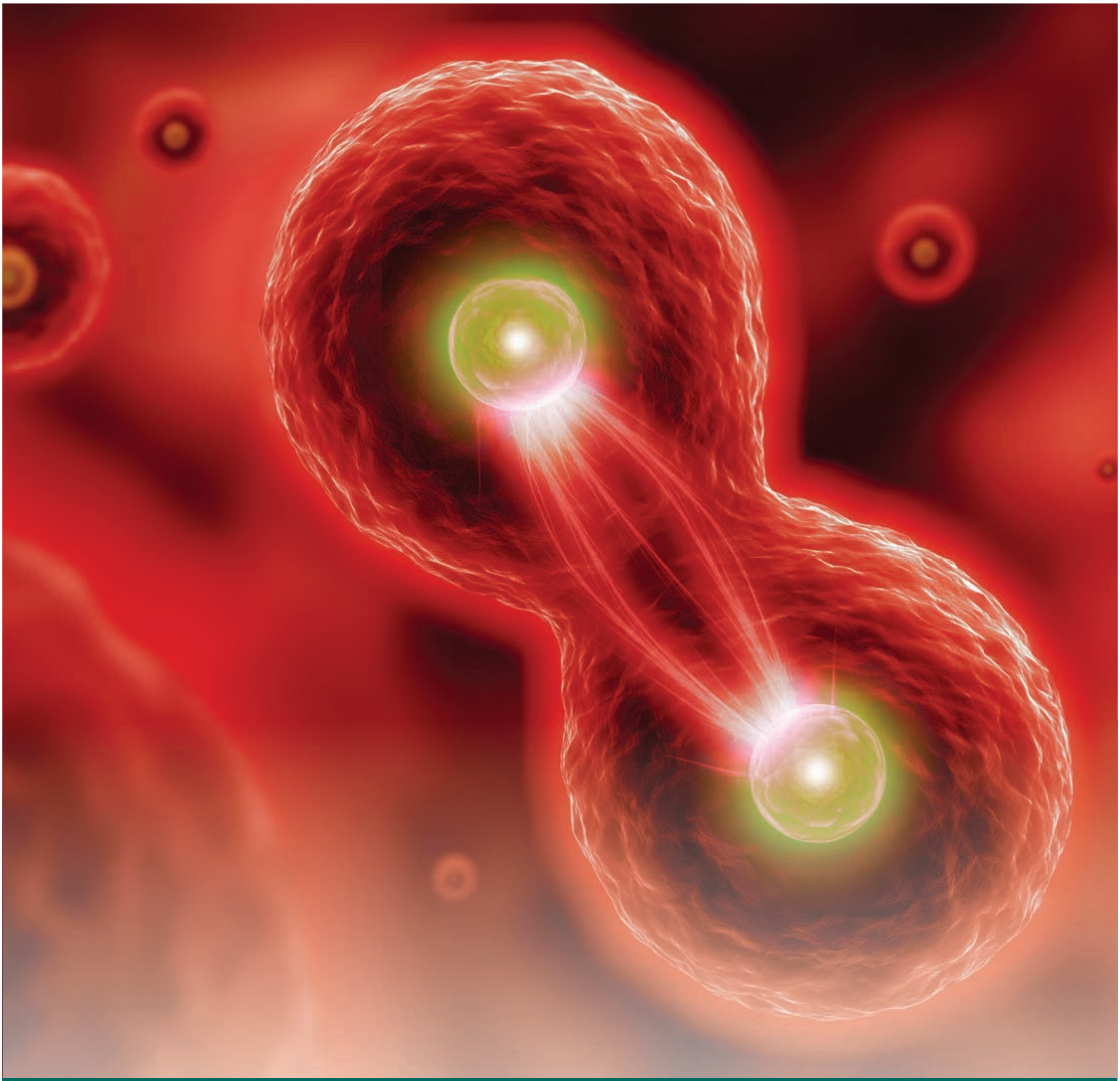
THE STEM CELL BANK



Annual Report 2015
Vita 34 AG

save · first class · innovative

OVERVIEW OF KEY FINANCIAL FIGURES

		2015	2014	2013
Profit / Loss				
Total Operating Revenue	EUR k	18,528	15,176	14,784
Revenues	EUR k	14,169	13,786	13,554
Gross profit	EUR k	6,488	7,875	8,063
EBITDA	EUR k	3,895	2,775	2,658
EBITDA-Margin on revenues	%	27.5	20.1	19.6
EBIT	EUR k	1,613	1,690	1,469
Period result	EUR k	1,702	990	788
Earnings per share	EUR	0.67	0.37	0.28
Balance Sheet / Cash flow				
Total assets	EUR k	43,782	37,056	35,628
Equity	EUR k	23,756	22,160	21,292
Equity ratio	%	54.3	59.8	59.8
Liquid funds	EUR k	2,082	3,730	2,927
Capital expenditures[1]	EUR k	4,656	424	757
Depreciation [1]	EUR k	2,282	1,085	1,189
Cash flow from operating activities	EUR k	2,590	1,055	1,775
Employees				
Employees (as of 31 December)[2]	Number	140	105	98
Personnel expenditures	EUR k	5,620	4,886	4,738

[1]Information for tangible and intangible assets
[2]Including staff of consolidated companies

CONTENT

OUR FINANCIAL YEAR 2015

JANUARY

Vita 34 takes over the assets of Vivocell Biosolutions, the Austrian market leader for umbilical cord blood storages and reinforces its position as largest stem cell bank in the DACH Region.

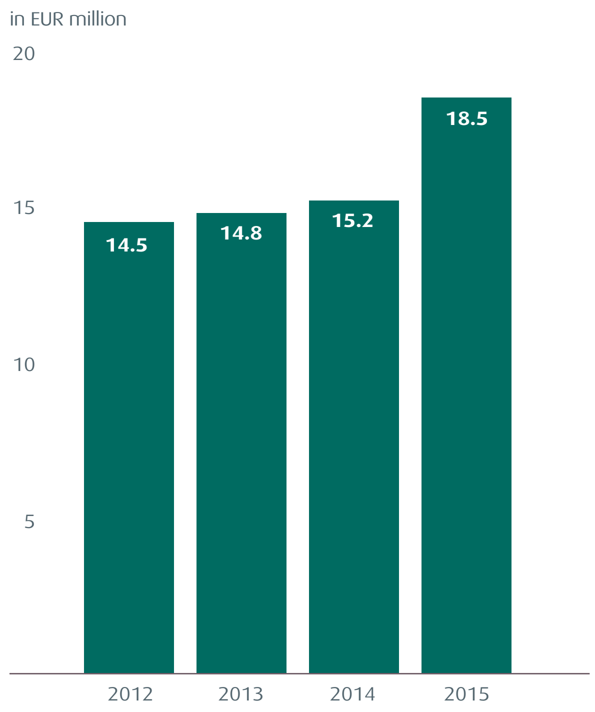
MARCH

Our subsidiary VITA 34 Slovakia commenced business operations. Perspectively this is opening up opportunities for Vita 34 to win additional shares of the market.

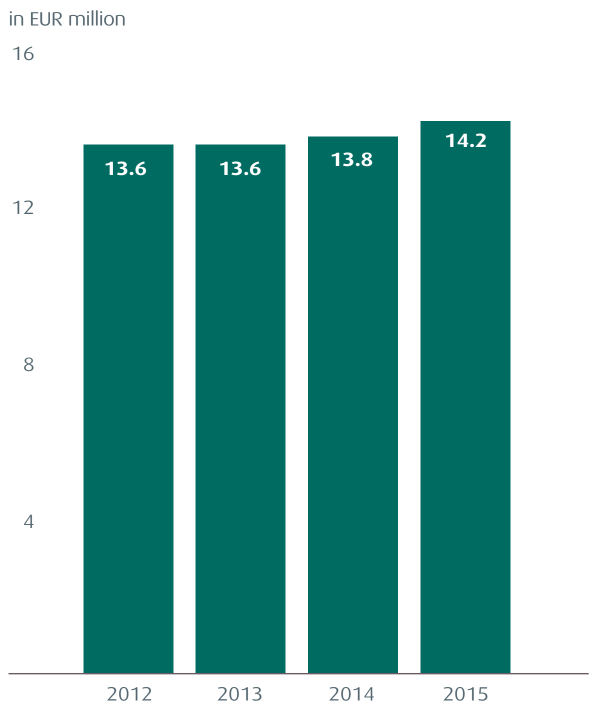
APRIL

Vita 34 is extending its activities successfully in Vietnam and China: Vita 34 is closing a cooperation agreement with a private clinic to build a stem cell center in Ho Chi Minh City, Vietnam. Here the potential of stem cells for medical application will be analyzed and used. Further the building of the first public stem cell bank with European standards in Hanoi, Vietnam is implemented.

Total operating revenue



Revenues



Vita 34 acquires company shares and voting majority of the long-standing Serbian cooperation partner Bio Save.

