

ANNUAL REPORT 2010
VITA 34 INTERNATIONAL AG



KEY GROUP FIGURES

		2010	2009	2008
STEM CELL PREPARATIONS				
Umbilical cord blood storages	Number	11,038	10,816	11,020
PROFIT / LOSS				
Revenues	EUR K	16,963	15,097	14,957
Gross profit	EUR K	10,823	10,139	9,808
EBITDA	EUR K	1,687	739	-1,826
EBIT	EUR K	743	162	-2,270
Period result	EUR K	349	596	-1,712
BALANCE SHEET / CASH FLOW				
Total assets	EUR K	36,688	31,150	30,308
Equity	EUR K	18,818	18,873	18,105
Equity ratio	%	51.3	60.6	59.7
Liquid funds	EUR K	4,989	8,055	7,250
Capital expenditures *	EUR K	977	726	1,073
Depreciation *	EUR K	944	577	444
Cash flow from operating activities	EUR K	1,008	1,149	-2,939
EMPLOYEES				
Employees (as of December 31)	Number	147	101	111
Personnel expenditures	EUR K	5,719	5,340	5,684

* Information for tangible and intangible assets

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Stem Cell Medicine – **Responsibility for a common future**

 **VITA 34**

Dr. med. Eberhard F. Lampeter

CEO

“Cord blood stored at VITA 34 has already been used for the treatment of children with brain damage, type 1 diabetes, beta thalassemia and cancer.

The value of cord blood cells will increase year by year with the development of regenerative medicine. We store the cord blood stem cells safely and for the long-term, so that they are available for a lifetime.

Thus, we equally demonstrate responsibility towards our customers, business partners and investors, who have trusted us for many years.”



LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders and Friends of VITA 34,

The year 2010 stood for a consolidation of our entire business processes. This included activities for increasing efficiency in Germany, as well as the stabilization and expansion of our new cooperative ventures in other countries. In May of this year we were able to acquire a majority interest in our Spanish partner Secuvita, S.L. Still in December we extended the exclusive contract with our Italian sales partner Sorgente S.r.L. by an additional three years ahead of time. Thus, we have been able to strengthen our presence in these two markets that are interesting apart from the German market in Europe. This will bring us significant growth potential in the future.

In Germany we have advanced recognition and access to our services through our network of cooperative research efforts and experienced business partners. Our partners contribute significantly to the current and future success of our company, and they develop innovations and specific solutions with us. We would like to introduce a selection of our business partners of many years within the context of a charitable ad campaign in this year's annual report. The ad is combined with a donation to the "action benni & co. e.V." supporting research towards finding a cure for duchenne muscular dystrophy. We have been made aware of the topic because stem cells from umbilical cord blood fundamentally have the potential of developing into muscle cells.

It is possible that this approach may result in new cell therapies with the use of umbilical cord blood in the future.

Since our company success is of a long-term nature, we measure the business processes based on sustainability criteria. In all of our business activities economic, ecological, as well as social aspects of decision making are taken into consideration. We would like to show in the independent sustainability report sustainability topics of our profile that are already significant.

In 2010 the effects of the economic and financial market crisis did not hit the German end consumer as hard as originally feared. Consumer behavior remained stable for the most part, which surely contributed somewhat to the fact that VITA 34 was able to achieve its annual targets. The most important objective for the year 2010 was the attainment of sustainable profitability and the creation of the prerequisites for further growth. After returning to the profit zone in 2009 with EBIT of EUR 162k, in the past year EBIT of EUR 743k were earned. The 4.5x increase corresponds with the revenues achieved in the amount of some EUR 17 million with an EBIT margin of 4.4 percent. This is the highest EBIT margin since VITA 34 went public. The result in 2010 was better than expected, since EBIT of EUR 500k was planned. Effective structures and a motivated team led to this good result. Thus, the optimization of all internal company processes and costs introduced in 2009 demonstrated its extensive effect. In the case of revenues, with nearly EUR 17 million we were in the range that we communicated as a revenue target after the acquisition of Secuvita, S.L.



VITA 34 AG glass laboratory at Bio City in Leipzig

VITA 34 is by far the leading umbilical cord blood bank in the German-speaking countries, with more than 78,000 units of umbilical cord blood stored. By 2010 worldwide more than 240 clinical applications of autologous umbilical cord blood had been registered, and the trend is on the rise. However, again and again we still find the stories behind the figures impressive. There is one small boy who suffered a severe brain trauma at the age of two and was able to be treated with his own umbilical cord blood. After the treatment, the child made great progress in his development, although the very worst prognoses had been made for him. The case of the small American girl, who at the age of three contracted acute lymphatic leukemia is also deeply moving. Without a stem cell transplant, her life expectancy would have only been approximately three months. The attending physician decided to treat the child with her own umbilical cord blood cells. The parents had had the umbilical cord blood stored with the American subsidiary of VITA 34. Now at the age of nine, the girl is leading a completely normal life, goes to school and is considered officially healed. Treatment successes like this and primarily the permanence of a stem cell therapy with umbilical cord blood show the medical sense of the preventative storage of umbilical cord blood for the therapy of severe diseases and for regenerative medicine. This trend is particularly influenced by a further development: Demanding requirements on the safety and quality of the stored preparation, which is increasingly becoming the focus of transplanting physicians. The quality of the products is decisive for their later use, which lies far in the future and, as our transplantations demonstrate, can be life-saving in individual cases. The acceptance on the part of transplanting physicians is significantly influenced by quality customized to their needs and comprehensive service. Since its founding, VITA 34 has advocated the establishment and observance of the highest quality requirements (GMP standard) and has supported the transplanting physicians up through application of the preparation by our own specially trained team. Worldwide there are deviating concepts with lower quality standards and, therefore, lower prices, which in our opinion will not experience long-term acceptance.

VITA 34 offers three products: The autologous storage of umbilical cord blood (our classic product), the allogenic (free) donation, as well as a mixed form – the VITAplusSpende [VITAplusDonation] product, in which parents undertake the storage for their child privately, yet simultaneously have the possibility to release it to a third-party patient as a donation if requested to do so. In the past year an umbilical cord blood preparation stored as VITAplusSpende was issued for the first time, going to an Argentinean child. VITA 34 is the only private umbilical cord blood bank in Germany that has its own permit for allogenic umbilical cord blood preparations.

In the past fiscal year we were above the prior year's number figures with a total 11,038 storages. These storages came from our core German-speaking market, that is from Germany, Austria and Switzerland, as well as from Spain, Italy and Slovenia, whereby the foreign partners made an important contribution to the good group results. The continually growing success of VITA 34 abroad is based on more than thirteen years of experience and a high level of quality and credibility "Made in Germany." The existing cooperative ventures in Europe are to be further intensified, the integration of the new subsidiary Secuvita, S.L. will be moved forward. In this way, we will ensure future growth. Additional international activities in the medium-term plans are intended to contribute to improving results.

As in the past, strengthening of growth in sales is the focal point in the German-speaking market. The storage figures from the German speaking-countries stabilized at an unsatisfactory level, such that we will undertake all efforts for an increase in the figures in the next year. The implementation of target group specific and regionally oriented measures, as well as new sales channels with strong cooperation partners are the basis for the foreseen growth.

These objectives will be additionally supported by the fact that VITA 34 will define itself even more than before as an innovative company in the field of regenerative medicine through existing and additional cooperative research efforts. Examples of this are both the cooperation with the Technical University in Munich for conducting the diabetes study, as well as the cooperation that has been in existence with the Medical College of Hanover since May 2010 for the use of umbilical cord blood cells for conversion into iPS cells. Thus, we have reacted to scientific positions, according to which cells from umbilical cord blood are better for what is known as "reprogramming" into pluripotent stem cells than cells from other sources.

Our prognoses concerning the significance of stem cells from umbilical cord blood have been confirmed by the increase in successful applications and the currently rapid development of regenerative medicine. This will continue to be an important impetus towards achieving our goals in the coming year. For 2011 we expect an increase in revenues with a clearly positive EBIT. The trend of continuously positive profit improvement should, in addition, also be promulgated in the next years.

We look forward to your support and our mutual success.

Best regards and our sincere thanks for the trust you have extended to us.

Leipzig, March 9, 2011
Management Board of VITA 34 International AG



Dr. med. Eberhard F. Lampeter
CEO



Jörg Ulbrich
CFO



Dr. med. Eberhard F. Lampeter (CEO) and Jörg Ulbrich (CFO)

THE MANAGEMENT BOARD

VITA 34 International AG does not have its own operative business, rather it manages the Group as a cross-functional management holding. Dr. med. Eberhard F. Lampeter and Jörg Ulbrich are directors of both VITA 34 International AG and VITA 34 AG.

Dr. med. Eberhard F. Lampeter,

Management Board Chairman of VITA 34 International AG and VITA 34 AG

Responsible on the Management Board for Strategy, Production, Research and Development, Marketing and Sales as well as Investor Relations.

Born in 1955, 2 children.

Dr. med. Lampeter founded VITA 34 in Leipzig in 1997. The Virchow Prize winner has dealt with diabetes research intensively since his studies, and in doing so became aware of approaches for using stem cells in potential therapies. Dr. med. Eberhard F. Lampeter was Director of the Early Detection Center at the Diabetes Research Institute of the University of Duesseldorf from 1990 to 1997, following a previous position at the hospital in Munich-Schwabing. He has published some 50 scientific papers on diabetes, immunology and stem cell transplantation.

Dipl.-Wirtschaftsingenieur (FH) Jörg Ulbrich,

Finance Director of VITA 34 International AG and VITA 34 AG

Responsible on the Management Board for Finance and Controlling, Administration and IT.

Born in 1971, 1 child.

Jörg Ulbrich has been a member of the VITA 34 Management Board since November 01, 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 and Engineering he was a commercial employee at a project management and general contracting firm.

SUPERVISORY BOARD REPORT

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. Likewise, the Supervisory Board monitored and provided advice on the work of the Management Board in fiscal year 2010. The basis for this was extensive reports made 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 Chairman of the Management Board. All decisions of significance were discussed openly with the supervisory body.

For example, the Supervisory Board was always informed concerning the intended business policy, corporate planning, the profitability of the company and course of business, as well as the situation of the company and the group as a whole.

In the autumn, there was a personnel change at the head of the Supervisory Board. We would like to thank Mr. Richard J. Neeson for his many years of trusted work as the Chairman of the Supervisory Board, which he will now continue as the Deputy Chairman of this body.

The Supervisory Board met for four regular meetings in 2010. In addition, several resolutions were passed in writing and within the context of telephone conferences. 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. No member of the Supervisory Board participated in less than half of the meetings.

Emphasis of the Consultations in the Supervisory Board

Apart from the overarching topics, the board dealt with specific topics in individual areas and, when necessary, passed necessary resolutions. Clear points of emphasis in the work of the Supervisory Board in the reporting year were questions in the area of Marketing and Sales. Another point of focus was in the expansion of international activities, especially in the acquisition of the interest in Secuvita, S.L. in Spain.

Committee Work

There have been no more committees since the reduction in the number of members of the Supervisory Board to three in 2009. The duties delegated to committees have been assumed by all three members.

Corporate Governance

The Supervisory Board dealt with the further development of Corporate Governance principles in the company, thereby taking the changes to the German Corporate Governance Code dated May 26, 2010 into consideration. In March 2011, the Management Board and the Supervisory Board issued a new Declaration of Compliance, which is printed on page 18 of the annual report, in the "Corporate Governance" chapter, and which has also been published on the home page of the company.



Dr. Holger Födisch, Chairman of the Supervisory Board of VITA 34 International AG

The auditor, Ernst & Young, Wirtschaftsprüfungsgesellschaft, Stuttgart (Leipzig branch office), audited the annual financial statements of VITA 34 International AG, the consolidated financial statements, the management report and the group management report. As a result it should be noted that VITA 34 observed the rules of the German Commercial Code and the International Financial Reporting Standards. The annual financial statements and consolidated statements received an unqualified certification. The financial statement documents were thoroughly discussed in the Balance Sheet Meeting of the Supervisory Board, in the presence of and following a report from the auditor.

The Supervisory Board reviewed the annual financial statements, the management report as well as the consolidated annual financial statements and the consolidated management report. There were no objections. 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.

The Supervisory Board would like to thank the Management Board as well as the ladies and gentlemen of the staff for their work, which contributed to a successful fiscal year.

For the Supervisory Board

A handwritten signature in black ink, appearing to read 'H. Födisch', written in a cursive style.

Dr. Holger Födisch
Chairman



HEGEWALD
Medizinprodukte GmbH

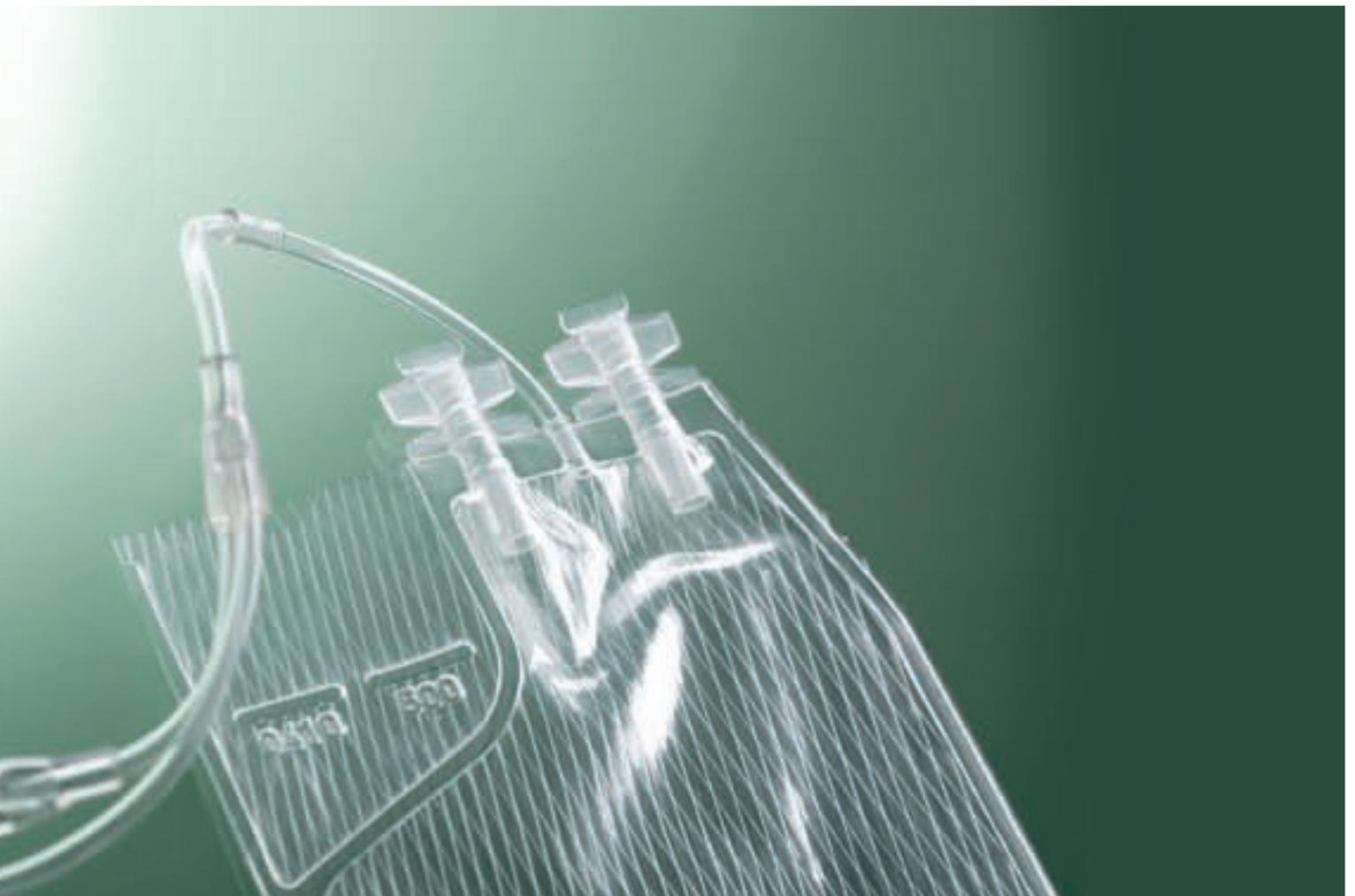
The specialist in medical bags



Robert Hegewald
Managing Director

“The development of innovative products in cooperation with our customers is the top priority at Hegewald Medizinprodukte GmbH.

Together with VITA 34 we have successfully developed advanced new products in our many years of cooperation, and we continue to work on them.”



THE VITA SHARES

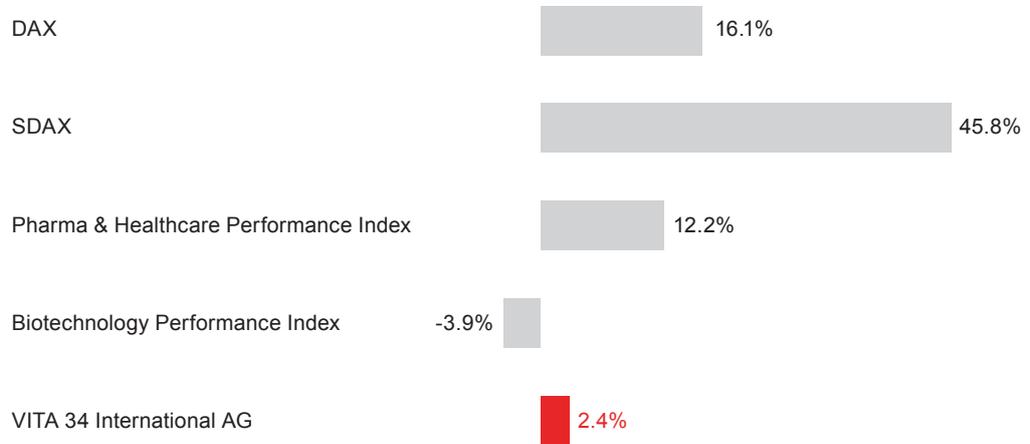
The VITA share price demonstrated lateral movement in 2010 around the EUR 5 mark. As compared with the prior year we can announce only an increase in the share price of approximately 2.4 percent. The positive developments and reports from the company have not been reflected in the share price development, in our opinion. Therefore, we consider the share price development, or rather the current price as unsatisfactory. However, we have been able to detect welcome developments in the VITA share price, which will be explained in the following.

INFORMATION AND KEY FIGURES ON THE SHARES AS OF DECEMBER 31, 2010

Ticker symbol / Reuters symbol	V3V / V3VGn.DE
Securities number / ISIN	A0BL84 / DE000A0BL849
Initial quotation	March 27, 2007
Market segment	Prime Standard
Index	CDAX, Prime All Share, Technology All Share, Prime IG Biotechnology
Opening / High / Low / Closing Price 2010 (XETRA)	EUR 4.55 / EUR 5.55 / EUR 4.40 / EUR 4.66
Number of shares issued	2,646,500
Free float as of December 31, 2010	48.8%
Market capitalization as of December 31, 2010	EUR 12.3 million
Designated Sponsor	ICF Kursmakler AG

As already reported in the individual quarters of 2010, indices such as the DAX and SDAX have shown positive developments, even if this was very differentiated over the course of the year. As compared with year's end 2009, at the end of 2010 the DAX was up some 16 percent. However, it wasn't until Q4 2010 that there was a clear growth spurt. The SDAX, an indicator for German second-line shares, showed a clearly more positive development. As compared with the end of 2009, this index improved continuously until the end of 2010 by some 46 percent.

