actual circumstances in accordance with the applicable accounting policies, and that the management report presents the course of business, including the financial results, and the situation of the Company in a manner that corresponds with the actual circumstances, and that the most important opportunities and risks of the foreseeable development of the Group have been described.

Leipzig, March 2015

Management Board of Vita 34 AG

Dr. André Gerth	Jörg Ulbrich
CEO	CFO

Audit Opinion

We have audited the consolidated financial statements prepared by Vita 34 AG, Leipzig, comprising the the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in group equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted in the EU, and the additional requirements of German commercial law pursuant to Sec. 315a HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Leipzig, March 19, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Mandler	Schenke
German Public Auditor	German Public Auditor

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Production

The production of the paper is certified in accordance with DIN ISO 9001 and 14001. The cellulose and paper plants of the manufacturer are certified in accordance with FSC Chain of Custody. The wood originated exclusively from controlled and sustainably managed forests.

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