JULY

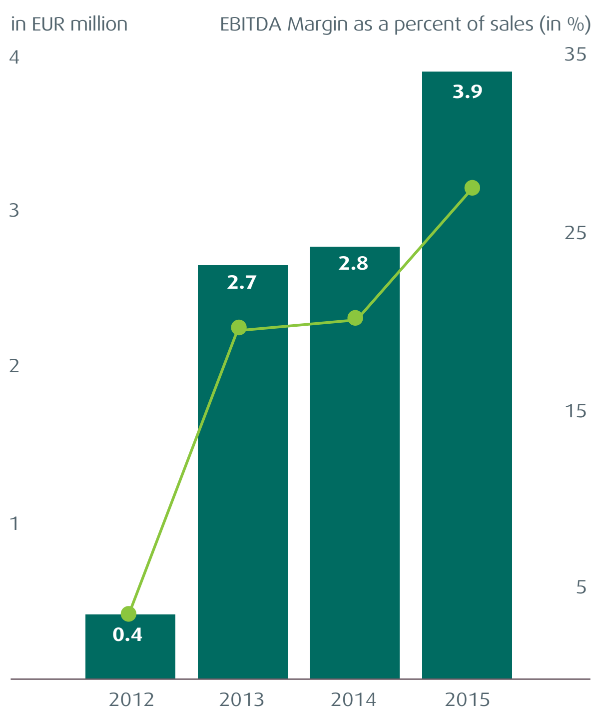
JULY

Vita 34 acquires company shares and voting majority of the Lithuanian stem cell bank AS "Imunolita" and further extends its market share in Europe.

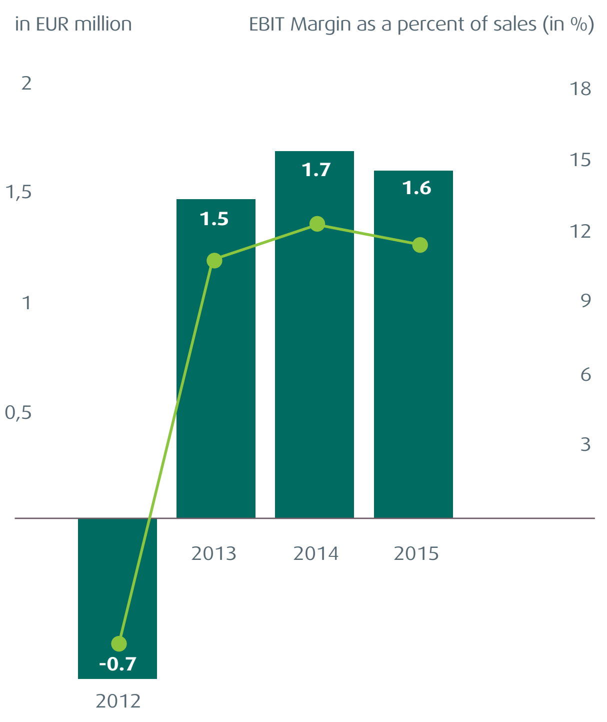
Complete take over of the leading Scandinavian cord blood bank StemCare ApS by Vita 34. With this takeover Vita 34 enters the Scandinavian market and is now active in all geographic regions in Europe.

SEPTEMBER

EBITDA



EBIT



CROSSING BORDERS

Growth Pillar I – Strengthening Market Leadership

From a German umbilical cord blood bank to an internationally oriented enterprise – this describes the development that Vita 34 has undergone in the last few years. Vita 34 is continuously opening up new, attractive markets in Europe via cooperation partners. Vita 34 is also active beyond the borders of Europe in China, Vietnam and South America. Currently, Vita 34 is active in 22 countries in Europe and around the world. By expanding activities on the international market, the - what we call it today - Vita 34 family was created.

Buy and Build – This was the strategic central motif of fiscal year 2015. With a total of four acquisitions in fiscal year 2015, Vita 34 has strengthened its position in the European market sustainably.

Accumulated number of stored Stem Cell Units

... The Group is growing

4 strategic acquisitions in fiscal year 2015


Biogefährdung
VITA34

DEVELOPMENT OF PRODUCTS

Growth Pillar II – Development of the Product Portfolio

With its comprehensive permits and licenses, Vita 34 has created the prerequisite for continuously expanding its offering. Today the use of the term product portfolio is not done loosely. Today, Vita 34 cryo-preserves umbilical cord blood using two alternative methods. In addition, apart from umbilical cord blood Vita 34 also stores umbilical cord tissue in accordance with Good Manufacturing Practice (GMP) Guidelines. This is an absolute unique characteristic!

In addition to the collection, preparation and cryo-preservation of stem cells from umbilical cord blood and tissue, Vita 34 has expanded the range it offers: The VitaPlusSpende [VitaPlusDonation] product, the sibling initiative, the mobile stem cell team, and a provisional screening are examples of the variety of service Vita 34 is providing. After all, Vita 34 offers added value beyond pure cryo-preservation. In addition, Vita 34 works with great focus daily on the development of new products for therapeutic application. Vita 34 has identified fatty tissue as a promising, additional source of adult stem cells. The project for developing a process for the cryo-preservation of autologous fatty tissue entered the next phase in 2015.

... Stem Cells are vital all rounder

VitaPlusDonation

Sibling Initiative

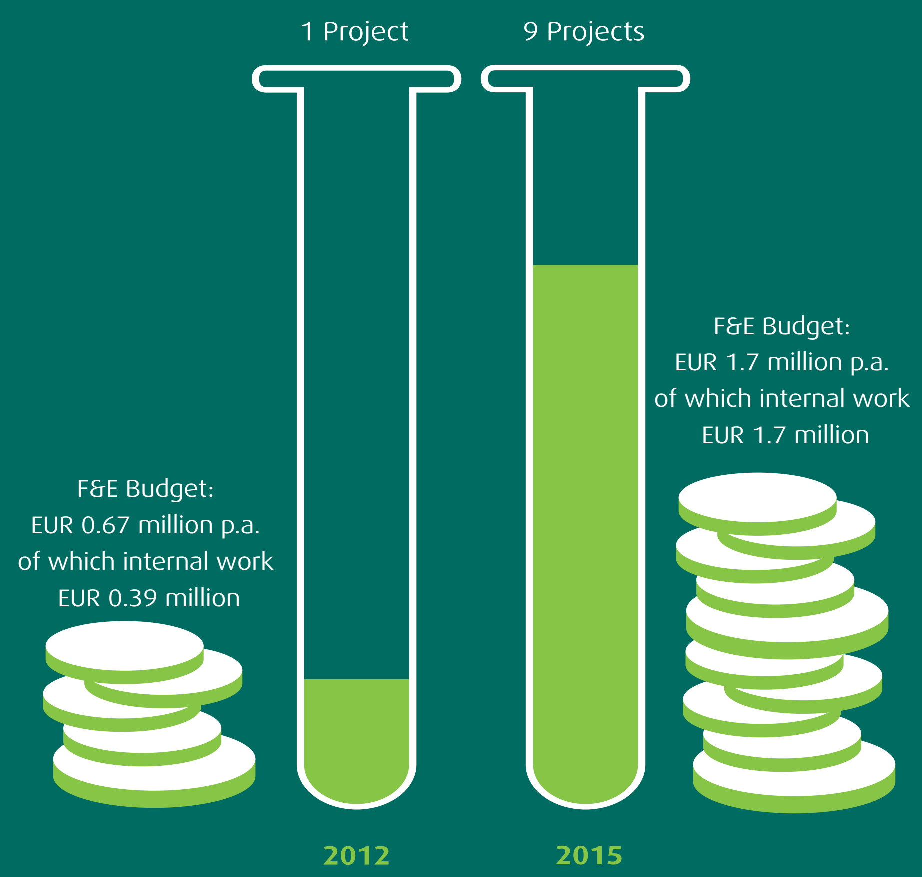
Vita 34 Preventive screening

Mobile stem cell team

PROMOTE INNOVATION

Growth Pillar III – Expansion of Research and Development

Stem cells from umbilical cord blood are something special. They are young, vital and free of infections. Worldwide clinical studies are underway, conducting research into their suitability for the regeneration of damaged tissues, following accidents or in the treatment of cancer. Many medical professionals and scientists have the same belief as Vita 34: there is enormous medical potential in stem cell therapy. Vita 34 is actively contributing to this development. Vita 34 is involved in basic and applied research and works together with universities and research institutes throughout Europe. In fiscal year 2015, Vita 34 intensified research activities and, thus, has stayed on top of the dynamic development in the field of regenerative medicine. In all, nine projects are currently pursued in the Vita 34 Research Department. The effect of using our own funds in the research budget at Vita 34 is multiplied using grants obtained.