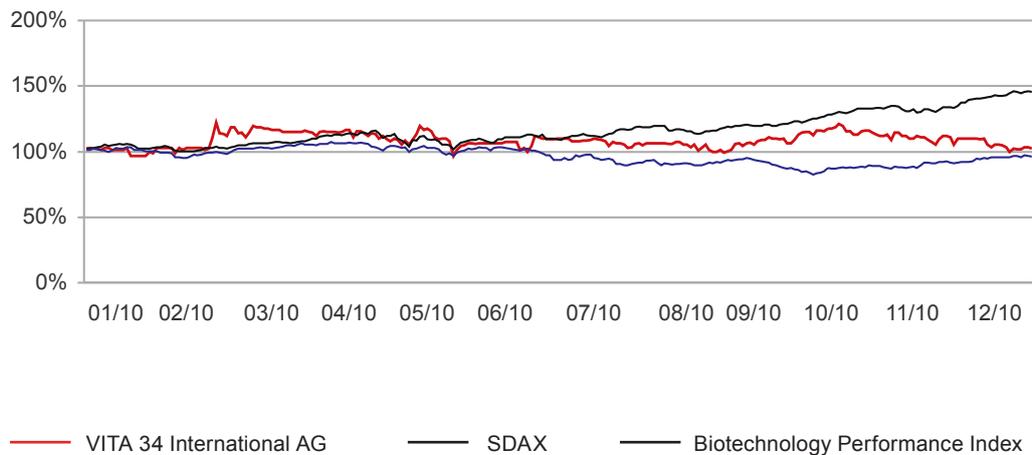
Development of Several Indices 2010



The VITA share is listed in both the Biotechnology Performance Index, which tracks 14 shares, as well as in the Pharma & Healthcare Performance Index, which consists of 37 shares traded on the German exchanges. Both indices demonstrated very differentiated trends. The Biotechnology Performance Index lost some 3.9 percent, and the Pharma & Healthcare Performance Index increased by some 12 percent as compared with the prior year. Increases were seen in both indices, particularly in Q4 2010, comparable with the SDAX.

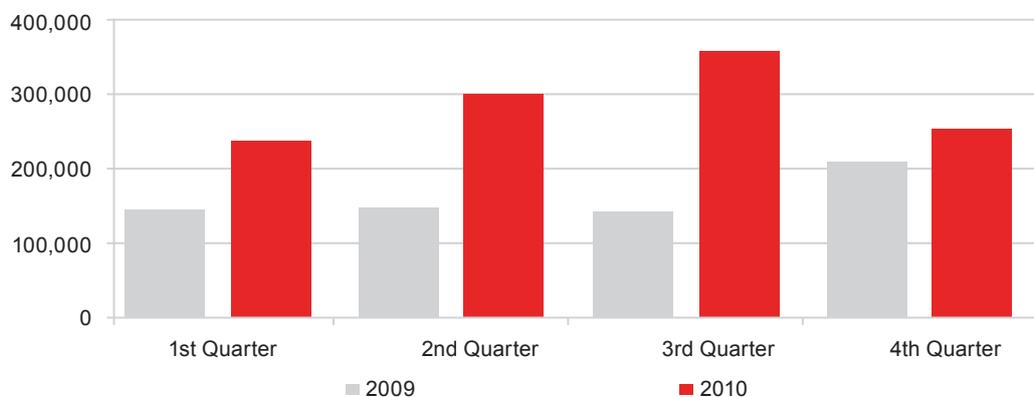
This development was not seen at VITA 34 in Q4. At the end of Q3 2010 the VITA share price still had a comparable level of increase of more than 8 percent vis-à-vis the Pharma & Healthcare Performance Index. In trading on Xetra the share price was EUR 4.66 on December 30, 2010. The share reached its high at EUR 5.55 on February 22, 2010. The low at EUR 4.40 was noted at the beginning of the first quarter, on January 20, 2010. The volatility was at around 25 percent.

XETRA Share Price History 2010



The fact that we are looking forward to a positive share price development is not only based on the fundamentally positive development and prospects of the company. As was the case in the previous quarters, commercial revenue has fortunately increased, making the stock more interesting even for institutional investors. The trading volume increased in the year 2010 on all German exchanges by some 80 percent as compared with the prior year. Approximately 4,500 shares were traded per day in 2010, after only some 2,500 shares per day in 2009. In the peak month of September 2010 alone nearly 250,000 shares were traded. We attribute this to focused capital market communication, especially the first dispatch of a shareholders letter to all shareholders in the shareholder register, and the simultaneous publication of a comprehensive research study about VITA 34 by First Berlin Equity Research GmbH. In that the analysts increased the price target to EUR 7.92. The recommendation was “buy” with medium risk.

Average Trading Volume on all German Exchanges per Quarter 2009 and 2010 in Units

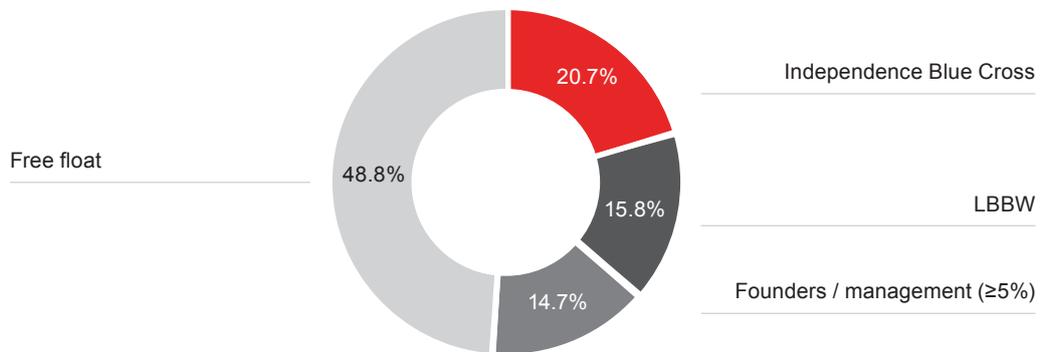


VITA 34 International AG has been listed on the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange for nearly four years. Thus, the requirements regarding transparency placed on the company are the most stringent. In 2010 we have continued to work on our open communication and have implemented significantly more activities. In 2010 VITA 34 presented the company at three capital market conferences, numerous presentations in front of financial journalists, as well as for the first time publishing a shareholders' letter. The shareholders' letter which is issued separately from the quarterly publications, provides a bridge between the capital market and end customer oriented communication. This information tool was very successful and is intended to be published twice a year in the future.

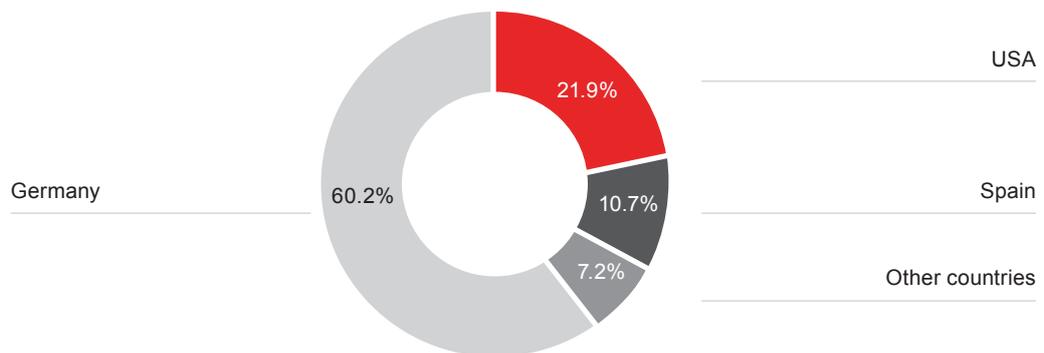
All shareholders and interest groups are treated equally when publishing information, which pertains to the company and is significant for evaluating the development of the company. The consolidated financial statements are published within three months after the end of the fiscal year. Interim reports are published less than 45 days following the end of the respective quarter. All publications of the company directed towards the capital markets are published in German and English.

As in past years, the largest single shareholder since the IPO is the American health insurance company Independence Blue Cross with a share of approximately 20.7 percent. Landesbank Baden-Württemberg held approximately 15.8 percent via its subsidiaries CFH Beteiligungsgesellschaft mbH (9.15 percent) and SBF Sächsische Beteiligungsfonds GmbH (6.68 percent) of VITA 34 International AG. The founders and management are significant shareholders of VITA shares, with holdings of approximately 14.7 percent. This figure only contains founders or managers with a share of 5 percent or more in accordance with the “free float” definition of Deutsche Börse AG. The free float in total is approximately 48.8 percent and, therefore, is of a magnitude that also appeals to institutional investors. The current shareholder structure is as follows:

Shareholder Structure as of December 31, 2010



Regional Distribution of Shareholders as of December 31, 2010



ICF Kursmakler AG assumed the role of Designated Sponsor in 2010. It ensured tight bid-ask spreads in trading on the exchanges and liquidity of the shares. The goal in doing so is to increase the attractiveness of the shares for investors. Principally, however, the VITA shares are amongst those shares with the lowest trading volume in the Prime Standard segment, despite the aforementioned increase in trading volume.

The interest in VITA 34 among investors and the press continues to be high. The innovative product and the long-term strategy are convincing. The attainment of the fundamental goals, that is growth in profit and revenue, however, are important indicators for shareholders. We consider ourselves to be on a good path towards fulfilling expectations.

In 2010 we greatly revised our internet presence in the area of Investor Relations, making it even more transparent. Investors and interested parties can now find all information pertaining to VITA 34 International AG at www.vita34group.com. Via our internet presence we offer different services and enable interested parties to contact us.

The fourth general shareholders' meeting as a publicly traded company took place on July 13, 2010 in Leipzig. The shareholders of VITA International AG approved all agenda items with more than 99 percent of the votes. Altogether up to 56.98 percent of the capital was represented at the Annual Shareholders' Meeting.

CORPORATE GOVERNANCE REPORT

The principles of good Corporate Governance are a significant foundation of cooperation with our shareholders, employees and business partners for VITA 34 International AG. The following report provides information concerning the state of implementation of Corporate Governance at VITA 34 International AG.

Shareholders and Annual Shareholders' Meeting

All VITA 34 International AG shareholders have the same rights, each share is entitled to one vote, as a rule. The shareholders have the option of exercising their voting rights in the Annual Shareholders' Meeting themselves, or by giving their proxy to an authorized representative or a voting representative of the company, who is bound to instructions. In the Annual Shareholders' Meeting the shareholders have the opportunity to speak regarding items on the agenda and to present factual questions and petitions. Changes to the by-laws and other corporate measures such as corporate agreements and conversion, the issuance of new shares and other financing instruments, as well as the authority to buy back the company's own shares are decided upon by the Annual Shareholders' Meeting as a body of the company.

The Management Board makes it easier for shareholders to obtain information on the Annual Shareholders' Meeting through the use of electronic forms of communication, particularly the Internet.

Interaction of Management Board and Supervisory Board

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 company has taken out a directors and officers insurance policy for the Management Board and Supervisory Board.

No special deductible has been agreed upon with the Management Board and the Supervisory Board to date, since we are not of the opinion that the care and responsibility that the members of the Management Board and Supervisory Board exercise in fulfilling their duties could be further enhanced by agreeing to a deductible.

An age limit for Management and Supervisory Board members was not 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.

Management Board

The VITA 34 International AG Management Board consists of two members. The Chairman of the Management Board is Dr. med. Eberhard F. Lampeter, an additional member is Jörg Ulbrich. The Management Board leads VITA 34 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 also contain the departmental responsibilities 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 about all of the issues relevant to the company related to planning, business development, risk and risk management 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

In all, the Supervisory Board of VITA 34 International AG comprises three members. It supervises and advises the Management Board regarding 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 annually plan prepared by the Management Board, accepts the annual financial statements and acknowledges the consolidated financial statements acceptingly.

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. In addition, consulting, service and certain other contracts between VITA 34 International AG and its subsidiaries on the one hand, and the Supervisory Board members on the other, must be approved by the Supervisory Board.

To date, no Management Board member of VITA 34 has moved into the Supervisory Board.

Compensation of Management Board and Supervisory Board

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

Supervisory Board compensation is regulated in Sec. 18 of the by-laws.

The Supervisory Board members at VITA 34 International 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 group appendix under text number 28.

Transparency

The Management Board publishes insider information that pertains to VITA 34 International 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 basic principle of the communication policy of VITA 34 International AG is to treat all shareholders and interest groups 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 website at www.vita34group.com.

According to Sec. 15a of the German Securities Act (WpHG), the members of the Management Board and Supervisory Board, as well as certain employees with management duties, and those with a close relationship to them, must disclose the purchase and sale of shares in VITA 34 International AG and financial instruments based on these shares (Directors' Dealings). The following securities transactions requiring notification took place in fiscal year 2010, and were also published on the company's website. The publication documentation, as well as the corresponding announcements, was sent to the German Federal Agency for Financial Services Supervision. The shares held by Management and Supervisory Board members is greater than 1 percent, whereby Director Dr. med. Eberhard F. Lampeter held 239,874 shares, which is equivalent to 9.07 percent, Dr. Holger Födisch 60,000 shares representing 2.27 percent, and Supervisory Board member Dr. Uwe Marx held 27,329 shares, equal to 1.03 percent as of December 31, 2010.

Accounting and Auditing

VITA 34 International AG prepares its group financial statements in accordance with the International Financial Reporting Standards, thus following legal requirements.

The consolidated financial statements are published in less time than the 90 days following the end of the fiscal year required by the German Corporate Governance Code ("DCGK"). Interim reports are published less than 45 days following the end of the respective quarter.

The Supervisory Board has entrusted Ernst & Young, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Leipzig, with the audit of the consolidated financial statements, as well as the individual financial statements of VITA 34 International AG. The basis for appointing the auditors was their selection by the Annual Shareholders' Meeting 2010. The Supervisory Board obtained an independence declaration in accordance with Title 7.2.1 of the Code from Ernst & Young. Therein, Ernst & Young confirmed that there are no professional, financial, personal or other relationships between the respective auditor, and its bodies and audit directors and the company and the members of its bodies. Moreover, it was agreed that the Chairman of the Supervisory Board would be immediately informed of exclusion or conflict of interest criteria that could arise during the audit.

Declaration of Compliance

The Management Board and Supervisory Board of a German stock corporation listed on a stock exchange are obligated in accordance with § 161 German Stock 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 German Corporate Governance Code (hereinafter referred to as "DCGK") June 18, 2009 version is the basis for the period since the last issuance of a compliance declaration up to July 1, 2010. As of July 2, 2010, the declaration regarding the corporate governance practice of VITA 34 International AG refers to the recommendations of the German Corporate Governance Code in the May 26, 2010 version. The following Declaration of Compliance was made permanently accessible on the company's website, along with the prior year's Declaration of Compliance:

With the following exceptions VITA 34 International AG has complied with all of the recommendations of the German Corporate Governance Code, and VITA 34 International AG will comply with all recommendations of the German Corporate Governance Code in the May 26, 2010 version:

-
- :: Sec. 3.8 Para 3 DCGK: No special deductible was agreed upon with the Supervisory Board, since we are not of the opinion that the care and responsibility that the members of the Supervisory Board exercise in fulfilling their duties could be further enhanced by agreeing to a deductible.
 - :: Sec. 4.1.5 DCGK: In filling management positions within 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 fulfilled.
 - :: Sec. 4.2.3 Para. 2 Sentence 4 and Sec. 4.2.3 Sentence 4 DCGK: In contrast with the Corporate Governance Code, the design of the variable compensation does not take negative developments into consideration. A settlement cap was not agreed to. The design of the variable compensation and the agreement to a settlement cap according to the specifications of the DCGK could impair the ability to attract highly qualified employees.
 - :: Sec. 5.12 Para. 1 and Sec. 5.4.1 para. 2 and para. 3 DCGK: 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 individual cases of the selection of suitable Supervisory Board members. 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 / 5.4.1 Para. 2 Sentence 2 DCGK: An age limit for Management and Supervisory Board members was not 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.
 - :: Sec. 5.3.1, 5.3.2 and 5.3.3 DCGK: The establishment of committees, especially an Audit Committee, and a Nominating Committee is difficult to manage due to the size of the VITA 34 International AG Supervisory Board of only three board members. The increase in efficiency in auditing the accounting intended by the code with the establishment of an Audit Committee would not be achieved, since the Audit Committee would need to be filled with nearly all plenum members. Likewise, the Nominating Committee would need to be filled with nearly all plenum members which, however, would not lead to any improved preparation of the proposed resolutions of the Supervisory Board regarding the election proposals of the shareholders.
 - :: Sec. 5.4.3 Sentence 3 DCGK: The recommendation of making candidate proposals for the chairmanship of the Supervisory Board known to the shareholders is not followed, since according to Sec. 14, Para 1 of the by-laws of the company, the Supervisory Board elects a chairperson from amongst its midst. Announcing the proposed candidates is, in light of this, not possible to implement.
 - :: Sec. 5.4.6 Para. 1 Sentence 3 and Para. 2 DCGK: The company complies with the recommendations of the code with regard to the compensation of the Chairperson of the Supervisory Board and of the Vice Chairperson, with the exception that the chair and membership in committees is not particularly taken into consideration due to the lack of committees formed. The members of the Supervisory Board receive a fixed rate compensation. The amount of compensation currently does not warrant a change to a performance-based compensation model.



A STRONG SENSE
OF (Trans)MISSION

Dietmar Leube

Dietmar Leube KURIER SERVICE Leipzig

“We are connected to VITA 34 by a partnership that has grown since 1997. We deliver cord blood to VITA 34 365 days a year.

Innovative logistics services have led to continuous improvement of the quality and service.”



SUSTAINABILITY

UNDERSTANDING OF SUSTAINABILITY

Sustainability and social responsibility are areas of action, which are discussed on a broad socio-political level within the context of global questions. The main supporters of the concept are private citizens and companies that contribute to the international objectives through their daily actions and decisions.

[→ www.nachhaltigkeitsrat.de] VITA 34 would like to participate consciously in this process and show on the following pages, how sustainability contributes to corporate success.

Sustainability encompasses the equal consideration of economic, ecological and social aspects, in order to create global justice and to allow subsequent generations to satisfy their own needs. All of our decision-making processes are based on integrated considerations that allow a development of business that does not impair future generations. This means that all business activities are not only measured on the basis of their financial implications, but also with regard to their influence on the environment and society. In this initial Sustainability Report VITA 34 would like to present aspects of our corporate activities that have an effect on social integration and social commitment.

PROFILE OF OUR SUSTAINABILITY

VITA 34 has set the goal of supporting the treatment of life-threatening diseases through the preventative storage of umbilical cord blood. Stem cell rich umbilical cord blood that is stored for the patient's own use (autologous) or as a donation (allogenic) can make a valuable contribution towards the body's own regeneration in the case of disease and, in the long term, increase the quality of life for patients. Therefore, an important goal is to make this service generally more well known and accessible, as well as to establish the treatment with stem cells from umbilical cord blood as a medical standard. For VITA 34 this means, among other things, participating actively in basic research as well as applied research. The repair mechanisms of the body can be improved by treatment with stem cells and, thus, stem cell therapies have the potential of lowering costs in the long term.