... We are a driver in the development of stem cell medicine


VITA34

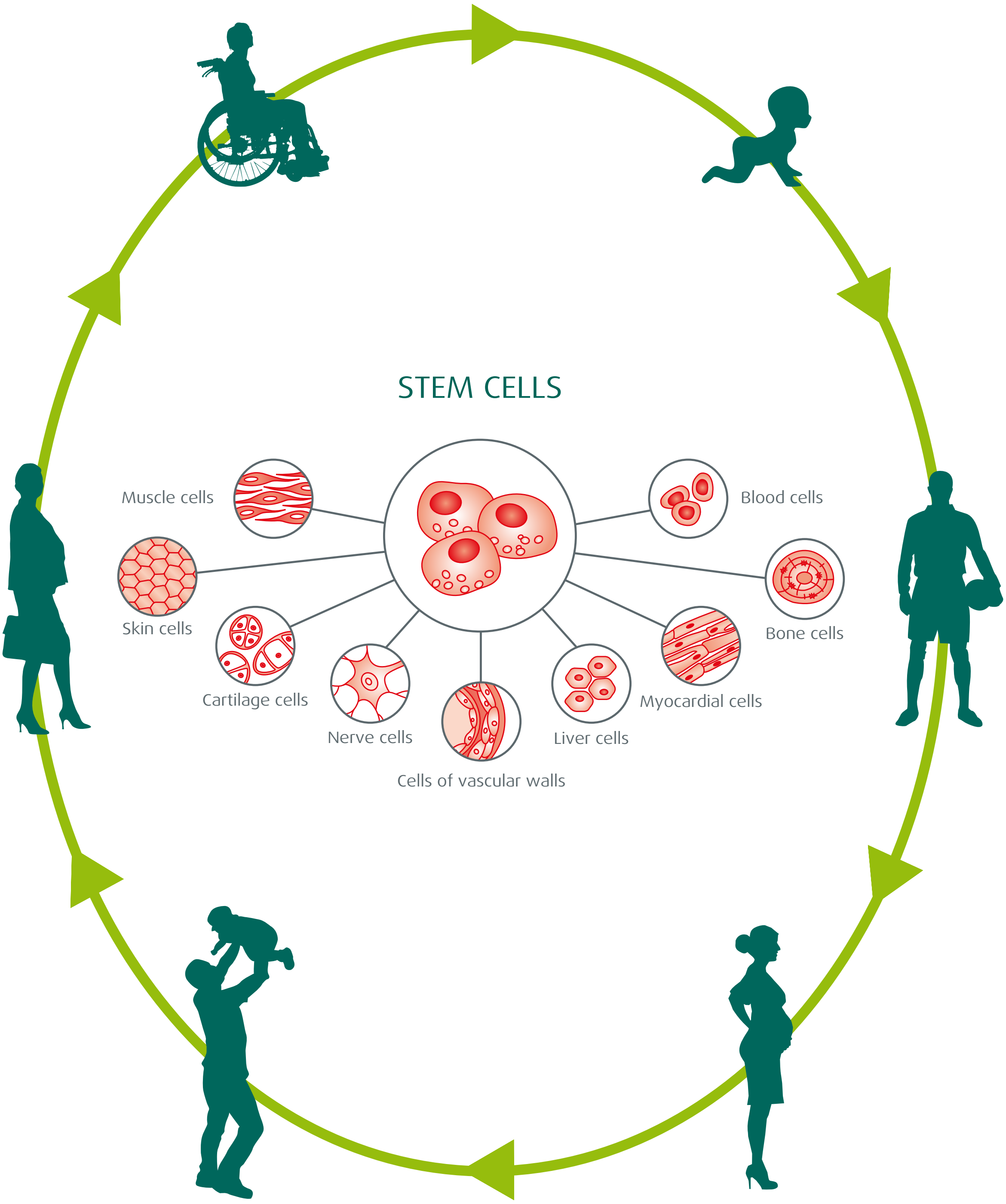
SHAPE THE FUTURE

Regenerative Medicine – the Future has begun

Regenerative medicine – the future has begun. Stem cells are the building blocks of our life! Because stem cells can divide and develop in an unlimited fashion. There are stem cells from which the various types of tissue form, such as skin, muscles or bones. Stem cells are also responsible for regeneration and repair in the case of injury and disease. In every phase of life age-specific diseases and injuries occur, which can potentially be treated with stem cell therapy – whether auto-immune diseases, sports injuries, heart attack, stroke or wear of bones and cartilage. Experts expect that in the future every seventh person up to the age of 70 years will need stem cells for the treatment of cardio-pulmonary diseases, and correspondingly the need for cryo-preservation and save storage of cells and tissues will increase. The continuously increasing number of studies, as well as the results of research by renowned scientists underscore the significance of stem cells in regenerative medicine.

Regeneration after a sports injury

Stem cells are the building blocks of life



To Our Shareholders

Dear Shareholders,

Fiscal year 2015 was the year of implementing our Buy and Build strategy. With a total of four acquisitions in the reporting period, we have strengthened our position as the second largest private umbilical cord bank in Europe, expanded our presence, apart from Germany to 22 countries in Europe and around the world, and simultaneously continued our profitable growth trend.

In fiscal year 2015, Vita 34 acquired the assets of the Austrian market leader for the storage of umbilical cord blood, Vivocell Biosolutions. We are intensifying sales activities in Austria, in order to ensure additional market share in the DACH region. In addition, Vita 34 acquired shares in its partner of many years, the Serbian Bio Save company, and the Lithuanian AS "Imunolita" company. We will expand our market share in the Eastern European market with the participation in Bio Save. Via the close cooperation with AS "Imunolita" Vita 34 is taking a direct influence on the expansion of operative business in Lithuania, Estonia and Latvia. With the acquisition of the Danish StemCare ApS, Vita 34 is now also represented in the high birth rate countries of Scandinavia and, thus, in all geographic regions of Europe.

The attainment of these milestones is also reflected in our financial figures. Sales revenues increased to EUR 14.2 million following EUR 13.8 million the previous year, and total operating revenue rose to EUR 18.5 million. The prognoses we made for fiscal year 2015 have, therefore, been fulfilled. The product VitaPlusNabelschnur [VitaPlusCord], we launched in 2013, was well accepted by the market and had a very positive effect on revenues. Thanks to the possibility of combining the storage of umbilical cord and tissue, and the deposits from the acquired companies, the number of deposits increased to a total of 145,000 stem cell units. Significant causes for the positive development are the acquisitions realized in 2015, and the associated expanded consolidation group.

Thanks to positive extraordinary effects from initial consolidation of the acquisitions, our central key financial figure, earnings before interest, taxes, depreciation and amortization (EBITDA) improved from EUR 2.8 in fiscal year 2014 to EUR 3.9 million in the reporting period. This is equivalent to an EBITDA margin of 27.5 percent, following 20.1 percent in the prior year's period. We, therefore, exceeded our guidance. The earnings before interest and taxes (EBIT) of EUR 1.7 million were stable. The period result for fiscal year 2015 increased to EUR 1.7 million, after EUR 1.0 million in the prior year's period.

The year 2016 will be characterized by the further expansion of our attained market position, which includes among other things measures for the integration of the acquired companies into the Group, as well as the initiation of efficiency increasing measures. These measures will be a burden on the result in 2016, before we can profit from them in the following years. We are completely convinced that these future investments will pay off, and that our growth strategy is the right way to develop Vita 34 in the long-term.

Apart from opening up new markets via cooperation partners and acquisitions, we have identified the establishment of new services and product fields as decisive growth factors. For more than 55 years, stem cells have been used for treating severe diseases that can occur over the entire course of a human lifetime. Apart from diseases such as cancer or diabetes, stem cell therapy offers an even greater potential in degenerative diseases such as heart attacks or strokes, or even the deterioration of bones and cartilage. This is where regenerative medicine takes an approach that deals with the restoration of diseased cells, tissues and organs. We expect an increasing demand for the cryo-preservation and reliable storage of cells and tissues worldwide, thanks to the progressing development of regenerative medicine. With our own research and development activities, we are consistently pursuing the goal of expanding our value chain via the development and introduction of new products for pharmaceutical production, and establishing therapies based on stem cells. This creates the potential for Vita 34 to position itself as a specialist for the cryo-preservation of biological materials in the future.

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

Leipzig, March 2016

Dr. André Gerth
CEO

Falk Neukirch
CFO

THE MANAGEMENT BOARD

Dr. André Gerth

Chairman of the Management Board of Vita 34 AG

Responsible in the Management Board for Strategy, Production, Marketing and Research & Development

Born in 1964, 2 children.

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

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

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

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

Falk Neukirch

Finance Director at Vita 34 AG

Responsible in the Management Board for Finance, Human Resources, Legal, Investor Relations, IT and Purchasing

Born in 1971, 2 children.

Falk Neukirch has been the CFO at the Management Board of Vita 34 since October 2015.

He successfully completed his studies of Business at the Technical University Dresden with the degree Diplom-Kaufmann. Following his studies he worked for a large auditing firm for several years and assumed various management functions in the area of finance.

From 2007-2014 Falk Neukirch was the Director of Controlling at the publicly traded First Sensor AG, and in this time accompanied several company acquisitions. From 2014 until October 2015, Falk Neukirch was the Director of Finance and was an authorized officer of BGH Edelstahlwerke GmbH.

Falk Neukirch has extensive knowledge in international accounting (IFRS) prescribed for publicly traded companies, as well as experience in company acquisitions and their integration.

Management Interview

Interview with Dr. André Gerth

Dr. Gerth, 2015 was an eventful year for Vita 34 AG. It went well operatively with four acquisitions. Even the figures presented show a positive trend. Will this momentum continue in 2016?

Our business has developed very well in the course of the Buy and Build strategy, but not only in 2015. We created the prerequisites for this in the preceding years. This is because it is part of our long-term, set strategy to open up new growth markets, both via cooperative sales efforts, as well as via acquisitions. In 2015 we took advantage of the opportunities presented to us and thereby created a solid foundation for further corporate growth. Initially, the year 2016 will be focused on integration of the acquired companies.

Did we correctly understand that further internationalization will be put on the back burner for the time being in fiscal year 2016?

By no means! In the current year we will continue to follow our strategy and, apart from penetrating existing markets, will open up new regions. In particular, the high birth rate countries in Scandinavia are very promising. With the acquisition of the StemCare ApS we are already storing stem cell units from Denmark and Sweden. Norway and Finland are exciting markets in our view, which we are probing at the moment.

Your focus is in the European region. Do you have plans to expand further beyond Europe?

We have been successful again and again in furthering activities beyond the borders of Europe. Even countries such as Dubai, or rather the United Arab Emirates are not without interest. We can well imagine getting a foothold in Middle Eastern markets in 2016.

At the same time, things have become very quiet lately with regard to markets like China. Have you ceased activities there?