The company's own process and product innovations are a challenge and a necessity for VITA 34. Our many years of research and development activities have brought forth technological innovations. For example, in cooperation with Hegewald Medizinprodukte GmbH we developed a high-quality collection and storage system for umbilical cord blood preparations that is optimized for practical use.



Vegetation ellipse in the Atrium of Bio City in Leipzig

The storage tanks have been adapted to our specific quality requirements in collaboration with Chart Industries, Inc. Thanks to the intensive cooperation with our business partners we can satisfy the high quality requirements and position ourselves as an innovator on the market.

The performance and dedication of our employees should be emphasized. They determine the future corporate success of VITA 34 with their specific qualifications and motivation. This is why personal development and employee satisfaction are important social challenges.

OUR MAIN SUSTAINABILITY TOPICS

This report is directed towards all interested readers and partners of VITA 34: cooperation partners, investors, shareholders, employees, collaborators, as well as potential customers and employees. The basis for determining the main sustainability topics is the guidelines of the Global Reporting Initiative (GRI). [[→ www.globalreporting.org](http://www.globalreporting.org)] We have selected the traditional structure for presenting our sustainability topics. They are intended to supplement the following annual report on the economic situation of VITA 34 with additional, non-financial information. Here, only those indicators were taken into consideration that have a major influence on company activities. Please direct questions or suggestions to: sustainability@vita34group.com.

Economic activities are sustainable when they do not impair ecological compatibility and social justice. The forward-looking development of services that allow a sustainable development of society is the centerpiece. VITA 34 is engaged in the establishment of the national and European legal framework that ensures a high level of safety and quality in the storage of umbilical cord blood in the market. Our quality management system as well as the activities in the area of research and development are important for customer satisfaction.

The effects of our business activities on the environment can not be represented in detail following the requirements in accordance with GRI. The required reference values and solid climate balances are missing. Statements on energy consumption and mobility cannot be made at this point. A significant aspect for VITA 34 is the use of energy-efficient technologies and the assurance of the stringent environmental requirements in the use of hazardous materials.

Social responsibilities for VITA 34 means responsibility towards employees and society. The focal points of this area are industrial safety, employee and customer satisfaction, as well as our societal commitment.

ECONOMIC RESPONSIBILITY: QUALITY MANAGEMENT AND RESEARCH

Quality Management: The Most Stringent Quality Requirements

Various laws and guidelines apply to the preparation and execution of stem cell storage at VITA 34. In Germany the Act Concerning Commerce in Pharmaceuticals (AMG) is the overriding regulation concerning the production of allogenic and autologous pharmaceuticals. The AMG prescribes the production requirements, the staffing and the establishment of a quality management system in companies. The requirements are solidified by means of the German Pharmaceuticals and Active Agents Directive, the Good Manufacturing Practice Guidelines (GMP), the Guidelines on the Transplantation of Stem Cells from Umbilical Cord Blood and by the Haemotherapy Guideline for Collecting Blood and Blood Components and for the Use of Blood Products.

Legal requirements formulate a standard procedure, which is solidified at VITA 34 in the corresponding procedures (SOP – Standard Operating Procedure). SOPs describe all production steps from anamnesis up to use and they are continuously controlled, revised and developed further by those responsible for quality assurance. To ensure that the collection, production and use of stem cells from umbilical cord blood run as reliably as possible from the time the customer is contacted, to storage in the laboratory, up to use, we have established requirements in the SOPs according to our own scientific analyses, which go beyond the legal provisions in important partial areas. All employees involved are obligated and correspondingly trained to observe these strict guidelines.

Involvement in
improving valid
quality standards

Moreover, our experts engage in improving the valid quality standards and legal bases on a national and European level, so that umbilical cord blood preparations can be used successfully if required. The contributions are done in a passive manner, by means of the political bodies requesting corresponding assessments and expert opinions. Engaged collaboration takes place actively in the German Society for Regenerative Medicine [Gesellschaft für Regenerative Medizin e.V.] and biosaxony [biosaxony e.V.], two important institutions and contact partners for the public and government. VITA 34 is also a member of Cord Blood Europe AIBSL, the association of private European 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 European politics. Dr. med. Eberhard F. Lampeter is President of this association. [→ www.gesellschaft-regenerative-medizin.de] [→ www.biosaxony.com] [→ www.cordbloodeurope.org]

Research and Development

Increase in worldwide
use of privately stored cord blood

Research and development represent an important pillar of the value chain at VITA 34. The majority of research and development activities is implemented in cooperation with universities and renowned research institutes. The goal is to promote the use of cord blood worldwide.



Employees at work in the laboratory

The research and expansion of potential uses for stem cells from umbilical cord blood is one of the current challenges of the industry. The intensive scientific debate is evident in the number of studies that deal with cord blood transplants. In the past ten years 120 clinical studies have been started worldwide dealing with specific areas of application. [→ www.ClinicalTrials.gov] In addition, the clinical applications of cord blood transplants have increased in comparison with the previous year. To our knowledge, worldwide nearly 500 patients have been treated with allogenic or autologous stem cells from privately stored cord blood. [→ www.nabelschnurblut.de] VITA 34 has actively supported this process and made an important contribution to the consolidation of this field of research with its own scientific publications.

Publications and Patents in Fiscal Year 2010

Danova-Alt, Ralitza/ Cross, Michael/ Alt, Rüdiger [2010]: Very small embryonic-like stem cells are retained in cryopreserved whole cord blood samples. 3rd International Congress on Stem Cells and Tissue Formation, Dresden, July 11-13, 2010

Andersson, A./ Brösel, S./ Knosalla, C./ Schultz, L. D./ Egger, D./ Volk, H. D./ Schmitt-Knosalla, I. [2010]: Analysis of the lymphoid system in NOD/LtSz-scid IL2R[→] null mice engrafted with purified cord blood derived stem cells. 5th Annual Meeting, German Society for Stem Cell Research, Lübeck, Sept. 30 – Oct. 2, 2010 (and Fraunhofer Life Science Symposium, Cell Therapy and Immunologie, Leipzig, Oct. 29-30, 2010.

Egger D./ Boehm D./ Lampeter, E. F. [2010]: Collection, processing and storage of umbilical cord blood on a large scale: Experiences of VITA 34, a family cord blood bank. Fraunhofer Life Science Symposium, Cell Therapy and Immunologie, Leipzig, Oct. 29-30, 2010..

Jacobs V. R./ Lampeter E. F. (2010): Veränderungen von Indikationen und Empfängern von Stammzelltransplantationen von Nabelschnurblut aus privaten Nabelschnurblutbanken weltweit. 58th DGGG Congress, Munich, October 2010.

EU Patent: Medical bag system for cryo-preservation (Patent Number: EP1438088 B1)

US Patent: Sterile system and methods for collecting, transporting, storing and cryopreserving body fluids (Patent Number: US 7727219 B2)



Filling a storage tank with nitrogen

Research Projects and Cooperative Ventures

Variety of research initiatives in basic research

VITA 34 cooperates with a number of research facilities and institutes. There are a variety of research initiatives with the University of Leipzig in basic research. Together with a work group at the Translation Center for Regenerative Medicine in Leipzig VITA 34 is researching the “Establishment and Evaluation of VSEL Stem Cells (Very Small Embryonic Like) for Tissue Repair.” [→ www.trm.uni-leipzig.de] The differentiation potential of stem cells from cord blood is the object of a cooperative effort with a work group from the Leipzig University Clinic. The currently sole European study for the treatment of Type 1 diabetes in children is being conducted with the Institute for Diabetes Research of the Clinic and Polyclinic for Pediatric and Adolescent Medicine at the Technical University Munich. In this study the question as to whether the destruction of the insulin producing cells can be stopped with the child’s own cord blood is being pursued. VITA 34 has collaborated with the Leipzig Fraunhofer Institute IZI in stroke research. The focal point of this latest cooperative effort was the influence of the age of the stem cells and the recipient organism on the efficiency of stem cell based therapies. [→ www.izi.fraunhofer.de] Along with the Clinic and Polyclinic for Cardiac Surgery at the University of Rostock, VITA 34 has developed therapies based on stem cells from cord blood for cardiac diseases. [→ Group Management Report Research and Development]

Research project on the reprogramming of cord blood cells

The development of procedures for the production of induced pluripotent stem cells (abbreviated iPS) from cord blood is the content of the new research project with the Hannover Medical School. The goal of this three-year cooperative research is to advance technological procedures for the reprogramming of cord blood cells into iPS until they are ready for practical use. These cells have the capability of developing into different body cells and, this, can be used for a specific therapy.

VITA 34 profits from the regional location factors, which allow in-depth cooperation with highly specialized research facilities. Through this we promote stem cell research and contribute towards developing regional competencies.

Securing Consequences – Safeguarding the Stem Cell Storage

Together with leading insurance companies, VITA 34 guarantees the decades long, professional storage of cord blood. Generali Insurance ensures that the cord blood will remain stored safely in the event of the inability of VITA 34 to pay, for a period of 50 years. HDI Gerling is another reliable partner that serves VITA 34 in the area of professional insurance. A special feature of our liability insurance is, that apart from the activities of the employees of VITA 34, also the collection of the cord blood by the personnel in the birthing clinics is covered.

ECOLOGICAL RESPONSIBILITY: ENVIRONMENTAL PROTECTION AND INNOVATIVE TECHNOLOGY

Ecological Responsibility:

Sparing use of materials The business processes of VITA 34 observe the legal provisions for the protection of the environment. The efforts geared towards environmental protection encompass, among other things, the implementation of energy saving measures, sparing use of material in all areas, increases in efficiency in the use of nitrogen for the storage of umbilical cord blood and the proper disposal of hazardous waste.

Environmental protection and the observance of strict quality standards are of great importance for VITA 34. In general, only small quantities of hazardous materials and chemicals are used in the VITA 34 production process. As early as 2003 a usable 60 percent DMSO solution (dimethylsulfoxide) was developed together with Serumwerk Bemburg AG. Thanks to this, smaller residual amounts of DMSO accumulate that can no longer be used and, therefore, need to be disposed of as hazardous waste.

The use and disposal of hazardous materials and chemicals is regularly monitored and evaluated. Employees who deal with hazardous materials are obligated to observe EU Guidelines 2002/95/EU on the Reduction of Hazardous Substances in Electrical and Electronic Devices (RoHS), as well as the internal guidelines (SOP) that go beyond this. In order to keep the risk to employees as small as possible, health checks are conducted at regular intervals and training in dealing with laboratory techniques is conducted.

Innovative Technologies with Savings Potential

Many years of experience and technological competence are important prerequisites for being able to develop processes that do not impair subsequent generations. An example of this are the cryo-tanks in which the cord blood preparations are stored for decades. The electricity-independent cold tanks ensure a high level of safety thanks to their specific design, and they have a low power consumption thanks to vacuum insulation. Since the umbilical cord blood preparations are stored in the gas phase via liquid nitrogen, the nitrogen is used thrifty. Moreover, this technology minimizes the potential risk of cross contamination between the preparations.

Determination of the Environmental and Climate Balance (CO₂ Emissions)

A central challenge in the future will be the review of the CO₂ emissions produced by companies' activities. This calls for a comprehensive consideration of the value chain, energy consumption and expenditures for mobility.

SOCIAL RESPONSIBILITY: EMPLOYEES AND SOCIETY

Industrial Safety and Health Protection

Participation of staff in internal and external training

Safety and health in the workplace are important indicators for employee satisfaction and their motivation. There is a safety delegate and an industrial safety committee at VITA 34. These institutions monitor the observance of the legal provisions and contribute to continuous improvement in the working conditions with regard to safety and health. These technical safety care entails annual facility tours and instruction of the employees. The industrial medical care is mainly concentrated on the production and quality assurance areas. In the other areas, the optimization of desk work via ergonomically designed work stations is the focus. All new employees in the production area must take part in a hiring review, which is repeated every three years. Newly hired employees in this department take place in an external "Behavior in Clean Rooms" advanced training course. Discussions regarding GMP relevant topics are conducted at regular intervals. There is an internal hygiene training course every two years for medical technical assistants at VITA 34, and an annual internal advanced training course covering flow cytometry.

Employees and Structures

As of year's end, VITA 34 employed 147 regular employees and five trainees Europe-wide. The age structure is mixed and cooperation is promoted by interdisciplinary team meetings, as well as joint activities. Our team structures and the flat corporate hierarchies create a friendly working atmosphere, which is reflected in employee satisfaction. Employee fluctuation amongst employment relationships with a duration of more than two years is 4.6 percent and is, therefore, at a normal level.

Family-friendly personnel policy at VITA 34

The staff at VITA 34 is characterized by a large portion of women (77 percent). In order to support the professionally qualified employees, VITA 34 has developed solutions for family-friendly personnel policy in conjunction with the "Alliance Family + Profession" network in Leipzig. Flexible contractual structures such as part time positions, flexible distribution of shift work, as well as personalized parent time design are intended to make the compatibility of family and career possible. Already more than 40 percent of our employees in Germany are taking advantage of these offers.

EMPLOYEE STRUCTURE OF VITA 34 AS OF 12/31/2010

	TOTAL	FEMALES		MALE	
	NUMBER	NUMBER	%	NUMBER	%
Employees in total	147	113	77	34	23
Thereof management board	2	0	0	2	100
Thereof employees in leading role	17	8	47	9	53
Trainees	5	4	80	1	20



Employee during a customer dialogue

Social Involvement

Social responsibility is a solid component of our strategy. With heart and reason we are working on preserving high-quality stem cell preparations from cord blood, which offer a change for medical therapies and, therefore, a fresh, healthy start. Even today, children are profiting from treatment with stem cells, and that is the incentive to continue to improve ourselves and to research additional treatment options with stem cells from cord blood. Social responsibility to us means acting in such a manner, that VITA 34 does not promote any social or ecological abuses.

Here, customer satisfaction is a measure of how well the services are received, and whether follow-up orders or orders from referrals are generated. Customer relations at VITA 34 are characterized by a high level of sensitivity and trust. In customer surveys the services of VITA 34 are evaluated as trustworthy, safe and serious. A large portion of the cord blood storages in 2010 resulted from referrals by customers and multipliers such as midwives and physicians.

Regular tours conducted at the Glass Laboratory

Regular tours of the “Glass Laboratory” are conducted at VITA 34 within the context of parent conferences, in order to inform and generate enthusiasm amongst the public about research in the field of stem cell therapy. At “Open House Days” or “Long Evenings of Science” (Initiatives by the City of Leipzig) persons wishing to know more and small researchers can get a look inside biotechnology companies. In addition, tours and presentations are organized for school classes. VITA 34 also demonstrates transparency in the Internet, for example with a virtual tour through the “Glass Laboratory” at Bio City, Leipzig. The subsidiaries of VITA 34 are active in the social network Facebook with their own company pages, and they maintain their own company blogs. Here, readers can obtain insight and background information surrounding stem cells and the company. The goal is to enter into a dialog with interested parties and promote interaction among them.

As of 2004 EUR 25,000 donated to German Children's Cancer Aid

VITA 34 was involved in donation projects in 2010, as well. The staff at VITA 34 supported the Leipzig Helps Children Foundation [Stiftung “Leipzig hilft Kindern”] within the context of the Christmas donation activity with EUR 1,000. This organization sponsors initiatives and clubs that work with youths. [→ www.leipzig-hilft-kindern.de] Together with our ad partners in the preceding annual report, we were able to donate an additional EUR 3,500 to “aktion benni & co.” This Association supports research in Duchenne muscular dystrophy, [→ www.benniundco.de] In a joint project with our customers we sponsored the German Children's Cancer Aid [Deutsche KinderKrebshilfe] with EUR 1,700 and the German Cord Blood Bank with EUR 1,600 within the scope of the „Parents Inform Parents“ initiative. Since 2004 some EUR 25,000 has been donated to the German Children's Cancer Aid through this initiative. [→ www.krebshilfe.de]



GENERALI

Insurance · Bank

Generali Versicherung AG

Austria

“Generali has accompanied the innovative VITA 34 company with insurance for nine years. Both companies are connected by a single aspiration: People are the centerpiece. Only those who know what people need can provide competent advice and tailored solutions.”

Where is Support Provided?



Under the wings of the lion.



GROUP MANAGEMENT REPORT

BUSINESS DEVELOPMENT AND ECONOMIC ENVIRONMENT

Company Profile and Business Activity

VITA 34 is the oldest, and with some 78,000 storages, the leading umbilical cord blood bank in the German-speaking countries. Numerous transplantations attest to the great experience of the company and the quality of the stored preparations. They are clear proof that the VITA 34 business model makes sense.

Majority of Spanish partner acquired

VITA 34 International AG serves as a group holding company. The operative business is contained in the two subsidiaries, VITA 34 AG in Germany and Secuvita, S. L. in Spain. In May 2010, VITA 34 was able to acquire a majority of Secuvita, S. L., which had only been its Spanish partner up to then. In this way VITA 34 is not only directly present in one of the currently most attractive markets in Europe, rather it has simultaneously ensured for itself long-term, relevant storage figures and an increased utilization of its own laboratories. As of May 12, 2010 the transaction has led to full consolidation.

Number of applications is increasing continuously around the world

Umbilical cord blood contains the youngest adult human stem cells there are, which are the least compromised by environmental influences. The stem cell transplants stored at VITA 34 are particularly valuable, since they are available to the owner for the treatment of severe disease and for regenerative medicine over many decades.

The number of applications of privately stored umbilical cord blood has increased continuously in the past few years. According to our knowledge, up to the year 2010 worldwide 242 autologous transplantations and 249 transplantations of familiar allogenic umbilical cord blood (from siblings) were performed. VITA 34 alone has been able to deliver umbilical cord blood stem cells to clinics for the treatment of 16 partially severely ill children as of the end of 2010. Here, the preparations from VITA 34 were used in some 75 percent of the patients for applications in the field of regenerative medicine, and in some 25 percent for applications in the field of hematology/oncology. Thanks to these clinical applications and the ongoing research into the potential uses of umbilical cord blood, the potential for stem cell medicine is being continuously expanded.

VITA 34 offers expecting parents the collection, preparation and storage of the umbilical cord blood of their children. In doing so, for years we have been able to act as the first complete provider in the field of umbilical cord blood banking thanks to our own laboratory. Our customers can select between the autologous storage of umbilical cord blood, the allogenic (uncompensated) donation, as well as a mixed form, the VITApplusSpende [VITApplusDonation] product. The autologous storage as a private preventative care service is remunerated within the context of various price models. The standard is a one-time payment upon storage in the amount of EUR 1,990 in conjunction with an annual payment of EUR 43.70. Consequently, the VITA 34 revenues are dependent on the new stem cell transplants stored annually and, at a clearly smaller yet continuously increasing percentage, on the portion of the overall inventory that is subject to the additional annual payments. This component has been increased in the past years by means

of modified price models, and has been further increased in 2010. VITA 34 implemented the storage of allogenic (donated) umbilical cord blood by order of NKR [“Norddeutsche Knochenmark- und Stammzell-spender-Register”: North German Bone Marrow and Stem Cell Donor Register].

The collection of umbilical cord blood for VITA 34 can be performed in around 860 of the altogether some 1,000 birthing facilities in Germany. Cooperation agreements with birthing facilities and training of the personnel collecting the umbilical cord blood form the pharmaceutical law foundation for the required manufacturing permits.

No competitor in the German-speaking countries had as of December 31, 2010, such a high number of cooperation agreements and manufacturing permits in accordance with the AMG [“Arzneimittelgesetz”: German Pharmaceuticals Act], to the knowledge of VITA 34. The personal training of physicians and midwives and regular quality reports to the clinics are important reasons why the collection of umbilical cord blood can take place at such a high level of quality. Thus, we do the important role of the clinics justice, ultimately the collection of the umbilical cord blood is the first step in the production of a possibly life-saving stem cell transplant. For our customers, ensuring the highest quality standards throughout the entire process for the production and storage of the preparations is an elementary foundation, so that their preparation can actually be used in a serious case. If quality assurance measures, which can be the prerequisite for the submission of a safe preparation, were to be ignored during storage for cost reasons, the preparation could be rejected prior to transplantation. VITA 34 understands quality assurance to also be a long-term risk minimization for the company with regard to image protection, avoiding liability claims from customers, and ultimately general safeguarding of inventory.

Almost 78,000 customers Altogether by the end of 2010 the umbilical cord preparations of nearly 78,000 children had been stored in the GMP [Good Manufacturing Practice] laboratory of VITA 34 in Bio City in Leipzig.

In the field of Research and Development, VITA 34 is engaged in cooperation with institutional partners.

Research and Development

It is significant, that apart from the umbilical cord blood transplants in the context of cancer treatments, which have been the state of the art for years now, additional application options are being developed. Research results that support the enormous potential of the body's own (autologous) stem cells and open new fields of use are, therefore, of great importance for the VITA 34 service and in the communication of the sense and purpose of individual umbilical cord blood storage. The demand for storage possibilities for umbilical cord blood could be significantly influenced in a positive direction by this. For years now VITA 34 has actively supported stem cell research, thereby collaborating with renowned partners.

The financing of the projects under the scientific direction of the partners is, for the most part, done via subsidies, such that no financial risk is incurred by VITA 34.

- :: VITA 34 has been cooperating with a research group from the Hannover Medical School since May 2010, in order to produce iPS [induced pluripotent stem cells] from umbilical cord blood. The research project is being subsidized by the Free State of Saxony and the European Union with a sum of EUR 769,000 and the project will run for three years. Of this, VITA 34 received a total of EUR 112,055 in 2010 and posted this under other operating income (text number 5.3 in the Group Notes). The term of the project is three years. We are studying whether iPS from umbilical cord blood has sufficient market potential.
- :: As of December 31, 2010, the research project concerning the study of the influence of the age of stem cells and the receiving organism on the efficiency of stem cell based therapies has been completed. The results show the superiority of umbilical cord blood as compared to bone marrow in several important properties. This project was a cooperative effort between the Leipzig Fraunhofer Institute for Cell Therapy and Immunology (IZI) and VITA 34, and it was supported by the Free State of Saxony over a period of three years.
- :: For two years now, VITA 34 has supported a project for the study of the importance of Very Small Embryonic-Like Stem Cells (VSEL) for regenerative medicine, which is being conducted at the Trans-lation Center for Regenerative Medicine (TRM) at the University of Leipzig. These highly potent cells seem to have an important influence on the effectiveness of cell replacement therapies (regenerative medicine). Since these cells are very small, they may be thrown out in the usual separation techni-ques. Only the storage of whole blood as practiced by VITA 34 for years now guarantees that they are retained.
- :: Beginning in 2009, VITA 34 and the Technical University Munich began conducting a clinical study for the treatment of Type-1-diabetes with the body's own stem cells from umbilical cord blood. By the end of 2010 five patients had been treated, however, treatment success can only be assessed after a longer period of time.

Production

In 2010 five transplants were employed

In 2010 five transplants were sent to clinics for use. Of them, four umbilical cord blood preparations were employed autologously (for the child's own use). For the first time an umbilical cord blood preparation that had been stored as a VITApplusSpende [VITApplusDonation] product was requested by transplant special-ists in an Argentinean clinic for a child suffering from a severe immunodeficiency disorder. In its glass laboratory in Bio City, Leipzig, VITA 34 has its own, state-accredited production facility for the GMP manufacturing of stem cell transplants from umbilical cord blood. The total space occupied is some 1,300 square meters. An expansion of the space is already planned.

The number of cryo-tanks was increased to 73 by the end of 2010 (prior year: 61). The preparations are stored at minus 196 degrees in the gaseous phase of liquid nitrogen in these tanks until they are used. The quality and suitability of the stem cells is permanently ensured by extensive redundant tests and quality assurance measures.

Laboratory capacity can be expanded to 100-150 storages per day without larger investments in infra-structure. Necessary investments pertain mainly to the cryo-tanks, since this capacity is only expanded as needed.

The basis for the storage of autologous (private storage) and allogenic (donation) umbilical cord blood pre-parations is the production permit, issued by the State Directorate in Leipzig and the permit for preparing allogenic preparations issued by the Paul-Ehrlich-Institute in 2006. VITA 34 guarantees the observance of the highest levels of quality and reliability, both for autologous as well as for allogenic umbilical cord blood preparations.

Marketing and Sales

As in the past years, the marketing and sales of the service in the German-speaking countries was done by VITA 34 AG itself. In Spain this was done via the Secuvita, S. L. subsidiary, in Slovenia via Izvorna Celi-ca d.o.o. and in Italy by Sorgente S.r.l.

In Germany the Sales and Marketing Department primarily consists of the marketing group, the internal consulting team in the customer service call center, and the sales force. The customer service call center primarily addresses end consumers, that is interested parties and customers of VITA 34. The sales force directly addresses multipliers such as gynecologists, clinics and midwives, as well as parents' groups within the context of informational events and baby fairs.

VITA 34 places great value on personal contact with gynecologists in private practice, clinic personnel and midwives. In the sales areas that deal with the outside as well as in the company as a whole, comprehensive customer service is lived. In order to continuously improve service, VITA 34 has established a system for the representative surveying of interested parties, customers and non-customers. In the coming year, VITA 34 will also continue to intensify the comprehensive care of its customers and offer new services, apart from positioning itself as a complete service provider and trailblazer in the field of umbilical cord blood.

In the future, VITA 34 will convince customers in its sales activities, as well as in the area of production, with competency, reliability and quality with a lasting effect. Here, the trust of customers will be won and maintained with transparent processes and comprehensive information on the product and the topic of stem cells.

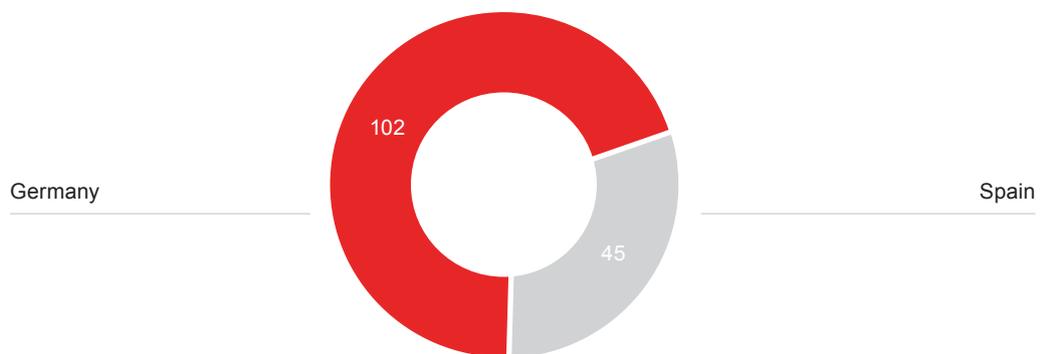
Employees

VITA 34 employed an annual average of 118 employees in 2010

On average in 2010, VITA 34 employed 118 people, following 98 in 2009 (on a full time basis without trainees and temporary employees).

On December 31, 2010 VITA 34 employed 147 employees and five trainees in either full or part-time positions. As of May 2010, the employees of the Spanish subsidiary Secuvita, S. L. are included in the headcount. As of December 31, 2010 45 employees are attributable to Secuvita, S. L. and 102 to VITA 34 AG and VITA 34 International AG.

Number of Employees on December 31, 2010 According to Country

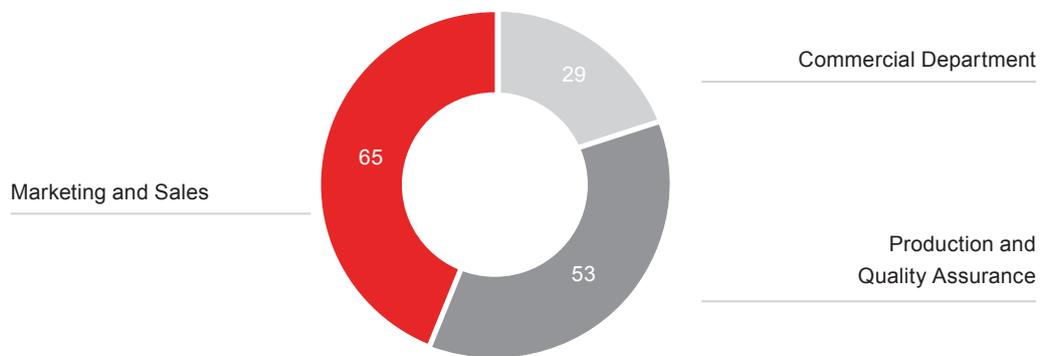


In the Marketing and Sales Department the number of employees was 65. As compared with the prior year this is an increase of 30 persons. This increase can be traced to the integration of Secuvita, S. L.

The Production and Quality Assurance Department employed 53 persons as of year's end 2010, in the wake of 44 the prior year. The growth was primarily the result of adding the logistics employees of Secuvita, S. L.

In the Commercial Department 29 persons were employed at VITA 34 for order processing, procurement, personnel, legal, finance, IT, controlling and business development duties, and based on the integration of Secuvita, S. L. this was seven employees more than in the previous year.

Number of Employees as of December 31, 2010 by Department (including Secuvita, S. L.)



Proportion of women at VITA 34 is 77 percent

The Group employed 77 percent women. Of those employees in management positions, 47 percent are women. VITA 34 allows employees, especially those with children, the selection of part-time models, flexible parent time models, and depending on the department they belong to, flexible shift work. Within the context of the company retirement program, employees can also select attractive benefits, for example, disability insurance or the free selection of the type of provisions. In addition, VITA 34 employees are covered by a group accident policy.

VITA 34 is currently supporting apprenticeships in the Industrial Clerk and IT Specialists professions. In addition, we support practical training within a BA course of studies for Business and for BA studies in Biotechnology.

In total, the VITA 34 group spent EUR 5,719k on wages and salaries, social charges and retirement expenses in 2010.

GROUP LEGAL STRUCTURE

Issued Capital

The issued capital of VITA 34 International AG is EUR 2,646,500 and is divided into 2,646,500 individually registered, non-par value shares. Here, each share equals one vote.

Limitations on the Transfer of Shares

The only limitations on the ability of VITA 34 International AG stock to be traded, are those shares of old shareholders subject to a prohibition of sale. These shares are not permitted to be traded on the exchanges within the context of the agreed sale moratorium for a period of 12 or 18 months after the date of listing, March 27, 2007.

Major Shareholders of the Company

Independence Blue Cross
holds 20.7 percent
of the shares

The following direct or indirect holdings of VITA 34 International AG capital, that exceed 10 percent of the voting rights, have been announced as of December 31, 2010 via a voting rights notice:

- :: Independence Blue Cross, Philadelphia, USA: 20.7 percent,
- :: Landesbank Baden-Württemberg (LBBW), Germany: 15.8 percent.

Rules for Appointing and Removing Members of the Management Board and Concerning Changes to the By-Laws

The legal provisions concerning the appointment and removal of members of the Management Board can be found in Secs. 84 and 85 AktG ["Aktiengesetz": German Stock Corporation Act]. Section 9 of the by-laws of VITA 34 International AG provides for a unanimous arrangement. Changes to the by-laws can be brought about by a resolution of the Annual General Meeting in accordance with Sec. 179 and 133 AktG.

Authorized Capital

In accordance with Sec. 7 para. 2 of the VITA 34 International AG by-laws there is approved capital. By virtue of a resolution of the Annual Shareholders' Meeting on January 10, 2007, the Management Board is authorized to increase the nominal capital of the company within a period of five years after registration of the change in the by-laws, once or multiple times up to a total of EUR 500,000 by issuing 500,000 new, individually registered, non-par value shares in exchange for cash or material contributions.

The Management Board must decide, with the approval of the Supervisory Board, on the exclusion of shareholders in purchasing stock. An exclusion of the right to purchase stock is, in particular, admissible in order to:

- :: Issue up to 204,650 new shares in exchange for a cash contribution at a price, that is not significantly lower than the exchange price of the shares of the company at the time the issue price is set by the Management Board.
- :: To issue up to 500,000 new shares within the scope of capital increases in exchange for material contributions for ensuring stock for the purpose of acquiring companies or parts of companies, or taking an interest in companies.
- :: To even out peak amounts;
- :: To issue up to 30,000 new employee shares.

The Management Board decides on the other content of share rights and the conditions of share issue with the approval of the Supervisory Board.

Contingent Capital

In accordance with Sec. 7 para. 3 of the VITA 34 International AG by-laws, the authorized capital of the company has been conditionally increased nominally by up to EUR 40,000 via the issue of 40,000 new, individually registered non-par value shares. This conditional capital increase is for the exercising of options, the issue of which was authorized by the Annual Shareholders' Meeting on July 31, 2007. The conditional capital increase will only be undertaken to the extent that those with option rights exercise those options. The new shares resulting from the exercised option rights participate in profits from the beginning of the year in which the option right has been exercised.

Significant Agreements that Exist under the Condition of a Change in Control Following a Takeover Offer
There are neither significant agreements of the company that exist under the condition of a change in control following a takeover offer, nor has the company made any compensation agreements with members of the Management Board or employees in case of a takeover offer.

Management and Control

Compensation follows
the guidelines of
the German Corporate
Governance Code

The management and control structures, as well as the compensation system for the Management Board and Supervisory Board follow the legal guidelines. In particular, they follow the specifications of the German Corporate Governance Code.

The division of business in the Management Board provides for two Management Board areas. The Supervisory Board of VITA 34 International AG monitors the Management Board activities and provides advice.

System of Management Board Compensation and Review

The amount and structure of the Management Board compensation is determined by the Supervisory Board in accordance with Sec. 87 German Stock Corporation Act. Here, the Management Board compensation at VITA 34 International AG encompasses both fixed and variable components, as well as other compensation.

Fixed Compensation, Variable Success-Based Compensation and Fringe Benefits

The fixed component is the contractually set base compensation that is paid out in equal monthly amounts. The variable compensation component, which is based on the objectives for a fiscal year in each case, is based on the attainment of certain quantitative and qualitative goals, and the amount is limited. In the case of quantitative goals, which have the greatest weighting, these include revenue and earnings before interest and taxes (EBIT).

Supervisory Board Compensation

The Supervisory Board of VITA 34 International AG has comprised three members since the regular 2009 Annual Shareholders' Meeting. The compensation of the members of the Supervisory Board is determined in accordance with Sec. 18 of the by-laws. This provision in its current form is based on the resolution of the Annual General Meeting dated July 31, 2007. The compensation is an agreed fixed amount and is paid to the members of the Supervisory Board on a quarterly basis. Here, the functions of the Supervisory Board Chairman as well as the Deputy are taken into special consideration.

The compensation of the Management and Supervisory Board members is individualized in the Group appendix under text number 28, where it is broken down into the individual compensation components.

ECONOMIC ENVIRONMENT

VITA 34 International AG is to be considered a holding company along with its subsidiaries, especially VITA 34 AG, Novel Pharma and Secuvita, S. L. (collectively "VITA 34").

Global industrial production increased

The world economy has recovered from the deep economic crisis of 2009. World economic growth has been primarily driven by the positive developments in Asia. Thanks to the rise in demand, global industrial production followed.

Simultaneously, the situation on the international financial markets tightened again. The reason for this was the high debt level of several European countries. State stimulus programs favored the development of select industries. The global economy grew by 4.7 percent in 2010. The differences between the emerging and the industrialized nations, however, remain large. The economic development gained momentum in Europe in 2010, as well. The economic growth in southern Europe remained relatively weak at some 1.0 percent.

The German economy developed relatively dynamically. On an annual average in 2010 the real Gross Domestic Product expanded by 3.7 percent. After the Business Climate Index (an early indicator for economic development in Germany) of the ifo ["Institut für Wirtschaftsforschung": Institute for Economic Research] only achieved 95.9 index points in January 2010, in December 2010 it hit an all time high of 109.9 index points and, thus, slightly exceeded the prior maximum value of November 2010 (109.3 points). Companies evaluated their future business situation (partial indicator business expectations) better than ever before with an index value of 106.9. The situation on the labor market continued to improve in the wake of the upturn. According to GfK ["Gesellschaft für Konsumforschung": Association for Consumer Research] the consumers in Germany, however, became more skeptical again in December 2010, since additional price increases in general consumer goods are feared.

There is a risk of decrease in purchasing power

Since the economic dynamics of the world economy will probably decline in the industrialized and emerging nations in 2011 in the view of leading economic research institutes, there is a risk of increasing unemployment and, therefore, an associated decrease in purchasing power for the coming year. The situation on the financial markets will continue to be difficult, which is based on the continuing tensions on the markets for European government bonds.

VITA 34 cannot exclude that the storage of umbilical cord blood, as a paid preventative care service, will not be affected by the overall economic development. Although the existing data shows us that there is not a direct correlation between absolute purchasing power and storage figures, to date, however, there has been no information on what the effect of a sudden change in purchasing power will be.

VITA 34 offers solutions with lower initial financial commitments

Therefore, VITA 34 will continue to offer solutions that are associated with lower initial financial commitments for customers. Moreover, our customers can book additional services in conjunction with the storage of umbilical cord blood. The interest in these types of additional services should be influenced by the level of information the parents have, as well as the economic situation. The cost of the standard product of VITA 34, the storage of umbilical cord blood, remains unchanged at EUR 1.990 plus an annual fee of EUR 43.70. VITA 34 max (contains additional preventative screening and HLA type detection of the umbilical cord blood) is charged at EUR 2,390 one-time, with an additional EUR 43.70 annual fee.

Just as the job market development affects the purchasing behavior of the end consumers in the German market, the job market development in foreign markets can affect the purchasing behavior of end consumers there. In the year 2010, as well, we detected a slight stagnation in orders and can, therefore, not rule out future negative effects in conjunction with the general economic and market trends.

OVERVIEW OF BUSINESS PERFORMANCE

In 2010 a total of
11,038 cord blood preparations
were stored

In 2010 VITA 34 stored 11,038 umbilical cord blood preparations in Leipzig, which is equivalent to a slight increase of some 2 percent as compared with the prior year (10,816 preparations). The number of preparations from the German-speaking countries stabilized in 2010, even if this was at an unsatisfactory level.

The portion of storages from other countries increased slightly in 2010. Our subsidiary Secuvita, S. L. achieved lower storage figures as compared to the prior year due to the difficult situation on the Spanish market (high level of unemployment and large number of competitors).

Our Italian partner Sorgente S.r.l. was, in its first complete year, able to position its business activities outstandingly in the Italian market, increase storage figures significantly, and thus make an important contribution to the profitability of VITA 34 already in 2010.

Our Slovenian partner Izvorna Celica d.o.o. also achieved an increase in storage figures as compared with the previous year. However, they are, based on the small market size in Slovenia (20,000 births per annum) of less importance to the overall profits of VITA 34 than the results in the German-speaking, Spanish and Italian markets.