Our business relations with our Chinese partners continue to be good. At the beginning of the year we welcomed a high-ranking delegation of our Chinese partners in Leipzig. And the construction of the joint stem cell bank according to German quality standards in Yinchuan is progressing according to plan. We are confident that we can begin operation of the stem cell bank in 2017, of course, under the prerequisite that all official approvals have been granted.

Permits and licenses play a decisive role for the development of business. Vita 34 already has many permits, in part as the only private stem cell bank in Germany to have them. Should we expect to see the launch of new products in 2016 based on this comfortable situation?

Our customers can expect new offers in 2016, as well. In addition, we are working on the development of cell-based products for medical use in our "Research and Development" department. This entails a great deal of effort for Vita 34. Ultimately, at the moment we can not provide a prognosis as to when the next product will hit the market. As a biotech company and a manufacturer of pharmaceutical products we are subject to extremely strict legal and regulatory provisions in every phase of the value chain, and at the same time anew for each product.

How do you find out which new products correspond especially with customer expectations?

Of course, we know the current state of studies in science and research and have excellent networks. Based on research activities, the close exchange with our partners and intense market analysis, we review the requirements of the individual markets very closely and develop new products and services in a targeted manner based on this.

Can you give us an initial indication as to which offer we can expect next?

With our product VitaPlusSpende [VitaPlusDonation] we offer today the option of combining a health provision with a public donation, as an alternative to a pure provision for oneself. We are currently working on the further development of this combination. In addition, our research project on the cryo-preservation of autologous fatty tissue is very promising.

Dr. Gerth, that sounds like quite a few exciting tasks. How do you motivate yourself daily to give it all for Vita 34?

I am an entrepreneur with my whole heart, with a clear passion for biotechnology. With Vita 34 AG we are in a highly innovative segment, that is continuously changing. This demands a high degree of flexibility and inventive talent from myself and all employees. At the same time we have the opportunity on a daily basis to develop stem cells for cell therapy, that will change our society and the world. I can't imagine anything more exciting.

Dr. Gerth, thank you very much for this conversation!

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. It has fulfilled the duties it was entrusted with in accordance with the law, the bylaws and the rules of operation. The Supervisory Board regularly monitored and provided advice on the work of the Management Board in fiscal year 2015. The basis for this were detailed reports from the Management Board presented in written and oral format, and regular consultations between the Management Board and the Chairman of the Supervisory Board. Between the regular Supervisory Board meetings the Supervisory Board Chairman met at least once a month with the Management Board, in order to ensure a comprehensive exchange of information between these bodies. Within the Supervisory Board group, the Chairman of the Supervisory Board also exchanged information at least once a month with his deputy and selected members of the Supervisory Board regarding current Company topics. All decisions of significance were discussed openly with the entire Supervisory Board.

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

The Supervisory Board met in person six times in 2015. In accordance with the provisions of the by laws of the Company, additional meetings were held in the form of telephone conferences, and resolutions were made in writing by circulating them. 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. Within the context of a two-day retreat meeting in the summer of 2015, the Chairman of the Management Board, the Chairman of the Supervisory Board and his Deputy Chairman thoroughly discussed the further development of the company, as well as the emphases of strategic development in the coming years. All members of the Supervisory Board participated in all meetings. The Supervisory Board has not formed committees.

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

Emphasis of the Consultations in the Supervisory Board

Apart from overarching topics, the Supervisory Board dealt with specific topics in individual areas and, when required, passed the necessary resolutions. Important focal points of the activity of the Supervisory Board in the reporting year were questions in the areas of marketing and sales, the acquisition of shares of Bio Save d.o.o. in Serbia, and AS “Imunolita” in Lithuania, as well as the complete takeover of StemCare ApS and the beginning of their integration into the Vita 34 Group.

Changes in the Management Board

Effective October 1, 2015, the Supervisory Board appointed Mr. Falk Neukirch as CFO of Vita 34 AG. He is leading the company together with the Chairman of the Management Board, Dr. André Gerth. Falk Neukirch took over the helm from Jörg Ulbrich, who was a member of the Management Board for 7 years. This change in the finance area took place by mutual agreement. The new Finance Director is assuming the role with the goal of mastering the necessary strategic market challenges in the Management Board team in order to develop Vita 34 AG into a globally leading specialist for the storage and application of stem cells, while maintaining profitable growth.

Falk Neukirch studied Business at the Technical University Dresden from 1990 to 1996, with one year in Great Britain, and he finished his studies with a graduate degree in Business. Falk Neukirch then worked for several years for Deloitte in the field of auditing and tax consultation before taking on various management positions in the field of finance in industry with a strong international focus. From 2007 until 2014 Falk Neukirch was Director of Controlling at the publicly traded First Sensor AG where he reported directly to the Management Board. In his seven-year tenure at First Sensor AG he established a capable finance department, which included, in particular, an excellent controlling and reporting department, as well as efficient risk management covering 18 subsidiaries.

Corporate Governance

The Supervisory Board dealt with the further development of Corporate Governance principles in the Company, thereby taking into consideration the recommendations of the German Corporate Governance Code (DCKG) dated June 14, 2014 and May 5, 2015. In March 2016, the Management Board and the Supervisory Board issued a new Declaration of Compliance, which is printed on page 42 of the annual report, in the "Corporate Governance" chapter and has also been published on the home page of the Company.

Annual and Group Financial Statements, Audit

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

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

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

Personnel

The Company continues to find itself in an economically challenging environment. Moreover, the legal requirements on members of the Supervisory Board have increased in the last years. In order to continue to live up to these challenges as best possible, it was expedient to outfit the Supervisory Board of the Company with additional capacities and specialized knowledge. After the resolution concerning the modification of the bylaws for expanding the Supervisory Board, the Annual General Meeting elected three new members into the Supervisory Board on July 28, 2015. The new members of the Supervisory Board are Mr. Artur Isaev, Mr. Heinrich Sundermeyer, and Ms. Gerrit Witschaß. In addition, Dr. med. Mariola Söhngen was elected as an alternate for the Supervisory Board.

In its meeting on July 28, 2015 Supervisory Board member Mr. Alexander Starke, who had up to then been a regular member of the Supervisory Board, was elected to be its Deputy Chairman. He took over this position on the same day from Dr. Holger Födisch, who is still a member of the Supervisory Board. Effective December 31, 2015 Mr. Heinrich Sundermeyer resigned his position on the Supervisory Board for medical reasons. He was replaced by Dr. med. Mariola Söhngen, who joined the Supervisory Board on January 1, 2016.

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

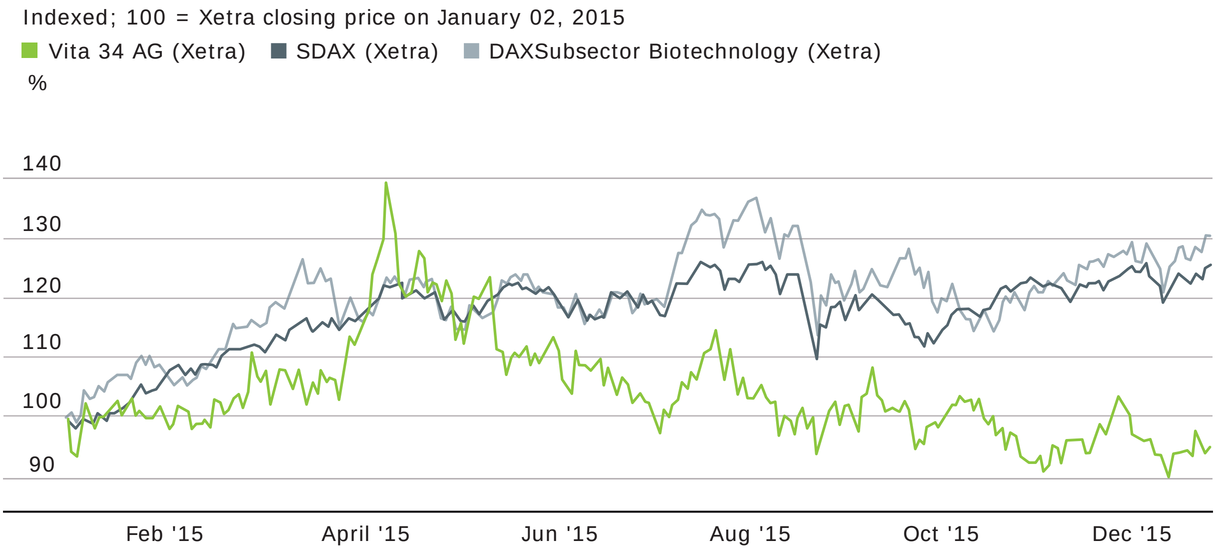
March 21, 2016

For the Supervisory Board

Dr. Hans-Georg Giering
Chairman of the Supervisory Board

VITA 34 AG STOCK

Stock Price Development



Stock Price Development

The Vita 34 AG stock is listed in the regulated market (segment: Prime Standard) of the Frankfurt Stock Exchange. On the first trading day of 2015 the stock started the fiscal year with a price of EUR 4.88. After a continuous upwards trend within the course of the first quarter and, in particular, at the beginning of the second quarter, the share price reached its high for the fiscal year of EUR 7.29 on April 10, 2015. In the further course of the year the stock hovered around the EUR 5.00 mark.

The lowest share price in the fiscal year was noted on August 24, 2015 at EUR 4.61. In the further development, the stock was at first able to stabilize and then reach a price of EUR 5.43 in the fourth quarter on October 5th. With a closing price of EUR 4.94 on December 30, 2015, Vita 34 attained a market capitalization EUR 14.9 million.