Development of the Number of Storages

	Numbers
2008	11,020
2009	10,816
2010	11,038

In 2010, as well, VITA 34 offered additional services in conjunction with the storages of umbilical cord blood, for example the VITA 34 max product, which contains a preventative screening of the umbilical cord blood. A significantly high portion of our customers has selected this contract option in the German-speaking countries. The preventative-screening is offered as a separate product also for existing customers where it is performed on older children or parents without the storage of umbilical cord blood.

PROFIT, FINANCIAL AND ASSET SITUATION

Profit Situation

Revenues increased
to around EUR 17 million

Fiscal year 2010 was characterized by several special challenges for VITA 34. On the one hand VITA 34 was able to expand the business fields as a complete provider in the storage of umbilical cord blood, such that despite difficult domestic market conditions, and particularly abroad, the storage figures increased slightly by some 2 percent to 11,038 units. The positive revenue development was in part primarily due to the majority takeover of our former Spanish partner Secuvita, S. L. in May 2010. Thanks to the consolidation, as of May 12, 2010 we were able to increase revenues by over 12 percent from some EUR 15 million to around EUR 17 million. The 2010 revenues were in the published prognosis framework.

Development of Sales Revenues in EUR K

	EUR K
2008	14,957
2009	15,097
2010	16,963

The revenues result from storages from the German-speaking region (Germany, Austria and Switzerland) as well as from other European countries, primarily Spain and Italy, but also with proportionally good results on a regional basis from Slovenia, a very small market with some 20,000 births per year. VITA 34 was able to increase the average revenue per storage in 2010. This is, among other things, attributable to the willingness of end customers to choose our compact models with a prepayment option for 25 years.

EUR K	2010	2009
Revenues	16,963	15,097
Cost of sales	-6,140	-4,958
Gross profit	10,823	10,139
Selling expenses	-7,241	-7,629
General administrative expenses	-3,048	-2,763
Other operating expenses/income	209	415
Operating result/EBIT	743	162
Interest paid/received	-77	257
Income tax expense/income	-317	-62
Adjusted net profit/loss for the year	349	357
Income/Write-downs on proceeds from sale of US business	0	239
Net profit/loss for the year	349	596

Gross profit from sales increased by 7 percent

The **gross profit** from sales increased by 7 percent from EUR 10.1 million in 2009 to EUR 10.8 million in the reporting period. This can mainly be attributed to cost optimizations at VITA 34. The gross profit margin in fiscal year 2010 was around 64 percent.

The **selling expenses** of EUR 7.2 million in 2010 were EUR 0.4 million lower than the EUR 7.6 million in the prior year. The reduction of some 5 percent is attributable to changes within the marketing mix costs.

The **general administrative expenses** of EUR 3.0 million for the entire year 2010 were some 7 percent higher than the level of the prior year at EUR 2.8 million. The changes are mainly due to higher expenses in conjunction with the majority acquisition of Secuvita, S. L.

The netted **other operating expenses and income** decreased as compared to the prior year, from EUR 0.5 million to EUR 0.2 million. The income is primarily comprised of research grants received and the dissolution of provisions together. The existing expenses in 2010 primarily consist of increased research and development expenses in the amount of EUR 0.4 million.

EBIT at EUR 0.7 million

The **earnings before interest and taxes, EBIT**, of EUR 0.7 million was significantly higher than the EUR 0.2 million the prior year. The EBIT in Q4 of EUR 0.4 million was better than in the last quarters.

In 2010 the **financial result** was EUR 0.1 million following EUR 0.3 million in the prior year, to which mainly interest income contributed. The income tax expense in 2010 was posted with an amount of EUR -0.3 million, whereas EUR-0.1 million was incurred in the previous year.

The **adjusted net profit** was EUR 0.3 million in 2010. As compared with the prior year, the net profit is EUR 0.3 million lower, which among other things is attributable to the fact that in 2009 income from adjusted loans in conjunction with discontinued operations was realized in the amount of EUR 0.2 million.

Financial Situation

Cash of EUR 5.0 million

The VITA 34 group had cash in the amount of EUR 5.0 million as of December 31, 2010, following EUR 8.1 million in the year before.

The cash flow from operating activities was EUR 1.0 million in 2010, following EUR 1.1 million in the prior year's period. The process optimizations undertaken in the last two years in all areas of the company led to a clearly positive cash flow.

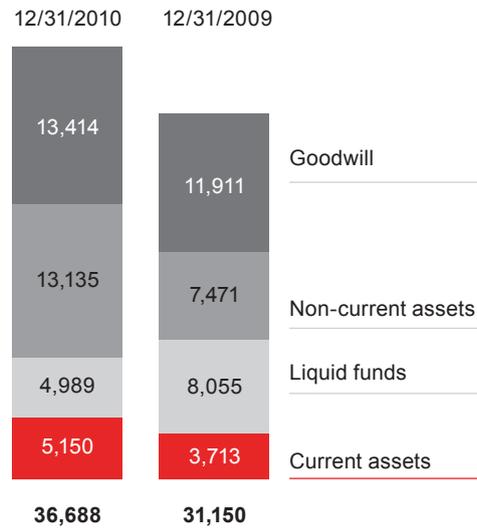
The cash flow from investing activities was EUR -4.5 million following EUR -1.4 million the prior year. The main reason was the acquisition of companies minus the cash taken over. EUR 1.0 million were invested in intangible assets and property, plant and equipment in 2010. In the prior year it had been EUR 0.7 million. In 2010, about 50 percent was spent on intangible assets. Here, down payments for software of EUR 0.4 million were the focal point. Investments in property, plant and equipment mainly pertained to the expansion of the storage capacity for umbilical cord blood preparations. EUR 0.3 million were invested in the cryo-tanks necessary for storage.

As of December 31, 2010, the cash flow from financing activities of EUR 1.0 million was higher than the level of the prior year (EUR -0.1 million). This primarily resulted from an increase in the current interest-bearing loans.

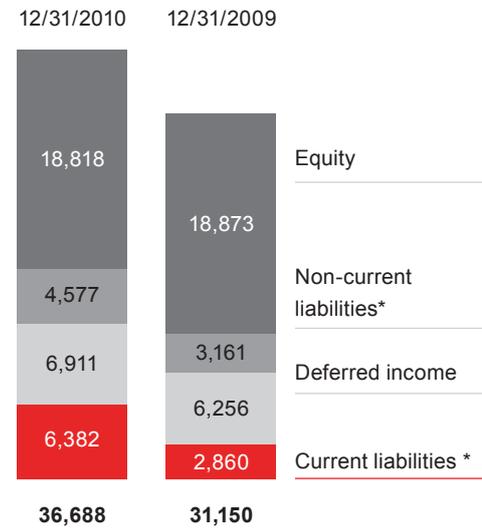
Discontinued operations had no influence on the financial situation in 2010 (2009).

Assets

Assets



Liabilities



* without deferred income

VITA 34 has a solid balance sheet structure. It changed in comparison with 2009 due to the purchase of the subsidiary in Spain. The balance sheet total increased to EUR 36.7 million following EUR 31.1 million in the prior year.

Goodwill at EUR 13.4 million Among the assets the **non-current assets** of EUR 26.5 million represented the largest line item. They are mainly characterized by goodwill in the amount of EUR 13.4 million. This is where the company values of VITA 34 AG and Secuvita, S. L. are expressed, which the publicly traded VITA 34 International AG has shares of and in which the complete operative business is contained. The increase in the non-current assets is attributable to the increase in intangible assets. The assets from storage contracts taken over, as well as revenues from future storages of existing customers have been included in this.

The **cash and cash equivalents** at year's end 2010 were EUR 5.0 million. As of the end of 2010 they consisted of petty cash and bank balances in the amount of EUR 3.5 million, and current financial investments of EUR 1.5 million. Freely available cash in the amount of EUR 0.5 million as well as a line of credit of Secuvita, S. L. in the amount of EUR 0.2 million are not contained in the cash and cash equivalents.

The **non-current assets** increased on the basis of higher receivables from EUR 3.7 million to EUR 5.2 million. This is mainly attributable to the receivables of Secuvita, S. L.

Equity ratio at 51 percent On the liabilities side of the balance sheet the equity of EUR 18.8 million remained at the prior year's level. As of year's end 2010 the authorized capital remained unchanged at EUR 2.65 million. The equity ratio was some 51 percent, following 61 percent the prior year.

The **non-current liabilities** of EUR 4.5 million were above the prior year's level. This increase primarily resulted from passive deferred taxes.

One of the most significant line items is **deferred income** at EUR 6.9 million. This contains the storage fees that are collected from customers in advance. These are then dissolved over the term of the agreed storage period for the umbilical cord blood preparations in a linear manner. In fiscal year 2010 this line item increased slightly by EUR 0.6 million.

The **current liabilities** increased significantly as of December 31, 2010 to EUR 6.4 million as compared with EUR 2.9 million the prior year. This was mainly due to the significantly higher miscellaneous liabilities, which had been EUR 1.3 million as of year's end 2009, and were EUR 3.1 million at year's end 2010. The interest-bearing loans increased from EUR 0.1 million to EUR 2.1 million due to the acquisition of companies.

SUBSEQUENT EVENTS

Following the conclusion of fiscal year 2010, no occurrences of special significance or with a major effect on the asset, financial or profit situation have occurred.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM, AND RISK REPORT

As a capital market oriented stock corporation within the meaning of Sec. 264d HGB ["Deutsches Handelsgesetzbuch": German Commercial Code], we are obligated in accordance with Sec. 289 para. 5 HGB to describe the significant features of the internal control and risk management system with regard to the financial reporting process.

VITA 34 practices internal risk management

VITA 34 has maintained an internal risk management system for many years. Risks are identified, evaluated and prioritized. 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 control system represents an additional central component of the risk management system. In particular, invoicing, accounting and controlling processes are managed with this. The risk management and internal control system are represented in summary and engage directly with the Management Board and management level. The Management Board designs the scope and orientation of the systems set up on its 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. The risks are discussed regularly at the management level in quarterly meetings. 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.

In addition, the company rules and other corporate guidelines lay down and partially validate different processes. 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) is 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, personnel 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:

:: **Product Risk:**

Future research could prove that stem cells from other sources (for example, from bone marrow, peripheral blood or tissues) are an alternative, obtainable at any time, to stem cells from umbilical cord blood within the scope of therapeutic use. A risk could arise from the fact that research with bone marrow and/or peripheral stem cells is advanced faster, since the diseases treated with autologous stem cells primarily appear at an advanced age, yet these patients do not yet have a repository of autologous umbilical cord blood. 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 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 (for example, 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. The primary concentration on one product can currently be seen as a product risk. Apart from the great potential of stem cells from umbilical cord blood and the aforementioned developments, VITA 34 endeavors to establish additional product fields within the scope of the long-term corporate strategy.

:: **Strategic Risks:**

There is a risk that the market expansion on a national or international level will be slower or less extensive than expected. A limiting factor here could also be the financial means that are available to VITA 34. This could affect the opening of international markets. At any rate 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. International markets can have unplanned developments due to regulatory, market or economic influences, and thus also limit growth. Moreover, there is a risk that ongoing cooperative ventures will be terminated and that reductions in, revenue and profit will follow.

:: **Financial Risks:**

Financial or liquidity risks could occur through different marketing measures, through external influences on markets or consumers, as well as associated uncollectible receivables, or through an increase in competition. These risks could also have an economic source. In foreign markets, for example, in Spain, financial risks could arise due to changes in peripheral conditions of interest and tax policy. 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 laws 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, for example in Marketing and Sales. Legal risks also arise from failed umbilical cord blood 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 for possible cases of damage and liability risks that should exclude or limit the economic effects of risks that may arise. The scope of the insurance policies is continuously reviewed and adjusted where necessary. Besides, VITA 34 will not undertake any restrictions that could affect quality for cost reasons.

:: **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 and this could lead to decreases in revenues. 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 activities of VITA 34 could be negatively affected by aggressively priced offers from competitors. Lower prices or significant price reductions of competitors or companies new to the market could lead to a weaker than expected development of sales and profits at VITA 34. It cannot be ruled out that a weakness in the overall economic development 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 will take 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, for example, a financial market crisis. The associated investment decisions by shareholders are in part controlled by factors that have no connection with the fundamental VITA 34 performance indicators. VITA 34 will continue to appear on the capital market by observing laws and regulations, as well as transparent communication with shareholders.

:: **Personnel Risks:**

VITA 34 sees 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.

After reviewing the risk situation as of the closing date, December 31, 2010, 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.

OUTLOOK

The success of VITA 34 International AG is mainly dependent on the subsidiaries. Therefore, the following first contains a prognosis for the Group (VITA 34).

Revenues of more than
EUR 18 million in 2011

Whereas VITA 34 concentrated heavily on the consolidation of business activities and internal processes in the past fiscal year, in the next years we are striving for a further increase in revenue and EBIT. The goal is to secure the sustainable profitability of the company and to conclude the year 2011, as well as the following year, with a high EBIT. Here, we want to continue the upward trend in the wake of EUR -2.3 million in 2008, a slightly positive EBIT of EUR 0.2 million in 2009 and EUR 0.7 million in 2010. In the medium term we want to achieve an EBIT margin in 10 percent range and better. All of the marketing and sales measures in the next year will be directed towards achieving increases in storages. Correspondingly, a growth in revenue is also expected. We are planning for revenues of more than EUR 18 million in 2011.

In the purchasing power study issued in December 2010 by GfK [“Gesellschaft für Konsumforschung”: Association for Consumer Research] a significant increase in purchasing power is expected for 2011. According to estimates by GfK, the economic recovery will also increase in the prognosis period 2011. The purchasing power sum should increase by 2.6 percent as compared with the year 2010. This is, among other things, due to the positive development on the labor market and the prognosticated growth in net wages and pension payments. Despite all care in the estimation of such prognoses and, as before, the existing insecurities on the financial market, and due to the instability of the Euro, we can assume relatively good conditions for the increases announced.

Opening of the
Slovakian market

The main focus in the area of internationalization in the next year will be on intensive support of the existing cooperative ventures in already developed markets (Spain, Italy, Austria, Switzerland, Slovenia), in order to better tap the potential there. We will direct all efforts towards further integrating our Spanish subsidiary Secuvita, S. L. into the Group. The goal is to create profitability at Secuvita, S. L. under currently difficult economic conditions in Spain, so that the storages from Spain can continue to make a positive contribution to the group result. In addition, tight controlling by the parent company as well as efficiency increasing measures will be implemented. Proven cooperative sales ventures with individual Spanish clinics will be expanded and new sales channels will be opened up.

On the Italian market the successful cooperation with our sales partner Sorgente S.r.l. will continue to be intensified. In the coming year we expect a significant increase in storage figures from Italy, which will have a direct effect as an increase in revenue and profit within the Group.

The partnership with the Slovenian Izvorna Celica d.o.o. company will be expanded to other eastern European markets. The opening of the Slovakian market is planned next year. Slovakia, with 60,000 births per annum is, of course, a relatively small market, however, due to low competitive intensity and the logistical proximity to the company's headquarters in Leipzig it is definitely attractive.

VITA 34 will evaluate and open up additional potential and enhancements of the core business in developing the German market. Here, the focal points for VITA 34 are the expansion of the value chain and differentiation. Long-term approaches will be pursued with the products and therapeutic approaches expected from the research projects. For example, we are examining whether iPS cells from umbilical cord blood have sufficient market potential that could lead to a new dimension in umbilical cord blood banking. In case of need, the required cells could be developed for the respective necessary therapy from the stored material.

The decisive growth spurt will come from the increasing number of applications or realized therapies with stem cells from umbilical cord blood. We expect a significant impetus for the German and international markets from an intensive spread of treatment successes. Especially the German market, however, is developing more slowly with regard to storages than expected in the past years. Also for 2011 and the following years, the detailed effects of the financial crisis on the demand for the preventative care service of VITA 34 cannot be foreseen to their fullest extent. Nonetheless, VITA 34 expects that the business development in the next few years will be characterized overall by an increase in revenues. We expect a further increasing acceptance amongst multipliers thanks to an increase in documented treatment successes. Based on the high number of storages (78,000) VITA 34 will be able to make a decisive contribution to this in the coming years.

Opening of new sales channels An additional bolstering and focusing on sales is planned for increasing revenues in 2011 in the German market, which is based on implementing target-group specific and regionally directed measures. The more targeted addressing of experts and multipliers by the sales force, as well as activities in the advertising field are components of the measures. In 2011 the opening of new sales channels should partially even out the large regional differences with regard to the market shares achieved. In addition, direct sales over the Internet will be intensified and made more attractive in the future. The use of "social media" will play an enhanced role, as well. Here, the following still applies: To disseminate basic knowledge concerning the private storage of umbilical cord blood in a serious and professionally based manner. It is still that lack of knowledge about the already existing possible uses of umbilical cord blood, as well as about the development potential that leads to a critical assessment amongst some multipliers. New price models should make the purchase decision of our potential customers easier in the future.

Furthermore, we will work on an optimization of our collection and cryo-technology, as well as our logistic solution, in order to be able to offer our customers the highest level of quality in the collection and storage of umbilical cord blood in the future, as well.

The expert storage of stem cell transplants as donated preparations will contribute to an important component of positioning of the company as a complete provider, and to an increased and solidified reputation amongst multipliers. VITA 34 will work towards significantly expanding the number of preparations listed in the public register and, thus, make a contribution to the provision of donor preparations.

VITA 34 will use the market environment, which continues to be challenging, to position itself even more strongly as a complete provider with many years of experience. This will strengthen the VITA 34 brand not only domestically, but also internationally.

We will attain and confirm sustained profitability in 2011 and the subsequent years through moderate growth and further improvements in efficiency. The large potential of some 78,000 customers, a high market penetration and high-quality products with an enormous potential for the future make us confident of being able to continue to expand business operations in the coming years.

Losses will be posted in 2011 in VITA 34 International AG, since dividend payments from the subsidiary companies are not expected in this time period.

The existing financial resources will be sufficient, in order to financially support the subsidiary companies VITA 34 AG and Novel Pharma, S. L. and Secuvita, S. L. in the implementation of their ambitious growth targets.