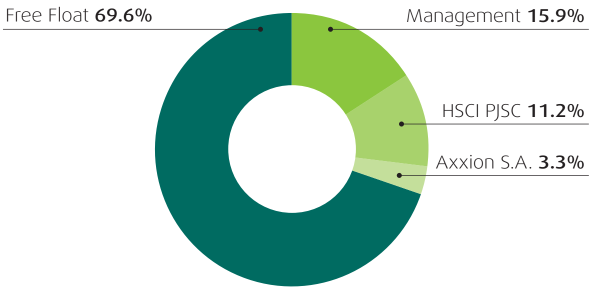
An average of 9,800 shares were traded on the most important trading platform, Xetra, per trading day in fiscal year 2015.

Information and Key Figures on the Shares

Ticker symbol / Reuters symbol	V3V / V3VGn.DE
Securities number / ISIN	A0BL84 / DE000A0BL849
Initial quotation	03/27/2007
Market segment	Prime Standard
Indices	CDAX, Prime All Share, Technology All Share, DAXsubsector Biotechnology, DAXsector Pharma & Healthcare
Opening / Closing Price	EUR 4.88 / EUR 4.94
High / Low	EUR 7.29 / EUR 4.61
Number of shares	3,026,500
Free-float as of December 31, 2015	69.6 percent.
Market capitalization as of December 31, 2015	EUR 14.9 million
Designated Sponsor	ODDO SEYDLER Bank AG

Shareholder Structure

As of December 31, 2015



Vita 34 AG had a higher level of free-float at 69.6 percent as of the December 31, 2015 closing date as compared with 2014 (December 31, 2014: 63.9 percent) and had a broad base of shareholders. As of the closing date December 31, 2015, Chairman of the Management Board Dr. André Gerth held a total of 12.7 percent of the shares. The total share held by management of Vita 34 at the end of the year was 15.9 percent, in the wake of 17.4 percent in 2014. Human Stem Cells Institute PJSC (HSCI), Moscow, kept its own holdings within fiscal year 2015 constant at 11.2 percent. The new, fourth largest shareholder as of the closing date is Axxion S.A. fund, which had a total of 3.3 percent. Landesbank Baden-Württemberg, which had a share of 6.6 percent in Vita 34 AG in fiscal year 2014, completely divested of its shares in fiscal year 2015.

Investor Relations

Investor Relations means for Vita 34 informing shareholders, analysts, potential investors and finance journalists quickly and completely concerning developments in the Company. Vita 34 places special value on providing all participants in the capital markets with information of the same thoroughness and transparency.

The investor relations work at Vita 34 is targeted towards an active and transparent dialog with the shareholders and stakeholders, in order to comply with the transparency requirements of the Prime Standard Segment of the Frankfurt Stock Exchange. In this context, the Management Board participates regularly in capital market conferences, for example, in 2015 in the DVFA spring conference in Frankfurt, Main. In addition, Vita 34 publishes company-relevant news in a timely fashion in the form of ad hoc, corporate news, ad hoc releases and financial reports.

In fiscal year 2015 ODDO SEYDLER Bank AG acted as Designated Sponsor. The analysts at ODDO SEYDLER Bank recommend the stock as a buy in their last update on November 25, 2015 with a continued target price of EUR 7.50.

Annual General Meeting

The regular Annual General Meeting of Vita 34 AG took place at BIO CITY Leipzig on July 28, 2015. All of the Supervisory Board members and the Management Board in office in fiscal year 2015 were granted discharge within the context of the Annual General Meeting. Within the course of changing the by laws, the number of Supervisory Board members was increased from three to six. The new members elected the Supervisory Board are Mr. Artur Isaev, Mr. Heinrich Sundermeyer, and Ms. Gerrit Witschaß. Dr. med. Mariola Söhngen was appointed as an alternate for the Supervisory Board. Dr. Hans-Georg Giering was confirmed as Chairman of the Supervisory Board. After Dr. Holger Födisch had resigned his position as Deputy Chairman of the Supervisory Board for personal reasons, Mr. Alexander Starke was elected as his successor. In addition, the shareholders approved the proposal made by the Management and Supervisory Boards to pay a first-ever dividend in the amount of EUR 0.15 per share with a 99.9 percent majority, thanks to the greatly improved income situation. The detailed voting results of the 2015 Annual General Meeting can be reviewed at any time on the Investor Relations website at www.vita34group.de under in the "Annual General Meeting" section.

Financial Calendar 2016

May 25, 2016	Publication of the Quarterly Report (Q1 2016)
August 23, 2016	Publication of the Half-Year Financial Report 2016
August 25, 2016	Annual General Meeting 2016
November 24, 2016	Publication of the Quarterly Report (Q3 2016)

SUSTAINABILITY

Sustainability is an integral part of the Vita 34 business model. The storage of umbilical cord blood and tissue, as provision for oneself or a donation, is a future-oriented investment – a healthcare provision. As the largest private stem cell bank in the German-speaking countries, Vita 34 is aware of its responsibility to strive for a lasting balance between commercial, ecological and social aspects. We see this as the foundation for a long-term, sustainable and, therefore, positive business development.

Economic Responsibility

As in the past, some 95 percent of all umbilical cord blood is discarded after birth, even though success has been demonstrated in therapeutic application and research. We, as a European pioneer in umbilical cord blood banking, work every day to make the possibility of a sustainable use of umbilical cord blood and tissue generally more well known. Our goal is to establish the treatment of stem cells from umbilical cord blood and tissue as a medical standard.

Within the scope of our quality management we are active as a member of Cord Blood Europe – the association of European private umbilical cord blood banks – in further developing the national and European legal framework, in order to ensure the greatest possible safety and quality in the storage of umbilical cord blood and tissue [www.cordbloodeurope.org]. We have implemented the legal requirements in corresponding Standard Operating Procedures (SOPs), which go beyond the legal requirements in important areas.

Thanks to our developed infrastructure, we are in the position to guarantee our customers comprehensive safety both in transport, as well as in stem cell storage. In particular, in the area of power supply, Vita 34 is prepared for all imaginable failures thanks to temporary independence of third-parties. In addition, Vita 34 has insurance coverage for all stored stem cell deposits. Generali Versicherung AG and HDI-Gerling would provide financial resources in the case of possible insolvency, such that the stem cell unit could be stored properly and monitored for 50 years. A special feature of the liability insurance at Vita 34 is, that apart from the activities of the employees of Vita 34, also the collection of the umbilical cord blood and tissue by the personnel in the birthing clinics is covered.

Ecological Responsibility

In order to live up to our ecological responsibility, we constantly monitor and evaluate the use and disposal of hazardous materials and chemicals. Vita 34 continuously strives to reduce the amount of hazardous waste. For example, Vita 34 uses a DMSO solution (dimethyl sulfoxide), in small package sizes, corresponding with the daily requirements. This causes less residual amounts of DMSO that need to be disposed of as hazardous waste. In order to improve our energy balance, we use cryogenic tanks, that have low energy consumption thanks to their vacuum insulation. Vita 34 produces part of the electricity it requires in the BioCube with its own photovoltaic system, which is intended to help produce 18,000 kWh annually. This is equivalent to a savings of eleven tons of CO_2 emissions.

Social Responsibility

The possibility of helping severely ill fellow persons with stem cell treatments is our incentive to research additional treatment options with stem cells from umbilical cord blood and tissue. We offer interested parents the opportunity to thoroughly inform themselves within the context of "Glass Laboratory" tours and presentations by physicians and midwives. In addition, our company blog and our Facebook page provide information on current developments and backgrounds surrounding stem cells.

Group Management Report

GROUP MANAGEMENT REPORT

GROUP FUNDAMENTALS

Business Model

Vita 34 has stood for high-quality stem cell storage in Europe for more than 18 years. With more than 145,000 stem cell units, this specialist for stem cells from umbilical cord blood and tissue, founded in 1997, is by far the largest and market-leading private stem cell bank in the German-speaking countries, and it is the second largest private umbilical cord blood bank in Europe today. Some 140 employees in 22 countries in Europe and around the world contribute to the success of Vita 34.

Vita 34 offers single source stem cell banking, thus covering the entire value chain. The observance of the highest quality and safety standards is the utmost priority for the corporate activities of Vita 34: In the field of collection logistics, in the preparation and permanent storage of umbilical cord blood and tissue, as well as in the proper dispensing of stem cell preparations for medical use.

Stem cells from umbilical cord blood or tissue are vital all-rounders. They are stem cells from which various types of tissue form and regenerate during our lifetime, for example, skin, muscles and bone. Likewise, these stem cells can be used for healing and repairing injuries or diseases. The stored stem cell preparations are available for medical use in the case of illness or injury over the course of an entire human lifespan. Whether auto-immune diseases, sports injuries or degenerative cardiovascular diseases, as a company among stem cell banks, Vita 34 offers a provisional product that can be used within the scope of a stem cell therapy.

Employees from Vita 34 train OB/GYNs and midwives at clinics and medical practices in the collection of umbilical cord blood and tissue on a daily basis. Vita 34 supports a network of numerous birthing facilities in Germany, Austria and Switzerland. Together with our partners, Vita 34 cooperates with some 2,000 birthing facilities and around 15,000 OB/GYNs in the collection of umbilical cord blood and tissue.

Vita 34 is the only private stem cell bank in Germany that can demonstrate a number of actual medical applications for stem cell preparations stored for one’s own use. This is proof of the high quality of storage at Vita 34.

The observance of the strictest quality standards is reflected in the many permits and licenses we hold. For example, in addition to a permit for the autologous dispensing of umbilical cord blood, Vita 34 is the only private stem cell bank to possess:

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

Vita 34 actively participates in applied stem cell research, in order to study the potential medical applications of umbilical cord blood stem cells and develop new cell products. To this end, Vita 34 works with renowned research institutes and universities throughout Germany, and makes a significant research contribution toward medical progress, especially in regenerative medicine. With the storage of different stem cell materials Vita 34 would like to establish quality standards for later use, and to continue to research the functioning of stem cells from umbilical cord blood and tissue. Thus, Vita 34 is opening up the potential for itself to produce therapeutic agents based on stem cells for cell therapies in the field of regenerative medicine in the future.

Added Value – Beyond merely Cryo-Preservation

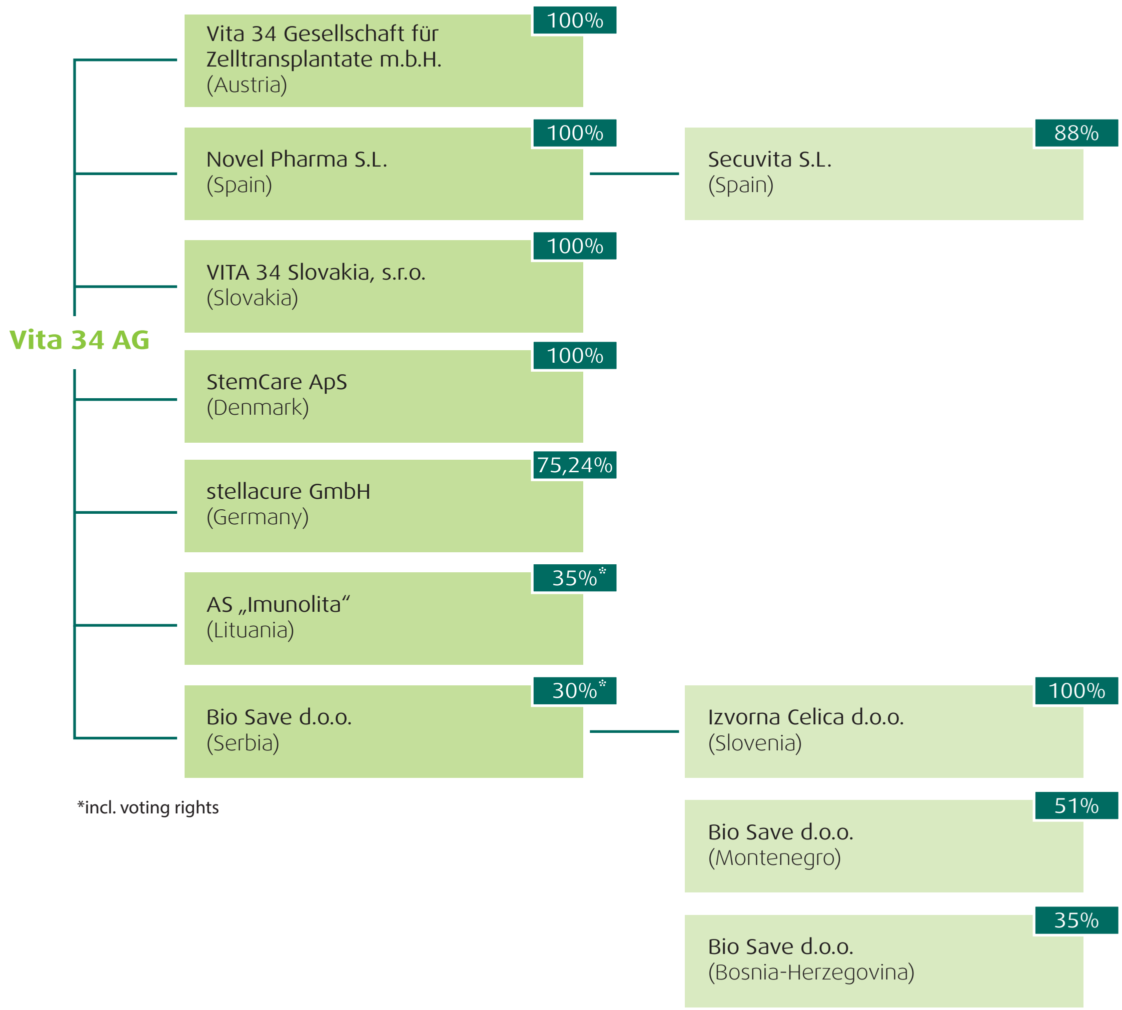
In addition to the collection, preparation and cryo-preservation of stem cells from umbilical cord blood and tissue, Vita 34 has continually expanded the spectrum of what it has offered:

- With **VitaPlusSpende** [VitaPlusDonation] Vita 34 offers parents the option of combining the health provision with a public donation as an alternative to pure autologous storage (own provision) or allogenic donation (third-party donation) of umbilical cord blood. In the case of need, the child's own stem cells are available for therapeutic stem cell application. In addition, the stem cells can also be donated to a third-party person who has become ill. The tissue-specific characteristics of the stem cell preparations are made anonymous and made available worldwide for a stem cell search via the stem cell registry established by Vita 34 on www.stemcellsearch.org.
- Since the probability of tissue characteristics matching is highest among siblings, in 2002 Vita 34 founded the **Sibling Initiative**. Vita 34 allows the storage free of charge of stem cells from the umbilical cord blood of a child whose brother or sister is seriously ill and need the stem cells from the newborn sibling for a treatment, for example in the case of leukemia.
- Across Europe, Vita 34 has established the only **mobile stem cell team**, in order to ensure treatment with stem cells from umbilical cord blood in every hospital. The mobile stem cell team from Vita 34 brings the cryo-preserved stem cells into the respective clinic and performs another quality test before handing them over to the physician, and ensures their proper preparation. Apart from observing all pharmaceutical law requirements in the storage of stem cells, Vita 34 fulfills the highest quality standards in dispensing the umbilical cord blood. This is done thanks to mobile special equipment and the use of mobile clean room technology, independent of how the clinic is equipped.
- The **Vita 34 Prevention Screening** supplements a standard physician's examination and helps with the early detection of genetically related health risks and predispositions to incompatibilities. It encompasses tests of the DNA for risks regarding intolerances against antibiotics, lactose and cereal flour, as well as a disturbance of the immune system (AAT deficiency) or haemochromatosis.

Corporate Structure

Today, Vita 34 is a European-oriented company with a modern group structure:

Corporate Structure



The publicly traded Vita 34 AG is the parent of the Group: Three companies are included and fully consolidated in the Group Annual Report of Vita 34 AG as of December 31, 2015.

- Vita 34 Gesellschaft für Zelltransplantate m.b.H., Austria
- Novel Pharma, S.L., Spain
- Secuvita S.L., Spain,
- StemCare ApS, Denmark,
- stellacure GmbH, Germany
- Bio Save d.o.o., Serbia,
- Izvorna Celica d.o.o., Slovenia,
- Bio Save d.o.o., Montenegro

For reasons of substantiality, a consolidation of VITA 34 Slovakia, s.r.o. (Slovakia), and AS "Imunolita," as well as the indirect interest in Bio Save d.o.o., (Bosnia-Herzegovina), at equity was not performed.

Vita 34 on the International Market

Foreign business via subsidiaries and cooperative venture partners is a significant component of company activity. Vita 34 is steadily opening up attractive new markets via its partners. Vita 34 has continuously expanded its activities in the international market in the past years, and has developed a sales alliance in far-reaching parts of Europe. At the end of the reporting period, apart from Germany Vita 34 was active in a total of 22 countries in Europe and around the world. Based on many years of experience in the preparation and preservation of stem cells, Vita 34 provides its cooperation partners with all of the required expertise.

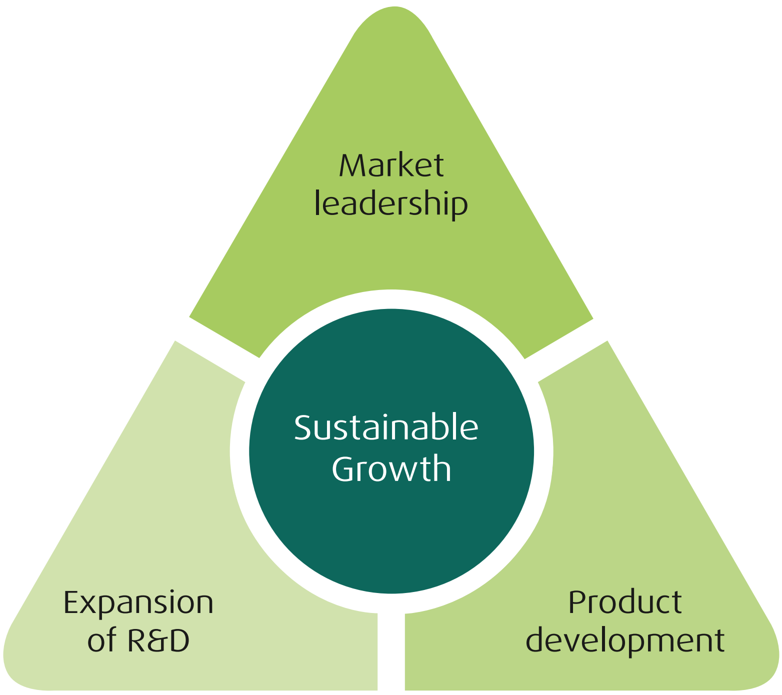
International Presence – The Vita 34 Family

Headquarter Leipzig
Subsidiaries and partners
Cord blood banks as partners

Objectives and Strategy

Vita 34 pursues the goal of establishing the company as an internationally leading provider of new products based on stem cells. To attain this goal, Vita 34 has defined three significant pillars of growth: Strengthening market leadership, product development, as well as the expansion of research and development activities. Vita 34 wants to generate persistent growth in revenue and profits by opening new markets, services and product ranges, as well as via inorganic growth.