Leipzig, March 7, 2011

The Management Board of VITA 34 International AG



Dr. med. Eberhard F. Lampeter
CEO



Jörg Ulbrich
CFO

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF INCOME

EUR K	NOTE	01/01- 12/31/2010	01/01- 12/31/2009
Continuing operations			
Revenue	5.1	16,963	15,097
Cost of sales	5.2	-6,140	-4,958
Gross profit on sales		10,823	10,139
Other operating income	5.3	1,128	554
Selling expenses	5.4	-7,241	-7,629
Administrative expenses	5.5	-3,048	-2,763
Other operating expenses	5.6	-919	-139
Net operating profit/loss		743	162
Finance revenue	5.8	208	661
Finance costs	5.7	-285	-165
Earnings before taxes		666	658
Income tax expense/income	6	-317	-62
Period result		349	596
Period result attributable to			
Owners of the parent		483	483
Non-controlling interests		-134	-134
Earnings per share (EUR)	7	0.18	0.23
Basic and diluted, for profit or loss for the year attributable to ordinary equity holders of the parent (EUR)			

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR K	NOTE	12/31/2010	12/31/2009
Net profit/loss for the year		349	596
Changes recognized in other comprehensive income		-3	-1
Changes recognized in profit or loss		4	0
Difference from currency translation		1	-1
Changes recognized in other comprehensive income		-19	129
Changes recognized in profit or loss		-110	0
Gains/losses on available-for-sale financial assets		-129	129
Total comprehensive income for the year after tax		221	724
Period result attributable to			
Owners of the parent		355	724
Non-controlling interests		-134	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ASSETS)

EUR K	NOTE	12/31/2010	12/31/2009
Non-current assets			
Goodwill	8	13,414	11,911
Intangible assets	8	7,027	795
Property, plant and equipment	9	3,767	3,319
Investments	11	0	155
Other financial assets	15	125	35
Deferred tax assets	6	0	667
Non-current trade receivables	13	1,741	1,805
Restricted cash	16	475	695
		26,549	19,382
Current assets			
Inventories	12	626	554
Trade receivables	13	2,914	2,334
Other receivables and assets	14	1,412	825
Short-term deposits	15	1,500	2,000
Cash and cash equivalents	16	3,687	6,055
		10,139	11,768
		36,688	31,150

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EQUITY AND LIABILITIES)

EUR K	NOTE	31.12.2010	31.12.2009
Equity			
Issued capital	17	2,647	2,647
Capital reserves	17	23,236	23,236
Revenue reserves	17	-6,968	-7,138
Other reserves	17	0	128
Treasury shares	17	-436	0
Non-controlling interests	17	339	0
		18,818	18,873
Non-current liabilities and deferred income			
Interest-bearing loans	18.2	1,760	1,375
Silent partners' interests	19	940	940
Deferred income taxes	6	948	0
Deferred grants	21	929	846
Deferred income	22	5,838	5,616
		10,415	8,777
Current liabilities and deferred income			
Trade payables	23	892	813
Provisions	20	39	363
Income tax payable	6	210	195
Interest-bearing loans	18.1	2,060	125
Deferred grants	21	102	50
Other liabilities	23	3,079	1,314
Deferred income	22	1,073	640
		7,455	3,500
		36,688	31,150

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

EUR K	EQUITY ATTRIBUTABLE TO THE			
	ISSUED CAPITAL	CAPITAL RESERVES	REVENUE RESERVE	CURRENCY TRANSLATION RESERVE
NOTE	17	17	17	
Balance as of January 1, 2009	2,647	23,192	-7,734	0
Period result			596	
Other result				-1
Comprehensive income	0	0	596	-1
Share-based compensation		44		
Balance as of December 31, 2009	2,647	23,236	-7,138	-1
Balance as of January 1, 2010	2,647	23,236	-7,138	-1
Period result			483	
Other result				1
Comprehensive income	0	0	483	1
Changes in the consolidation scope				
Changes from equity transactions			-313	
Balance as of December 31, 2010	2,647	23,236	-6,968	0

OWNERS OF THE PARENT					
AVAILABLE-FOR-SALE ASSETS	TOTAL SHARE- HOLDERS' EQUITY	TREASURY SHARES AT ACQUISITION COSTS	NON- CONTROLLING INTERESTS	TOTAL EQUITY	
0	18,105	0	0	18,105	
	596			596	
129	128			128	
129	724	0	0	724	
	44			44	
129	18,873	0	0	18,873	
129	18,873	0	0	18,873	
	483		-134	349	
-129	-128			-128	
-129	355		-134	221	
	0	-436	1,829	1,393	
	-313		-1,356	-1,669	
0	18,915	-436	339	18,818	

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR K	NOTE	01/01- 12/31/2010	01/01- 12/31/2009
Cash flow from operating activities			
Earnings before taxes		666	658
Adjusted for:			
Amortization and depreciation	8, 9	944	577
Gains/losses from the disposal of non-current assets		126	19
Other non-cash expenses/income		-76	-64
Exchange rate differences		-6	0
Share-based payments expense	26	0	44
Finance revenue	5.8	-208	-661
Finance costs	5.7	285	165
Working capital adjustments:			
+/- Receivables and other assets		-160	-173
+/- Inventories		-72	30
+/- Liabilities		-169	137
+/- Provisions		-324	258
+/- Deferred income		288	330
Interest paid		-285	-165
Income taxes paid		-1	-6
Cash flow from operating activities		1,008	1,149
Cash flow from investing activities			
Purchase of intangible assets	8	-487	-185
Purchase of property, plant and equipment	9	-491	-541
Purchase of companies, net of assumed cash	3	-4,204	0
Repayment of borrowing		0	242
Purchase of short-term investments		-1,500	-1,000
Cash received from the sale of short-term investments	15	2,000	0
Interest received		147	128
Cash flow from investing activities		-4,535	-1,356
Cash flow from financing activities			
Changes in restricted cash		220	373
Changes in silent partnerships	19	0	-484
Cash received from investment grants	21	151	124
Changes in loans	18	626	-125
Cash flow from financing activities		997	-112
Net change in cash and cash equivalents		-2,530	-319
Cash and cash equivalents at the beginning of the reporting period	16	6,055	6,374
Change in cash and cash equivalents from changes in the consolidation scope		-38	
Exchange rate related change in cash and cash equivalents		2	0
Cash and cash equivalents at the end of the reporting period	16	3,489	6,055
Short-term investments	15	1,500	2,000
Liquid funds		4,989	8,055

CONSOLIDATED NOTES

1 INFORMATION ON THE PARENT COMPANY AND GROUP

The parent VITA 34 International AG (the „Company“) domiciled in Leipzig (Germany), at Deutscher Platz 5a, and filed in the register court of the Leipzig district court under HRB 20339 is a pure holding company and carries out management and financing functions for its subsidiaries. Its subsidiaries (together with the Company referred to as the „Group“) operate in the field of cord blood storage. The purpose of the company is the collection, preparation and storage of stem cells from umbilical cord blood, as well as the development of cell therapy processes.

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.com.

The consolidated financial statements of VITA 34 International AG for the fiscal year ended December 31, 2010 were authorized for issue by the management board on March 8, 2011. VITA 34 International 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 International AG were prepared in accordance with IFRSs 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 IFRSs applicable for the fiscal year 2010 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 International AG are generally prepared in euro on an amortized cost basis. This does not apply to financial assets held for trading and available-for-sale financial assets, which are measured at fair value. Unless indicated otherwise, all amounts have been rounded to thousands of euros (EUR k).

Consolidation principles

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control. They are deconsolidated as soon as the parent loses control over the subsidiary

Intercompany balances, transactions, income and expenses and profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

A change in the level of participation in a subsidiary without loss of control is posted as an equity transaction.

Losses are attributed to non-controlling interests, even if this would lead to a negative balance.

The following companies have been included in the consolidated group:

- :: VITA 34 AG, Leipzig, Germany;
- :: Novel Pharma, S. L., Alcalá de Henares (Madrid), Spain;
- :: Secuvita, S. L., Alcalá de Henares (Madrid), Spain.

The financial statements of CorCell Inc., Philadelphia, USA, were no longer included in the consolidated financial statements of the company due to their diminished significance.

2.2 Changes in Accounting Policies

The accounting policies 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.

- :: Amendments to IFRS 2: Share-Based Compensation
- :: Amendments to IFRS 3: Business Combinations
- :: Amendments to IAS 27: Consolidated and Separate Financial Statements
- :: Amendments to IAS 39: Financial Instruments: Recognition and Measurement – Suitable Underlying Transactions
- :: IFRIC 12: Service Concession Agreements
- :: IFRIC 15: Agreements for the Construction of Real Estate
- :: IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- :: IFRIC 17: Distribution of Non-Cash Assets to Owners
- :: IFRIC 18: Transfer of Assets from Customers
- :: Improvements to IFRS 2008 (to the extent that these are subject to mandatory adoption for the fiscal year 2009)
- :: Improvements to IFRS 2009

Adoption of the aforementioned standards and interpretations is mandatory from 1 January 2010. The new or amended standards and interpretations did not have any significant effect on the net assets, financial position and results of operations or cash flows of VITA 34 International AG.

- :: IFRS 3 (revised) leads to significant changes in the accounting of business combinations. There are effects on the valuation of interests without control, how transaction costs are accounted for, as well as successive company acquisitions. These new rules will affect the level used in assessing goodwill, the result of the reporting period in which the company combination takes place, and future profits and losses.
- :: IAS 27 (amended) prescribes that a change in the level on interest in a subsidiary, which does not lead to a loss of control, is to be accounted for as a transaction with owners in their capacity as owners. Neither goodwill nor a profit/loss can result from such a transaction. In addition, rules on the distribution of losses to the owners of the parent company and the interests without a controlling influence were amended. The new rules in IFRS 3 and IAS 26 have an effect on the acquisition of subsidiaries and on the transactions with interests that do not have a controlling influence on or after January 1, 2010.
- :: Mergers before January 1, 2009: According to the method used up to now for the accounting of mergers transaction costs that were directly related to the acquisition represented part of the cost of acquisition.

The new or amended standards and interpretations have led to additional information. We would like to refer in particular to our explanations in Section 3: "Mergers 2010".

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 "DACH" and "Spain" 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 approved by senior management covering a five-year period. The discount rate used is between 8.3 and 9.8 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

Deferred tax assets were recognized as of the end of the reporting period at VITA 34 AG and Secuvita, S. L. for the full amount of unused tax losses thus calculated, 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 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 will probably be considered probable that the taxable income for this will be available.

In contrast, deferred tax losses of the parent company as well as unused tax losses of Novel Pharma, S. L. were not activated. These companies are purely holding companies, in which no sufficient taxable income is expected in the future without taking targeted legal tax measures.

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

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, valued with 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 interests 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 interests.

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 valued 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 cost 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 acquiree are assigned to these cash-generating units.

As of December 31, 2010 there are two cash-generating units "DACH" and "Spain."

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 earnings and attributed to the company.

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.

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. 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.

Research and development costs

Research costs are expensed as incurred. Development expenses incurred as part of an individual project are capitalized if all of the prerequisites listed in IAS 38 in this respect are met. Since they were not met, however, no development costs have been recognized to date.

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

ACCOUNTING POLICIES APPLIED TO THE GROUP'S INTANGIBLE ASSETS (WITHOUT GOODWILL)			
	PATENTS	SOFTWARE	ACQUIRED CONTRACTS
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 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.

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 LIVES OF THE ASSETS		
	2010	2009
Laboratory equipment	5-14 years	5-14 years
Cryotanks 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 - calculated as the difference between the net realizable value and the carrying amount of the asset - is recognized in profit or loss 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. 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 each end of the 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 each end of the 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. The extent that the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, an 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, plus, in the case of investments which are not at measured fair value through profit or loss, any directly attributable transaction costs. 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 trading date, that is the date on which an asset is delivered to or by the entity. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the period generally established by regulation or convention in the marketplace.

:: Financial assets valued 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 valued with an effect on income at the attributable fair value
- :: Loans and receivables

After the first use the assets held for divestiture are valued at the attributable fair value, whereby profits or losses are covered in a separate line item of 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 profit or loss.

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 at the end of the reporting period.

Treasury shares

If the Group acquires its treasury 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 is recognized as profit neutral. Any differences between the carrying amount and the consideration are 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 receivables 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 20 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 at bank and in hand and short-term deposits with an original maturity of no more than three months.

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, which is 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 available-for-sale asset is impaired, an amount is recognized in equity for the difference between its cost (net of any principal repayment and amortization) and current fair value (less any impairment loss on that asset previously recognized in profit or loss). Reversals in respect of equity instruments classified as available for sale are not recognized in profit or loss.

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.

Share-based payments

An employee of the Group received share-based remuneration in prior years in the form of equity instruments ("equity-settled transaction").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined using an appropriate pricing model (we refer to note 26 for details).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income or expense recognized under total income and expense for the year corresponds to the development of the cumulative expenses recognized at the beginning and at the end of the reporting period.

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 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 and for photocopiers and a telecommunication system.

Revenue recognition

Revenue is recognized to the extent that 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.

:: The rendering of services

Revenue from processing cord blood is recognized when the processing has been finished. If a total amount has been agreed with the customer as 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. Revenue from storing cord blood is recognized on a straight-line basis over the term of storage. Any prepaid storage fees received are disclosed as deferred income.

:: 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 as incurred.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching 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 in linear fashion.

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 except:

:: 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 year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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, except:

:: 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 that 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 2010 and which were not applied in the accompanying consolidated financial statements:

:: Amendments to IFRS 7, Financial Instruments disclosures (not yet adopted by the EU): The amendments were adopted in December 2010 and will foreseeably be used for fiscal years that begin on or after July 1, 2011. They provide for additional information obligations in case the financial assets are not or not completely derecognized after their transfer to third parties or there is continued involvement. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows of the Group.

:: IFRS 9, Financial Instruments (not yet adopted by the EU): The standard was issued in November 2009 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2013. IFRS 9 marks the completion of the first phase of a three-phase project to replace IAS 39: Financial Instruments: Recognition and Measurement. The rules for the classification and measurement of financial assets will be changed. 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.

:: Amendments to IAS 24, Related Party Disclosures (endorsed on July 19, 2010): The revised standard was issued in November 2009 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2011. The amendments to IAS 24 clarify the definition of related parties and allow for some exceptions in future from the disclosure requirements for government-related entities. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows of the Group.

:: Amendments to IAS 32, Financial Instruments: Presentation (endorsed on December 23, 2009): The amendments were issued in October 2009 and became effective for the first time for fiscal years beginning on or after February 1, 2010. They relate to the classification of subscription rights. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows of the Group.

:: Amendments to IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (endorsed July 19, 2010): This minor amendment was published in November 2009 and becomes effective at the latest for fiscal years that begin on or after January 1, 2011. The amendment relates to the accounting for pension plans. Since it is not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

- :: IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (endorsed on July 23, 2010): IFRIC 19 was issued in November 2009 and became effective at the latest for fiscal years that began on or after July 1, 2010. The interpretation deals with the case of the debtor issuing equity instruments to the creditor for the partial or full payment of its financial liabilities. Since not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

- :: Improvements to IFRS 2010 (not year recognized by the EU): * Improvements to IFRS in 2010: The omnibus of amendments was issued in May 2010 and is expected to become effective the first time for fiscal years beginning on or after July 1, 2010 or January 1, 2011. It contains minor amendments for improving the quality of information, in particular in the case of IAS 34 (Interim Financial Reporting). It is reasonably foreseeable that amendments to IFRS 3 (Company Combinations), IFRS 7 (Financial Instruments: Disclosures) and IAS 27 (Consolidated and Individual Financial Statements) could have potential effects on the Group. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

3 MERGERS 2010

3.1 Acquisition of Secuvita, S. L., Alcalá de Henares (Madrid), Spain

On May 12, 2010, the company acquired indirectly 51.62 percent of the shares in the Spanish Secuvita, S. L. (hereinafter referred to as "Secuvita"), Alcalá de Henares (Madrid), Spain, by taking over all of the shares held by Novel Pharma, S. L., Spain (hereinafter referred to as "Novel Pharma"). Novel Pharma is a holding company without own business operations.

Secuvita is also active in the field of collecting, preparing and storing umbilical cord blood. With the entry at Secuvita, the company is continuing to expand a value chain in this southern European country, after having only been the storage service provider for Secuvita up to now. Currently in Spain, umbilical cord blood is stored in some 4 percent of births and, thus, the rate is roughly twice the rate found in Germany.

Based on the purchase price calculation, the acquisition of the interest has resulted in goodwill in the amount of EUR 1,503k. This has been determined as follows:

OVERVIEW SECUVITA GOODWILL	
	2010 EUR K
Price paid for 51.26 % of the shares	3,266
Goodwill of the assets and liabilities (proportional)	-2,518
Passive deferred taxes (proportional)	755
Goodwill	1,503

The purchase price was paid in full in cash in 2010. Transaction costs, in particular notary and legal costs in the amount of EUR 67k were recognized as administrative expenses.

The goodwill is mainly determined by the synergies expected from the takeover of the majority of shares. These synergies are expected in the two segments of the Group, "DACH" and "Spain". Therefore, the goodwill is divided according to the expected future profit potential. It is assumed that the goodwill recognized is not tax deductible.

The applicable fair value of the assets acquired, liabilities and contingent liabilities of Secuvita and Novel Pharma applied at the time of acquisition are contained in the following table:

OVERVIEW OF THE ASSETS AND LIABILITIES OF SECUVITA, S. L. AND NOVEL PHARMA, S. L.	
	GOODWILL AT TIME OF ACQUISITION EUR K
Assets	12,611
Current assets	2,403
Cash and cash equivalents	827
Trade receivables	1,012
Other assets	564
Non-current assets	10,208
Intangible assets	6,239
Property, plant and equipment	531
Participations	2,928
Other assets	510
Liabilities	-9,018
Current liabilities	-4,680
Trade payables	-644
Interest-bearing loans	-1,711
Deferred income	-287
Other liabilities	-2,038
Non-current liabilities	-4,338
Passive deferred taxes	-1,314
Interest-bearing loans	-2,944
Deferred income	-80

The applicable fair value of the assets, liabilities and contingent liabilities acquired were determined using observed market prices. If a market price could not be determined, income-oriented approaches of cost-oriented procedures for valuating the acquired assets and assumed liabilities were employed.

Mainly assets from storage contracts taken over, as well as income from future storages of existing customers are posted under intangible assets, which were discounted down to the actual cash value using a depreciation rate.

The attainable amount from the contracts taken over were derived using an average storage duration of 20 years, the average cancellation rate determined from the prior year's values, based on the current cost structures and tax rates at Secuvita.

In the case of income from future storages, the attainable amount was determined based on the average repeat storage rates and the current price and cost structures for multiple storages.

The interest rate determine for the cash flow prognoses was derived from a risk-free interest rate, taking into consideration a market risk premium and a company-specific beta factor at the time the shares were acquired.

The applicable fair value of the receivables corresponds with the book value at the time of acquisition. None of the receivables were discounted. The receivables are, foreseeably, collectable.

The valuation of non-controlling interests is done proportionally using the applicable proportional fair value of the acquired asset and the assumed liabilities. The goodwill was determined using observed market prices. Where it was not possible to determine market prices, income-based approaches or cost-based methods were used for the evaluation of the acquired assets and assumed liabilities. The goodwill attributable to minority shareholders was not disclosed here.

Thanks to the acquisition of Secuvita, group revenues increased by EUR 1,876k. The period result contains a loss on the part of Secuvita of EUR -956k, and Novel Pharma in the amount of EUR -55k, which has been incurred since the time of acquisition. The loss was, in particular, due to restructuring measures associated with the acquisition of the company. This is mainly due to expenses associated with the release of personnel, adaptations to uniform group structures, as well as expenses for adjustments to assets no longer required. If the merger had taken place at the beginning of the year, the result for the period would have been EUR 312k and revenues would have been EUR 18.8 million.

3.2 Changes in the participation percentage in Secuvita, S. L. Alcalá de Henares (Madrid), Spain

On June 2, 2010 and July 16, 2010, the company had increased its indirect holdings in Secuvita by an additional 36.38 percent. A purchase price of EUR 1,670k was paid for this. The transactions were treated as shareholder transactions and are only reflected in the equity.

The increase in the holdings in Secuvita resulted in a decrease in the shares of other shareholders by a total of EUR 1,356k, as well as a decrease in the retained earnings of EUR 313k.

The company indirectly held 88 percent of the shares as of the end of the fiscal year.