Vita 34 – Growth Pillars



Market Leadership

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

Product Development

Due to the intensive scientific development in the field of Regenerative Medicine, Vita 34 expects there to be a globally increasing demand for the cryo-preservation and reliable storage of cells and tissues. Based on extensive permits and licenses, in the long-term Vita 34 plans to expand the product range to include high-quality products for therapeutic use, and to use additional sources of adult stem cells besides stem cells from umbilical cord blood and tissue for product development.

Expansion of Research and Development

Enormous progress has been made in biomedical research when it comes to cell-based therapies in the last few years. Vita 34 expects an increasing demand for cell lines and cell products in the future with the development of stem cell therapies. Stem cells from umbilical cord blood and tissue are of particular interest for medicinal application, since they are vital, young and free of infections. The intensification and the expansion of research initiatives are, therefore, significant elements of the growth strategy. Vita 34 gains access to new knowledge in stem cell via cooperative efforts with noteworthy universities and renowned research institutes. The intent is to accelerate the introduction of product innovations in the field of stem cells by expanding our research and development activities.

Control System and Performance Indicators

The Management Board of Vita 34 uses the following key figures for internal group control of the company: Total operating revenue, earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA margin, and equity ratio. The development of the control variables as compared with defined targets is reported on an annual basis. The following list contains information on the relevant, internal group control variables:

Total Operating Revenue

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

EBITDA and EBITDA Margin

The operating earnings before interest, taxes, depreciation and amortization (EBITDA) is the central success variable at Vita 34. It serves as significant measurement for the operating profitability and cash flow strength of the company.

Equity Ratio

Vita 34 monitors and controls the internal financial structure of the company, among other things via the equity ratio.

In fiscal year 2015, the defined control variables developed positively with regard to the defined target values. The precise development of the key figures total operating revenue, EBITDA, EBITDA margin and equity ratio are explained in the "Revenue and Profit Situation," „Financial Situation" and "Assets" chapters.

Control Variables

		2015	2014	2013
Total Operating Revenue	EUR k	18,528	15,176	14,784
EBITDA	EUR k	3,895	2,775	2,658
EBITDA Margin on Revenues	Percent	27.5	20.1	19.6
Equity Ratio	Percent	54.3	59.8	59.8

Research and Development

Stem cells that are as free from infection and environmental influences as possible, and which are extremely vital and young and, therefore, possess a high development potential are of particular interest for medical application. Stem cells from umbilical cord blood and tissue possess these characteristics to a special degree and, thus, represent an important source for stem cell research.

The increasing number of studies, as well as the tremendous progress made in biomedical research in the case of cell-based therapies, underscore the potential of stem cells from umbilical cord blood and tissue. With the advancing development of stem cell therapies, Vita 34 expects an increasing demand for the secure storage and provision of cells and tissues in the future. Currently some 1,205 clinical studies with umbilical cord blood and some 342 with umbilical cord tissue are registered worldwide, dealing with specific areas of application (www.clinicaltrials.gov). In addition, the number of stored stem cell units has increased continuously: For example, up to December 2014 it is estimated that 731,000 stem cell units of umbilical cord blood had been stored in public stem cell banks worldwide. The number of deposits of umbilical cord blood at private stem cell banks for one's own use is now greater than 4 million. In all, 35,000 umbilical cord blood transplantations have taken place to date. Of these, more than 1,000 patients were treated with stem cells from umbilical cord blood that had previously been stored in private cord blood banks.

Overall, the research activities at Vita 34 this year and, as well as in 2016 and 2017, have been and are being supported by EU, German Federal and State grants amounting to nearly EUR 1.7 million. This is significantly topping up the research budget at Vita 34 and the effect will be multiplied by using ones own funds. Vita 34 expanded its research activities in fiscal year 2015 with new projects, and has achieved important project objectives: Thus, Vita 34 has stayed on top of the dynamic development in the field of regenerative medicine. In all, nine projects are currently being worked on in the Vita 34 Research Department.

Cryo-Preservation of Autologous Fatty Tissue

Once Vita 34 had isolated cells capable of division in the course of a development project on the cryo-preservation of autologous fatty tissue, in Q3 2015 the characterization steps towards identifying mesenchymal stem cells were able to be determined. Thus, an important milestone on the way to developing a process for cryo-preservation of the stem cells contained in fatty tissue has been reached.

At the beginning of October 2015, Vita 34 presented the current results of the "Cryo-Preservation of Autologous Fatty Tissue" project at the 46th annual meeting of the German Society for Plastic, Reconstructive and Aesthetic Surgeons at the HELIOS Clinic in Berlin. The presentation garnered great interest among the physicians in attendance – ultimately, many of them are interested in storing the fatty tissue of their patients in a quality-conscious manner. Thus, Vita 34 is making an important contribution by storing the fatty tissue of patients both short-term and long-term, in order to use it in the future with high quality for reconstructive and aesthetic operations.

Mesenchymal Umbilical Cord Stem Cells for Treatment of Graft versus Host Disease

Vita 34 was able to make decisive discoveries in a research project together with the University of Leipzig. The objective was to determine how a mesenchymal stem cell preparation from the umbilical cord needs to be prepared, such that it can be employed most effectively for preventing or treating GvHD (Graft vs Host Disease). To this end, fundamental parameters such as the type of transplantation, stem cell concentration and the ideal treatment time frame were determined.

Additional Research Projects

In order to open up additional sources for the collection of mesenchymal stem cells besides umbilical cord and fatty tissue, Vita 34 started a further research project at the beginning of the year. The goal is the evaluation of different sources of stem cells. To this end, mesenchymal stem cells will be isolated from the tissue and studied for their ability to differentiate.

Moreover, in Q3 Vita 34 began a project in which the effective anti-bacterial substances can be evaluated in pre-clinical models. These substances are to be used for treating infections, which are caused in humans by disease-causing bacteria and fungi.

In addition, Vita 34 is currently testing the effect of plant stem cells on the vitality and growth of human stem cells from umbilical cord blood and tissue.

Personnel

Motivated and qualified employees are the foundation of a long-term positive development of Vita 34 AG. As of the closing date December 31, 2015 Vita 34 employed 140 employees in either full or part-time positions (2014: 105 employees) and five trainees (2014: 5 trainees). This clear increase can be attributed, in particular, to the four strategic acquisitions successfully completed in fiscal year 2015.

The average age of group employees in the reporting year was some 37 years of age (2014: 41 years); the average length of employment was around 6 years (2014: 6 years).

Employee Structure of Vita 34 and Subsidiary Companies in the Consolidation Group as of December 31, 2015

Number	2015	2014
Total Employees*	**140**	**105**
of these Management Board	2	2
of these in Management	20	14
Trainees	**5**	**5**

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

The staff at VITA 34 is characterized by a large portion of women, representing some 73 percent. Approximately 23 percent of Vita 34 employees in Germany take advantage of offers of combining family and career. This includes both part-time employment, as well as the flexible distribution of shifts and personalized parenting leave design.

Ratio of Women at Vita 34 and Subsidiary Companies in the Consolidation Group as of December 31, 2015

in %	2015	2014
Total Employees*	**73**	**70**
of these Management	55	71
Trainees	**60**	**80**

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

Employee Loyalty via Health Safety and Training

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

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

ECONOMIC REPORT

Overall Economic Environment and Industry-Related Peripheral Conditions

Overall Economic Environment

Vita 34 has continually expanded its activities in international markets, especially the European market, over the last few years via subsidiaries, as well as sales partners and cooperative venture partners. The economic environment in Europe and especially in the most important target markets, therefore, has an influence on business activities.

The economy within and outside of the Euro zone is only showing slow growth. Despite the weakness in growth in the emerging countries, the ongoing moderate recovery in the Eurozone in the second half of 2015 continued, yet it steadily lost momentum. In Q3 the Gross Domestic Product (GDP) only grew by 0.3 percent as compared with the prior quarter, following an increase of 0.4 percent in Q2 and 0.5 percent in Q1 2015. According to Institut für Weltwirtschaft (IfW), the GDP in the Eurozone in 2015 grew by 1.5 percent as a whole. For 2016 and 2017 the economists at IfW expect expansion rates of 1.7 and 2.0 percent. Here, the economy is being supported by low interest rates, the low oil price, and as in the past the comparatively low external value of the Euro.

In **Germany** the economic situation continued to develop better than the overall Euro zone: According to estimates by IfW, economic growth in 2015 was at 1.8 percent; for 2016 the forecast was raised again slightly to 2.2 percent. In 2017 the expansion rate should even accelerate slightly to 2.3 percent, not least due to the continued simulating monetary framework conditions and favorable developments in the labor market.

The decision to store umbilical cord blood is, among other things, dependent on purchasing power, as well as the income of the populace. GfK (Gesellschaft für Konsumforschung) calculated a purchasing power increase of some 4 percent in Europe as compared with the prior year. In Germany, for the year 2016 GfK has forecast a nominal increase in purchasing power of some 2 percent as compared with the prior year 2015. Thanks to the low inflation rate and stable wage development, the real purchasing power growth per capita should be around 1.0 percent.