4 SEGMENT REPORTING

Segment reporting has been done in accordance with the following geographical areas of activity:

- :: Germany, Austria, Switzerland (DACH);
- :: Spain.

Segment reporting according to products and services is not done, since the group deals exclusively with the storage of umbilical cord blood.

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 operating result 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 the operating profit. The group financing (including finance expenses of EUR 208k and revenues of EUR -285k) as well as taxes on income and profits, are taxed uniformly across the groups 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 sales revenues and segment results of the geographic segments of the group for fiscal year 2010:

PERIOD FROM 01/01 - 12/31/2010					
	DACH EUR K	SPAIN EUR K	TOTAL EUR K	CONSOLID- ATED EUR K	GROUP EUR K
Income from transactions with external customers	13,782	3,181	16,963	0	16,963
Income from transactions with other segments	1,305	0	1,305	-1,305	0
	15,087	3,181	18,268	-1,305	16,963
EBIT (operating profit)	716	-1,278	-562	1,305	743
Depreciation	-529	-415	-944	0	-944
Restructuring expense	0	-371	-371	0	-371
Segment assets	32,063	10,123	42,186	-5,498	36,688
Segment liabilities	-10,436	-12,932	-23,368	5,498	-17,870

In the prior year the Company only had one business segment subject to reporting. The Company generates income exclusively in Europe. The geographical segment comprising Germany, Austria and Switzerland generated income of EUR 12,834k, while the Spanish segment recorded a figure of EUR 2,263k.

4.2 Information Concerning Important Customers

The Group income in 2009 shows income from Secuvita that exceeds 10 percent of the Group's total income. The income in the period from January 1 to December 31, 2009 was EUR 2,263k.

5 REVENUE, OTHER INCOME AND EXPENSES

5.1 Sales revenues

The revenue disclosed in the statement of income for the continuing operations breaks down as follows by value-added stage:

REVENUE	2010	2009
	EUR K	EUR K
Revenue		
from processing	15,812	14,007
from storage	1,151	1,090
	16,963	15,097

5.2 Cost of sales

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

COST OF SALES	2010	2009
	EUR K	EUR K
Cost of materials	1,079	1,171
Personnel expenses	1,486	1,272
Amortisation, depreciation and write-downs	499	281
Third-party services	2,401	1,612
Rent and rent incidentals	199	168
Other expenses	476	454
	6,140	4,958

5.3 Other operating income

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

OTHER OPERATING INCOME	2010	2009
	EUR K	EUR K
Government grants	305	149
Income from the derecognition of accruals	202	169
Income from the reversal of provisions	326	100
Sundry other income	295	136
	1,128	554

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attaching to these grants.

Income from the 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. In addition, this contains the derecognition of bonus payments to employees deferred in the prior year, which were not fully paid out in 2010.

5.4 Selling expenses

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

SELLING EXPENSES	2010	2009
	EUR K	EUR K
Personnel expenses	2,761	2,385
Amortisation, depreciation and write-downs	125	127
Marketing expenses	3,654	4,457
Other expenses	701	660
	7,241	7,629

5.5 Administrative expenses

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

ADMINISTRATIVE EXPENSES		
	2010	2009
	EUR K	EUR K
Personnel expenses	1,472	1,683
Amortisation, depreciation and write-downs	145	176
Operating lease expenses	383	402
Legal, consulting and audit fees	917	391
Other expenses	131	111
	3,048	2,763

5.6 Other operating expenses

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

OTHER OPERATING EXPENSES		
	2010	2009
	EUR K	EUR K
Donations	0	5
Research and development costs	415	70
Bad debts	306	60
Sundry other expenses	198	4
	919	139

The other expenses include, in particular, extraordinary write-downs on assets no longer required, which are associated with the acquisition of subsidiaries. Here, assets that were acquired for a planned establishment of an internal laboratory at Secuvita were adjusted, since the establishment of the laboratory was no longer pursued in the wake of the acquisition of this subsidiary.

5.7 Finance costs

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

FINANCE COSTS		
	2010	2009
	EUR K	EUR K
Bank loans and overdrafts	130	91
Charges for silent partnerships	75	74
Interest expense for back tax payments	80	0
	285	165

5.8 Finance revenue

The finance income disclosed in the statement of income breaks down as follows:

FINANCE REVENUE		
	2010	2009
	EUR K	EUR K
Value adjustment of short-term investments	0	291
Interest income	136	131
Income from loans written off	0	239
Profit from financial liabilities valued at fair value	72	0
	208	661

5.9 Employee benefits expense

The expense for employee benefits breaks down as follows:

EMPLOYEE BENEFIT EXPENSE		
	2010	2009
	EUR K	EUR K
Wages and salaries	4,877	4,678
Social security costs	817	651
Pension cost	25	11
	5,719	5,340

The employer's contributions to statutory pension insurance of EUR 435k (2009: EUR 321k) are classified as payments under a defined contribution plan and are recognized in full in profit or loss accordingly.

EMPLOYEES (ANNUAL AVERAGE)		
	2010	2009
	NUMBER	NUMBER
Employees	118	98
Temporary employees	2	2
Trainees/Interns	5	4
	125	104

6 INCOME TAXES

Major components of income tax expense for the fiscal years 2010 and 2009 are as follows:

MAJOR COMPONENTS OF THE INCOME TAX EXPENSE/INCOME		
CONSOLIDATED STATEMENT OF INCOME	2010	2009
	EUR K	EUR K
Current income tax		
Current income tax expense/income	215	-7
Adjustments to income tax incurred in prior years	-199	0
Deferred income tax		
Origination and reversal of temporary differences	201	56
on unused tax losses	100	13
Income tax expense	317	62

The income tax liabilities recognized in the balance sheet relate to income tax liabilities for the current fiscal year.

Actual income tax expense for 2010 recognized in the income statement is income tax expenses for fiscal year 2010.

Within the context of a tax audit conducted at VITA 34 AG, which reached back to tax year 2002, the financial authorities arrived at a different opinion than VITA 34 AG with regard to the tax treatment of deferred income from storage fees paid in advance.

The assessment 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. VITA 34 AG has filed an objection to these assessments. In March 2010 the case was won and the tax treatment by VITA 34 AG of deferred income from storage fees paid in advance was determined to be justified. Income from the dissolution of a provision for business tax in the amount of EUR 199k resulted from winning this case.

The adjustment in the temporary differences of the valuation of the deferred income and the adjustment of the tax loss carried forward resulting from winning the suit lead altogether to a reduction in the active deferred taxes and, therefore, to an additional expense of EUR 129k.

A reconciliation between income tax expense and the product of accounting profit multiplied by the Group's applicable tax rate for the fiscal years 2010 and 2009 is as follows:

RECONCILIATION		
	2010	2009
	EUR K	EUR K
Earnings before income tax	666	658
Income tax income/expense at the parent company's tax rate of 31.5% (2009: 32%)	-210	-210
Adjustment because profits/loss of VITA 34 International AG, CorCell Inc. and Novel Pharma, S.L. do not give rise to an income tax refund/expense	-129	11
Effect of changes in tax rate	0	48
Adjustment due to tax-free income	21	16
Adjustment due to non-deductible expenses	-145	-19
Current and deferred taxes from tax field audit	195	92
Adjustment due to changes in tax law	-49	0
Income tax expense at effective income tax rate of 31.5 % (2009: 32%)	-317	-62
INCOME TAX EXPENSE REPORTED IN CONSOLIDATED STATEMENT OF INCOME	-317	-62

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

DEFERRED INCOME TAX				
	CONSOLIDATED STATEMENT OF FINANCIAL POSITION		CONSOLIDATED STATEMENT OF INCOME	
	2010 EUR K	2009 EUR K	2010 EUR K	2009 EUR K
Deferred income tax liabilities				
Higher tax write-offs	-1,983	-164	54	0
Discounting of loans	-23	0	-23	0
Adjustment participation carrying amounts	-215	0	0	0
	-2,221	-164		
Deferred income tax credits				
Discounting of receivables	29	40	-11	53
Difference of other receivables	0	0	0	-23
Difference of share-based payments	0	49	-49	17
Difference of provisions	0	0	0	-303
Deferred income	0	246	-246	200
Difference in trade payables	30	0	30	0
Difference in other liabilities	605	0	44	0
Unused tax losses	609	496	-100	-13
	1,273	831		
Deferred taxes	-948	667		
Deferred tax income			-301	-69

The Group has unused tax losses at the subsidiary VITA 34 AG in Germany of EUR 809k for corporate tax purposes (2009: corporate tax loss carried forward of EUR 1,690k and commercial tax loss carried forward of EUR 1,416k) that is available indefinitely for offsetting against future taxable profits of that entity. Deferred tax assets have been recognized in respect of these losses as they may be used to offset taxable profits of VITA 34 AG.

In Spain, income tax losses carried forward in the amount of EUR 1,595k (May 12, 2010: EUR 710k) were available at subsidiary Secuvita, which are available to the Group for a period of 15 years for offsets against future taxable profits of this company. Deferred tax assets have been recognized in respect of these losses as they may be used to offset taxable profits of Secuvita.

Corporate and trade tax losses of EUR 5,353k (2009: EUR 5,450k) were incurred at VITA 34 International AG that are available indefinitely in the Group for offsetting against future taxable income of VITA 34 International AG. There are also losses carried forward at Novel Pharma that are available to the Group for a period of 15 years for offset against future taxable profits of Novel Pharma. 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 a (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		
	2010	2009
	EUR K	EUR K
Net profit from continuing operations	349	596
Less: Portion attributed to non-controlling shares	134	0
Profit from continued operations attributable to the owners of ordinary shares in the parent company	483	596
Number of shares outstanding (weighted average)	2,646,500	2,646,500
Earnings per share pursuant to IFRS (EUR)	0.18	0.23

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.

Potential ordinary shares were not taken into account in the calculation of the diluted earnings per share in 2010 and 2009 because the average market price of the ordinary shares during the reporting period was lower than the strike price of the options.

8 GOODWILL, INTANGIBLE ASSETS

Intangible assets developed as follows:

INTANGIBLE ASSETS AS OF DECEMBER 31, 2010				
	PATENTS AND LICENCES	GOODWILL	ACQUIRED CONTRACTS	TOTAL
	EUR K	EUR K	EUR K	EUR K
Cost as of January 1, 2010	1,909	11,911	0	13,820
Additions	487	0	0	487
Acquisition of a subsidiary	6	1,503	6,236	7,745
Cost as of December 31, 2010	2,402	13,414	6,236	22,052
Accumulated amortization and impairments as of January 1, 2010	1,114	0	0	1,114
Amortization charge for the year	273	0	224	497
Accumulated amortization and impairments as of December 31, 2010	1,387	0	224	1,611
Carrying amount as of January 1, 2010	795	11,911	0	12,706
Carrying amount as of December 31, 2010	1,015	13,414	6,012	20,441

INTANGIBLE ASSETS AS OF DECEMBER 31, 2009				
	PATENTS AND LICENCES	GOODWILL	ACQUIRED CONTRACTS	TOTAL
	EUR K	EUR K	EUR K	EUR K
Cost as of January 1, 2009	1,724	11,911	0	13,635
Additions	185	0	0	185
Cost as of December 31, 2009	1,909	11,911	0	13,820
Accumulated amortization and impairments as of January 1, 2009	794	0	0	794
Amortization charge for the year	320	0	0	320
Accumulated amortization and impairments as of December 31, 2009	1,114	0	0	1,114
Carrying amount as of January 1, 2009	930	11,911	0	12,841
Carrying amount as of December 31, 2009	795	11,911	0	12,706

With regard to additions from the acquisition of subsidiaries we refer to the explanations in Item 3 of the Notes.

9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment developed as follows:

PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2010				
	REAL PROPERTY	TECHNICAL EQUIPMENT	FURNITURE AND FIXTURES	TOTAL
	EUR K	EUR K	EUR K	EUR K
Cost as of January 1, 2010	0	3,394	1,431	4,825
Additions	5	436	49	490
Acquisition of a subsidiary	301	0	230	531
Disposals	0	0	-127	-127
Cost as of December 31, 2010	306	3,830	1,583	5,719
Accumulated depreciation and impairments as of January 1, 2010	0	697	809	1,506
Amortization charge for the year	0	123	324	447
Disposals	0	0	-1	-1
Accumulated depreciation and impair- ments as of December 31, 2010	0	820	1,132	1,952
Carrying amount as of January 1, 2010	0	2,697	622	3,319
Carrying amount as of December 31, 2010	306	3,010	451	3,767

PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2010				
	REAL PROPERTY	TECHNICAL EQUIPMENT	FURNITURE AND FIXTURES	TOTAL
	EUR K	EUR K	EUR K	EUR K
Cost as of January 1, 2009	0	3,007	1,299	4,306
Additions	0	390	151	541
Disposals	0	-3	-19	-22
Cost as of December 31, 2009	0	3,394	1,431	4,825
Accumulated depreciation and impairments as of January 1, 2009	0	590	662	1,252
Amortization charge for the year	0	109	148	257
Disposals	0	-2	-1	-3
Accumulated depreciation and impairments as of December 31, 2009	0	697	809	1,506
Carrying amount as of January 1, 2009	0	2,417	637	3,054
Carrying amount as of December 31, 2009	0	2,697	622	3,319

10 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

The goodwill 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 was attributed to the "DACH" cash-generating unit.
- :: The goodwill from the acquisition of a majority interest in Secuvita was divided between the "Spain" and "DACH" cash-generating unit, commensurate with the future potential profits expected.

"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 „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. The pre-tax discount rate applied to the cash flow projections is 9.8 percent (prior year: 6.9 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. The pre-tax discount rate applied to the cash flow projections is 8.3 percent. Cash flows beyond the five-year period are extrapolated using a 0.5 percent growth rate.

Carrying amounts of goodwill allocated to the respective cash-generating unit:

CARRYING AMOUNTS	2010	2009
	EUR K	EUR K
Goodwill segment "DACH"	12,822	11,911
Goodwill segment "Spain"	592	0
	13,414	11,911

Key assumptions used in value in use calculation of the units as of December 31, 2010 and December 31, 2009

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 represents the benchmark used by company management to evaluate the operating income and to evaluate future investments. 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 depreciation rate as compared to the prior year can be traced to a reduction of a beta factor for the Company observable on the capital market, as well as to lower market interest rates.

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 “DACH” cash-generating unit could lead to the carrying value of the cash-generating unit exceeding its recoverable amount.

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 storages 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 270k in the planning period or an increase in the discount rate of 3.3 percent, the value of use of the cash generating unit would be reduced to its book value.

11 PARTICIPATIONS

INVESTMENTS	2010	2009
	EUR K	EUR K
Shares in Cord Blood America Inc., Los Angeles, USA	0	155
	0	155

Since CorCell Inc., Philadelphia, USA, is no longer included in the consolidated financial statements of the Company due to its limited significance, the shares in Cord Blood America Inc., Los Angeles, USA, ceased to be included in the Group financial statements as of January 1, 2010. The shares in CorCell Inc. were, therefore, adjusted to EUR 0.00 in 2010.

12 INVENTORIES

Inventories break down as follows:

INVENTORIES		
	2010	2009
	EUR K	EUR K
Materials and supplies (measured at costs of purchases)	185	157
Work in progress (at cost of conversion)	441	397
	626	554

Inventories were not written down.

13 TRADE RECEIVABLES

Trade receivables break down as follows:

RECEIVABLES		
	2010	2009
	EUR K	EUR K
Non-current trade receivables	1,741	1,805
Current trade receivables	2,914	2,334
	4,655	4,139

The additional non-current trade receivables that originated in the reporting year were discounted using an interest rate of 4.8 percent (2009: 4.9 percent) based on their terms to maturity. Due to the long term of some receivables (up to 20 years), trade receivables due in more than twelve months are reported separately under non-current assets.

NOT IMPAIRED RECEIVABLES						
	CARRYING AMOUNT EUR K	THEREOF: IMPAIRED AS OF THE END OF THE REPORTING PERIOD PAST DUE	THEREOF: NOT IMPAIRED AS OF THE END OF THE REPORTING PERIOD BUT PAST DUE IN THE FOLLOWING PERIODS			
			LESS THAN 60 DAYS	BETWEEN 60 AND 180 DAYS	BETWEEN 180 AND 360 DAYS	MORE THAN 360 DAYS
Trade receivables as of December 31, 2010	4,655	3,632	454	66	19	41
Trade receivables as of December 31, 2009	4,139	3,511	600	0	0	0

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

Provisions for impairment of trade receivables break down as follows:

VALUATION ALLOWANCES		
	2010 EUR K	2009 EUR K
Valuation allowances as of January 1	132	94
Increases (expenses for valuation allowances)	301	38
Valuation allowances as of December 31	433	132

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

EXPENSES / INCOME FROM DERECOGNIZED RECEIVABLES		
	2010 EUR K	2009 EUR K
Expenses for the complete derecognition of receivables	4	22

All expenses from bad debt allowances and write-offs of trade receivables are disclosed under other operating expenses.

14 OTHER RECEIVABLES AND ASSETS

OTHER RECEIVABLES AND ASSETS				
	12/31/2010		12/31/2009	
	TOTAL	THEREOF: CURRENT	TOTAL	THEREOF: CURRENT
Financial receivables and assets				
- Other financial receivables and assets	416	416	87	87
- Other financial receivables and assets	125	0	35	0
	541	416	122	87
Deferred grants	788	788	594	594
Investment grants and subsidies	208	208	144	144
	996	996	738	738
	1,537	1,412	860	825

The following table presents income from the recognition of loans and other receivables that had been written off:

EXPENSES / INCOME FROM DERECOGNIZED RECEIVABLES		
	2010	2009
	EUR K	EUR K
Income from payments received against adjusted loans and other receivables	0	239

15 SHORT-TERM DEPOSITS

SHORT-TERM RECEIVABLES		
	2010	2009
	EUR K	EUR K
Bonds	0	1,000
Time deposits	1,500	1,000
	1,500	2,000

As of the end of the reporting period, the short-term investments only contain time deposits with a total term of more than three months.

The time deposits are assets classified as loans and receivables when initially measured.

16 CASH AND CASH EQUIVALENTS, RESTRICTED CASH

CASH AND CASH EQUIVALENTS, RESTRICTED CASH		
	2010	2009
	EUR K	EUR K
Restricted cash	475	695
Cash: Cash at banks and in hand	3,687	6,055
	4,162	6,750

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

Of the cash, an amount of EUR 475k (2009: EUR 695k) is not available to the Company. EUR 375k (2009: EUR 500k) thereof has been provided as collateral for the loans disclosed in the statement of financial position.

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		
	2010	2009
	EUR K	EUR K
Cash on deposit at banks and on hand	3,687	6,055
Current account overdrafts	-198	0
	3,489	6,055

17 ISSUED CAPITAL AND RESERVES

ISSUED CAPITAL AND RESERVES		
Issued capital	2010	2009
Ordinary shares of EUR 1 each (all fully paid in)	2,646,500	2,646,500
Composition of equity	EUR K	EUR K
Issued capital	2,647	2,647
Capital reserve	23,236	23,236
Revenue reserves	-6,968	-7,138
Other reserves	0	128
Own shares	-436	0
Non-controlling shares	339	0
	18,818	18,873

VITA 34 International AG's capital stock in accordance with its articles of incorporation and by-laws is disclosed as **issued capital** pursuant to German stock corporation law. It is divided into 2,646,500 non-par value 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.

Revenue reserves contain the retained earnings including the net result for the current year. The increase in the holdings in Secuvita resulted in a decrease in the retained earnings of EUR 313k.

Other reserves include exchange differences recognized directly in equity as well as valuation effects from available-for-sale financial assets.

Own shares contains shares (3.02 percent) that were acquired in conjunction with the acquisition of the interest in Secuvita.

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

Contingent capital

The capital stock was increased contingently by a nominal amount of up to EUR 40,000 by issuing up to 40,000 new non-par-value registered shares in 2007. This conditional capital increase is for the exercising of options, the issue of which was authorized by the Annual Shareholders' Meeting on July 31, 2007. The conditional capital increase will only be undertaken to the extent that those with option rights exercise those options.

Authorized capital

In accordance with Sec. 7 of the VITA 34 International AG by-laws there is authorized capital. By resolution of the Annual Shareholders' Meeting, the Management Board is authorized to increase the capital stock of the Company with the approval of the Supervisory Board by up to EUR 500,000 once or several times over a period of five years from the date of registration of the amendment of the articles of incorporation and by-laws, by issue of up to 500,000 new registered non-par value ordinary shares in return for contributions in cash or in kind.

18 LOANS

18.1 Current

OVERVIEW OF CURRENT LOANS AS WELL AS CURRENT LIABILITIES OWED TO BANKS			
	INTEREST RATE AS A %	2010 EUR K	2009 EUR K
Loan for EUR 900k	4.55	112	112
Loan for EUR 100k	4.55	13	13
Loans for EUR 600k	5.24	61	0
Loan for EUR 100k	4.99	100	0
Loan for EUR 150k	6.26	75	0
Loan for EUR 1,500k	2.26	1,500	0
Current account overdrafts	2.64	199	0
		2,060	125

18.2 Non-current

NON-CURRENT LOANS				
	EFFECTIVE INTEREST RATE AS A %	MATURITY	2010 EUR K	2009 EUR K
Loan for EUR 100k	6.42	2013	100	100
Loan for EUR 900k	6.42	2013	900	900
Loan for EUR 900k	4.55	2006-2013	225	338
Loan for EUR 100k	4.55	2006-2013	25	38
Loan for EUR 600k	5.24	2008-2017	370	0
Loan for EUR 150k	6.26	2011-2012	75	0
Loan for EUR 137k	0.00	2013-2024	65	0
			1,760	1,375

EUR 375k (2009: EUR 500k) has been provided as collateral for the loans disclosed in the statement of financial position and is not available to the Company. No collateral has been provided for the other loans disclosed in the statement of financial position.

19 SHARES OF SILENT SHAREHOLDERS

SILENT PARTNERSHIP		
	2010	2009
	EUR K	EUR K
Silent partnership MBG	940	940
	940	940

Mittelständische Beteiligungsgesellschaft Sachsen mbH, 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, 15 June, 15 September and 15 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 a maximum of 1 percent p.a. of the contribution made, whichever is lower. 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.

20 PROVISIONS

PROVISIONS	TOTAL
	EUR K
As of January 1, 2010	363
Addition	3
Utilization	-1
Unused amounts reversed	-326
As of December 31, 2010	39
Current provisions 2010	39
Non-current provisions 2010	0
	39
Current provisions 2009	363
Non-current provisions 2009	0
	363

The provision comprises expenses for legally prescribed manufacturing authorizations for birthing devices in connection with the collection of umbilical cord blood during the birth as well as potential damages. The Company assumes that it will have to make payments. A provision was created for the amount of the cash outflows expected for 2011.

21 DEFERRED GRANTS

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

GRANTS	2010	2009
	EUR K	EUR K
As of January 1	896	822
Received during the fiscal year	216	124
Released through profit and loss	-81	-50
As of December 31	1,031	896
Current	102	50
Non-current	929	846
	1,031	896

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

22 DEFERRED INCOME

DEFERRED INCOME	2010	2009
	EUR K	EUR K
Current	1,073	640
Non-current	5,838	5,616
	6,911	6,256

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.

23 TRADE PAYABLES AND OTHER LIABILITIES

LIABILITIES	2010	2009
	EUR K	EUR K
Financial Liabilities		
Current trade payables	892	813
Other liabilities	2,579	625
	3,471	1,438
Non-financial other liabilities		
Employee benefits	500	279
Termination benefits	0	410
	500	689
	3,971	2,127

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.

24 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

CARRYING AMOUNTS BY MEASUREMENT CATEGORY					
EUR K	CARRYING AMOUNT IN STATEMENT OF FINANCIAL POSITION				
	CARRYING AMOUNT 12/31/2010	AMORTIZED COST	AT FAIR VALUE DIRECTLY IN EQUITY	AT FAIR VALUE THROUGH PROFIT AND LOSS	FAIR VALUE 12/31/2010
Assets					
Cash and cash equivalents	4,162	4,162			4,162
Trade receivables	4,655	4,655			4,647
Other financial assets	541	541			541
Other primary financial assets					
- Loans and receivables	1,500	1,500			1,500
Liabilities					
Liabilities to banks	3,820	3,820			3,789
Shares in silent partners	940	940			1,031
Trade payables	892	892			892
Other non-interest-bearing liabilities	2,579	2,579			2,579
Thereof combined by measurement category					
- Loans and receivables	10,858	10,858			10,850
- Financial liabilities valued at fair value	8,231	8,231			8,291

CARRYING AMOUNTS BY MEASUREMENT CATEGORY					
	CARRYING AMOUNT IN STATEMENT OF FINANCIAL POSITION				
	CARRYING AMOUNT 12/31/2009	AMORTIZED COST	AT FAIR VALUE DIRECTLY IN EQUITY	AT FAIR VALUE THROUGH PROFIT AND LOSS	FAIR VALUE 12/31/2009
EUR K					
Assets					
Cash and cash equivalents	6,750	6,750			6,750
Trade receivables	4,139	4,139			4,122
Other financial assets	122	122			122
Other non-derivative financial assets					
- Financial assets at fair value through profit and loss	1,000			1,000	1,000
- Available-for-sale financial assets	155			155	155
- Loans and receivables	1,000	1,000			1,000
Liabilities					
Liabilities to banks	1,500	1,500			1,517
Shares in silent partners	940	940			985
Trade payables	813	813			813
Other non-interest-bearing liabilities	1,035	1,035			1,035
Thereof combined by measurement category					
- Loans and receivables	12,011	11,011			11,994
- Financial assets at fair value through profit and loss	1,000			1,000	1,000
- Available-for-sale financial assets	155			155	155
- Financial liabilities measured at amortized cost	4,288	4,288			4,350

24.1 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 publicly listed shares, bonds and mutual funds correspond to their face values multiplied with the quoted price as of the end of the reporting period.

The fair value of non-current trade receivables which falls due in more than one year corresponds to the present value of the payments relating to the assets using a market interest rate.

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.

24.2 Net result by measurement category

NET RESULT	2010	2009
	EUR K	EUR K
Loans and receivables	-455	145
Financial assets at fair value through profit and loss	0	291
Financial liabilities valued at fair value	72	0
TOTAL	-383	436

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 306k (2009: EUR 60k); 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 -149k and expenses from write-downs on receivables in the amount of EUR -306k. In 2009 the item was characterized by impairment losses on financial assets of EUR 291k and income from written down receivables of EUR 239k.

24.3 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			
	2011	2012	2013 ff.
	EUR K	EUR K	EUR K
Liabilities to banks	2,171	837	1,040
Shares in silent partners	66	66	1,335
Other non-interest-bearing liabilities	3,374	12	85
TOTAL	5,611	915	2,460

All instruments in the portfolio as of December 31, 2010 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.

24.4 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 "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 risk of default is limited to the carrying amount disclosed in note 13. 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.

24.5 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.

24.6 Currency risk

No major transactions are settled in USD or other foreign currencies.

25 COMMITMENTS AND CONTINGENCIES

25.1 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 space.

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	2010	2009
	EUR K	EUR K
Within one year	357	425
Between one and five years	126	242
	483	667

25.2 Capital commitments

As of the end of the reporting period of December 31, 2010 the Group had purchasing obligations for property, plant and equipment amounting to EUR 280k (2009: EUR 419k).

25.3 Legal disputes

Corresponding provisions are set up for legal disputes in the amount of the expected cash outflows (compare note 20). In addition, a suit was filed against the company on the grounds that advertising measures in conjunction with the storage of cord blood were carried out.

Since this is an action for injunction, this Group financial statement does not contain any provision for a potential obligation arising from this legal dispute.

25.4 Contingent liabilities

VITA 34 International AG did not have any contingent liabilities as of the end of the reporting period.

26 SHARE-BASED PAYMENTS

The Group entered into an agreement dated 2 August 2007 granting stock options to a former member of the management board of VITA 34 AG, an affiliate of VITA 34 International AG. The price for exercising these options corresponds with the market price of the shares at the time the options were granted. A performance target was agreed under which the options can only be exercised if accumulated revenue for the fiscal years 2007 and 2008 and for the first and second quarter of 2009 exceeds EUR 34.4 million. By cancellation agreement dated October 19, 2009 it was determined that the agreed performance target had been reached.

The contractual term of the options is five years. Cash compensation is not provided for.

As part of the agreement, the member of the management board of VITA 34 AG was granted 30,145 options to acquire shares in VITA 34 International AG at a price of EUR 14.65 each. The options expire at the end of August 2, 2012.

The fair value was measured using the Black-Scholes option price model. With respect to the expected volatility, it was assumed that it would correspond to the volatility of the share price of VITA 34 International AG between initial listing on March 27, 2007 and the date on which the options were granted. The term was set at three years based on the predetermined exercise periods. In line with the behavior of employees of comparable companies who have also been granted stock options, it was assumed that the options would be exercised at the end of the first year of the exercise period. The risk-free interest rate corresponds with that of a AAA-loan with a comparable term.

27 INFORMATION ON RELATIONSHIPS TO FRIENDS AND FAMILY

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

OVERVIEW OF SUBSIDIARIES INVOLVED IN CONSOLIDATION	PERCENTAGES OF EQUITY	
	2010	2009
NAME, HEADQUARTERS	%	%
VITA 34 AG, Leipzig, Germany	100	100
Novel Pharma, S. L., Alcala de Henares (Madrid), Spain	100	0
Secuvita, S. L., Madrid, Spain	88	0

The financial statements of CorCell Inc., Philadelphia, USA, were no longer included in the consolidated financial statements of the company due to their diminished significance.

Related parties are shareholders with significant influence and key management personnel of the Company.

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

EXPENSES TO RELATED PARTIES		
	2010	2009
	EUR K	EUR K
There is an agreement with a member of the management board concerning rights of use and sale relating to a patent application and two patents. The management board 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 2009 and 2010.		
Compensation of key management personnel of the Group:		
Short-term benefits:		
- Remuneration of the supervisory board	36	49
- Management board salaries	380	1,025
Share-based compensation:		
- The management board of VITA 34 AG	0	44

The above remuneration of the supervisory board and management board salaries relate solely to short-term benefits. As of the end of the reporting period, there were liabilities relating to management board remuneration of EUR 108k (2009: EUR 514k).

Two management board members in the Group who were dismissed in 2009 were granted severance payments of EUR 410k in the prior year.

27.1 Share-based payments

Please refer to note 26 for details of share-based payments.

28 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 in the notes to the financial statements (cf. Sec. 314 HGB) and disclosures prescribed by provisions of the German Corporate Governance Code.

The management board of VITA 34 International AG has two members at present.

28.1 System of Management Board Compensation and Review

The supervisory board determines the remuneration amount and structure for the management board pursuant to Sec. 87 AktG. Remuneration of VITA 34 International AG's management board comprises fixed and variable components and other fees.

28.2 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 component is unlimited and is based on whether certain quantitative and qualitative targets set each year are met. More weight is given to the quantitative targets. These relate to revenue and earnings before interest and taxes (EBIT). Furthermore, individual performance targets are taken into account. These targets are agreed by the supervisory board and the management board member at the start of each fiscal year.

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.

28.3 2010 Remuneration of the management board for fiscal year

The remuneration of the members of the management board for their activities in fiscal 2009 totaled EUR 380k (2008: EUR 634k). The table below provides a breakdown of management board remuneration by person. The variable component is disclosed at the maximum amount that the management board members could attain. When determining whether qualitative targets have been reached, a smaller portion of the variable remuneration can be paid at the discretion of the supervisory board.

REMUNERATION OF THE MANAGEMENT BOARD OF VITA 34 INTERNATIONAL AG FOR THE FISCAL YEAR 2010 IN EUR K				
	FIXED ANNUAL SALARY 2010	OTHER REMUNERATION IN 2010	VARIABLE COMPENSATION 2010	TOTAL
Dr. med. Eberhard F. Lampeter	180	9	54	243
Jörg Ulbrich	100	11	26	137
Total	280	20	80	380

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.

28.4 Premature termination of the employment agreement

The employment agreements concluded with management board members do not contain change of control clauses or any other special privileges relating to premature termination of the agreement.

Bans on competition for 24 months following termination of employment have been agreed with the one management board member. The Company has undertaken to pay Dr. Lampeter compensation corresponding to his basic monthly salary each month for the duration of the ban on competition. The Company is entitled to waive the ban on competition upon termination of the employment agreement. In this case, there is no obligation to pay compensation.

28.5 Share-based payments

The management board members of VITA 34 International AG do not receive any additional share-based payments.

28.6 Remuneration of the supervisory board (remuneration report)

In all, the supervisory board of VITA 34 International AG comprises three members.

Remuneration for this body in the amount of EUR 18k (2009: EUR 24k) was paid in 2010.

The remuneration of the supervisory board members is determined pursuant to Art. 18 of the by-laws. This provision in its current form is based on the resolution of the Annual Shareholder's Meeting dated July 31, 2007. The compensation is an agreed fixed amount and is paid to the members of the supervisory board on a quarterly basis. The roles of the supervisory board chairman and his deputy are taken into account separately.

In fiscal year 2010, no other compensation was paid by the Company to members of the supervisory board and no other benefits were paid for services provided individually.

SUPERVISORY BOARD REMUNERATION OF VITA 34 INTERNATIONAL AG	
	FIXED AMOUNTS IN EUR
Dr. Holger Födisch (chairman since September 1, 2010)	5,333
Richard Neeson (chairman until August 31, deputy chairman since September 1, 2010)	7,333
Dr. Uwe Marx (deputy chairman until August 31, 2010)	5,333

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing loans, silent partnerships and overdraft facilities, 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. The board reviews and agrees policies for managing each of these risks and they are summarized below.

29.1 Default risk

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. Credit verification procedures are only performed in cases where trade is financed via banks other than the Group's partner banks. However, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

29.2 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 tool. This tool considers the maturity of both its financial assets (for example receivables, other financial assets) and projected cash flows from operations.

29.3 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.

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, 2010 and December 31, 2009. Capital comprises the equity disclosed in the statement of financial position.

30 SUBSEQUENT EVENTS

There were no other events after end of the reporting period which would require reporting.

31 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	2010	2009
	EUR K	EUR K
Audit fees	75	58
Fees for other attestation or valuation services	57	0
	132	58

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

Leipzig, March 7, 2011
Management Board of VITA 34 International AG



Dr. med. Eberhard F. Lampeter
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 7, 2011
Management Board of VITA 34 International AG



Dr. med. Eberhard F. Lampeter



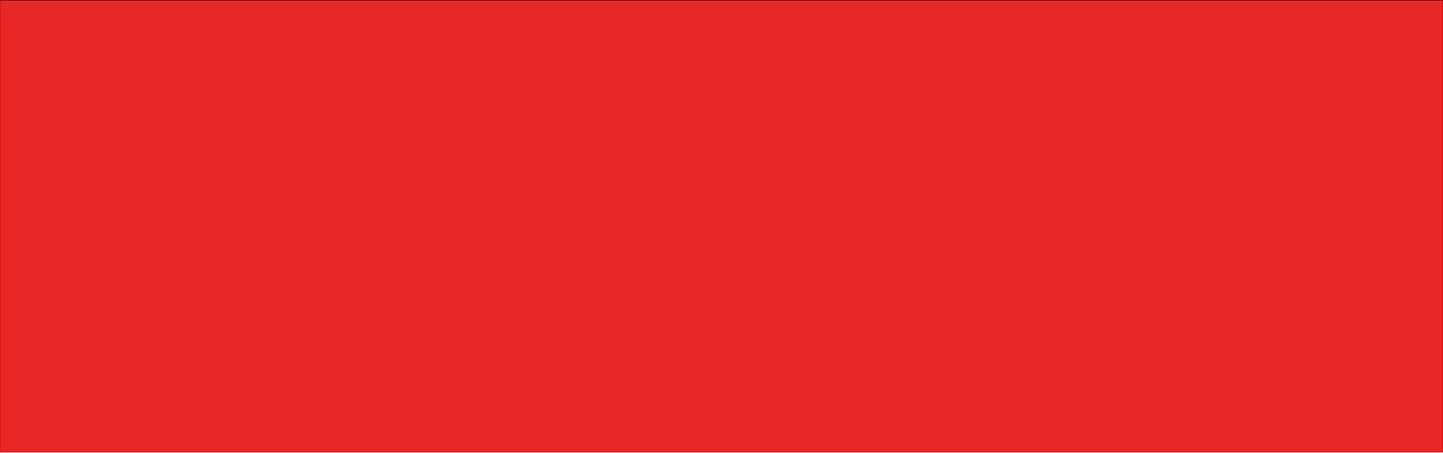
Jörg Ulbrich

AUDIT OPINION

We have audited the consolidated financial statements prepared by VITA 34 International AG, Leipzig, comprising the consolidated statement of income, 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 2010. 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 9, 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Mandler
Wirtschaftsprüfer
[German Public Auditor]

Bätz
Wirtschaftsprüfer
[German Public Auditor]

If you want to receive a first-class financial precautions, you need a first-class partner.

Mittelstandsbank





Commerzbank AG has been with VITA 34 all the way for more than 10 years as its principal bank in all financing issues. With our core skills in knowing our clients, broad product expertise, an international presence, as well as a comprehensive sector and market competence we are the strategic partner for our clients.

Commerzbank AG
Mittelstandsbank Leipzig

Achieving more together

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and is available for download on our website.

VITA 34 im Internet: www.vita34group.com

FINANCIAL CALENDAR

March 24, 2011	Publication of Annual Report
April 18, 2011	Publication of Q1 Report
May 11, 2011	Munich Capital Market Conference
July 18, 2011	Publication of Q2 Report
July 2011	Annual General Meeting
October 17, 2011	Publication of Q3 Report
November 2011	German Equity Forum

This information contains forward-looking statements, which are based on current assumptions and estimates of VITA 34 International AG management. These statements should not be construed to be a guarantee that these expectations will prove to be correct. The future development and the actual results achieved both by VITA 34 International AG and its affiliated companies are dependent on a number of risks and insecurities and can, therefore, deviate significantly from the forward-looking statements.

Many of these factors lie beyond the VITA 34 International AG sphere of influence and cannot be precisely predicted, for example the future economic and scientific environment as well as the behavior of competitors and other market participants. An update of the forward-looking statements is not planned, nor does VITA 34 International AG assume a special obligation to do so.

This report is available in German and English. Please note that in the case of legal action only the German version is valid. The English translation is only for informational purposes.

To improve readability, the male terminology is used for both genders in this report. The wording used is intended to equally address all humans, irrespective of their gender.

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