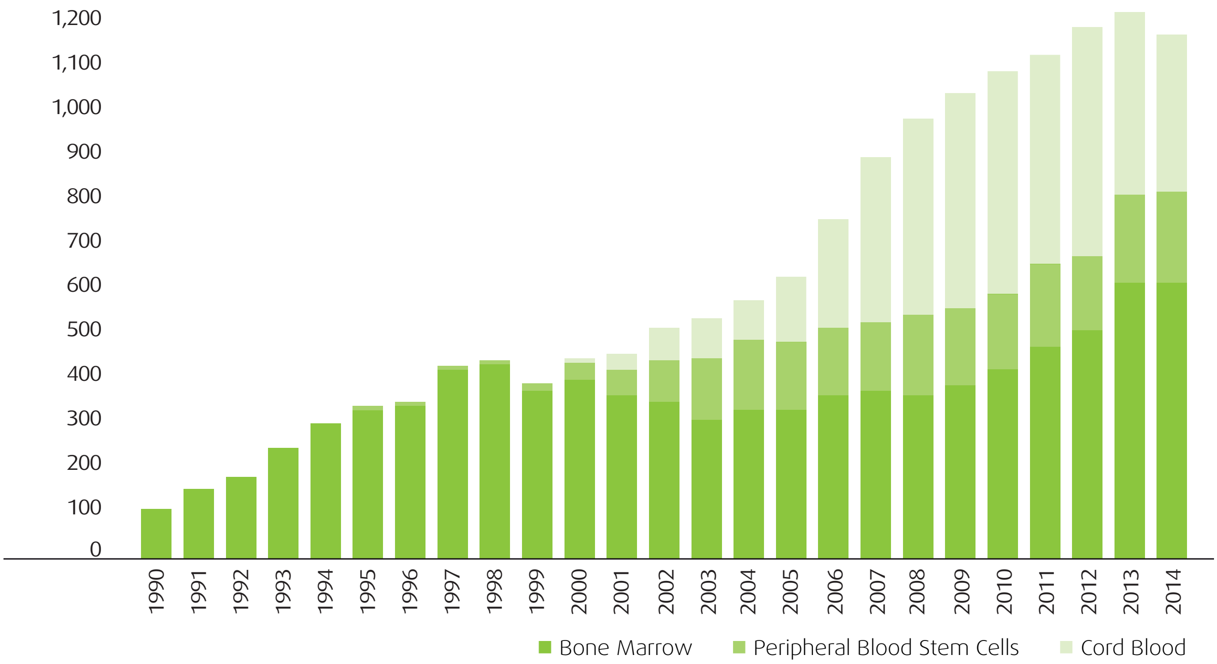
Industry-Related Peripheral Conditions

Vita 34 is active in the field of medical biotechnology and, thus, in a highly innovative industry. The economic situation of the biotechnology segment developed well in 2014: With EUR 3.03 billion the revenues of German biotech companies exceeded the three billion mark for the first time. This is equivalent to an increase of 5.8 percent as compared with the prior year (2013: EUR 2.86) In 2014, expenditures for Research and Development increased for the first time since 2008. They reached EUR 954 million and were, therefore, 6.2 percent higher than the 2013 figure of EUR 899 million. These key figures are an example for the continuous increase in demand for bio-based methods, products and services in the industry year after year. With regard to new medicines and diagnostics, biotechnology plays an important role, whether it is for the treatment of common diseases or rare ailments.

Vita 34 offers a private health provision with the storage of umbilical cord blood and tissue in an extremely dynamic environment. For more than 55 years, stem cells have been used for treating severe diseases that can occur over the entire course of a human lifetime. Diseases can arise even in childhood and adolescence, among them cancer and diabetes, for which stem cells can also be transplanted as a treatment. In addition, stem cell therapy offers an even greater potential in degenerative diseases such as heart attacks or strokes, or even the deterioration of bones and cartilage. Experts expect that in the future every seventh person up to the age of 70 years will need stem cells for the treatment of cardio-pulmonary diseases, and correspondingly the need for cryo-preservation and the reliable storage of cells and tissues will increase.

Physicians worldwide are increasingly using the possibility of umbilical cord blood transplantation, which is reflected in the continuously increasing number of therapeutic applications with stem cells from umbilical cord blood. Since 1988, when the first transplant of stem cells from umbilical cord blood took place, transplantations of umbilical cord blood have established themselves along with the transfer of bone marrow cells and peripheral blood stem cells as a third transplant method. In the case of children up to age 18, the use of stem cells from umbilical cord blood has risen from 16 percent in the year 2004 to 30 percent in 2014, in adults from 6 percent in the year 2004 to 15 percent in 2014. In all, 35,000 umbilical cord blood transplantations have taken place to date worldwide. The prerequisites for the further development of the Vita 34 core business are, therefore, completely positive.

Transplants According to Stem Cell Source in Children up to Age 18



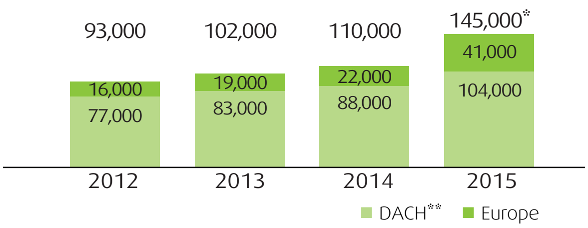
Source: National Marrow Donor Program/Be The Match FY 2014

Development of Business

In fiscal year 2015 Vita 34 specifically pursued its Buy and Build strategy consistently. Correspondingly, our position in the European market was strengthened, thus providing the Vita 34 core business with continued stability.

The number of deposits of umbilical cord blood and tissue increased in 2015 to a total of 145,000 stem cell units. At the end of fiscal year 2014 the number of stored stem cell deposits had still been around 110,000. This clear increase can be attributed to the four acquisitions and organic growth in Germany during the course of fiscal year 2015.

Cumulated Storage Figures



* incl. Stem cell deposits from acquisition of the assets of Vivocell, StemCare and Imunolita
**DACH - Germany, Austria, German-speaking Switzerland

The advances are also reflected in the key financial figures for fiscal year 2015. For example, the acquisitions were responsible for increasing total operating revenues and the overall positive development in the reporting period. A detailed explanation of the individual key financial figures and the financial performance indicators can be found in the "Revenue and Profit Situation," "Financial Situation" and "Assets"chapters starting on page 39.

Acquisition of the Assets of Vivocell Biosolutions GmbH & Co KG, Graz

At the beginning of 2015 Vita 34 acquired the assets of the Austrian market leader for storage of umbilical cord blood, Vivocell Biosolutions GmbH & Co. KG, Graz. The plant and equipment of Vivocell were fully consolidated in Q1 2015. Within the scope of the asset deal, apart form the stem cell deposits, also the required cryo-tanks, storage equipment, nitrogen supply systems as well as the equipment for cryo-preservations and the storage of umbilical cord blood were transferred to Vita 34. The stem cell units of Vivocell, were transferred from Austria to Leipzig and integrated into the Vita 34 Group.

By taking over the assets of Vivocell, Vita 34 can achieve additional synergetic effects in marketing and sales, as well as production and administration, and advance sales activities in the DACH region (Germany, Austria, German speaking Switzerland) within the scope of the planned market expansion. Sales activities are being bolstered in Austria, in order to ensure additional market share in the DACH region.

VITA 34 Slovakia, s.r.o. Begins Operative Business

In Q1 2015 our subsidiary VITA 34 Slovakia s.r.o. received the required approval from the responsible authorities in Slovakia for the collection, distribution and export of umbilical cord blood. Based on this permit, VITA 34 Slovakia began operative business. The focal point is on marketing and sales activities, which our Slovakian subsidiary is handling independently. VITA 34 Slovakia will use the service provided by Vita 34 just like the other European cooperative partners. Apart from the training of personnel, this encompasses the collection kit developed by Vita 34 and the preparation of the stem cell units for long-term storage in the cryo-tanks in Leipzig.

Acquisition of Bio Save d.o.o., Serbia

In Q3 Vita 34 acquired the majority of voting rights and 30 percent of the equity in its cooperation partner of many years, Bio Save, d.o.o. (Serbia). The purchase was completely financed with cash from Vita 34. With this transaction, Bio Save was integrated into the Group and was fully consolidated as of September 30, 2015.

Since April 2012 there has been a successful cooperative sales venture between Vita 34 and Bio Save, which extends to Serbia, Montenegro, Macedonia, Bosnia-Herzegovina, Croatia and Slovenia. With this participation, Vita 34 has increased its presence in the Eastern European market and laid the foundation for expanding its prospective market share.

Acquisition of AS "Imunolita", Lithuania

In addition, Vita 34 acquired the voting rights and 35 percent of the equity in cooperative venture partner AS "Imunolita," Lithuania. The acquisition of the shares was financed using internal company shares held by Vita 34. Thus, Vita 34 will have a direct influence on the operative business of the

Lithuanian market leader. Imunolita is now working closely together with Vita 34, especially in expanding marketing and sales activities in Lithuania, Estonia and Latvia. The company has not been included in the Group annual report as of December 31, 2015 for reasons of substantiality.

Acquisition of StemCare ApS, Denmark

In September 2015, Vita 34 completely took over all of the business of StemCare ApS, Denmark, in order to open up the Scandinavian market. StemCare was already completely consolidated as of September 30, 2015. The closing took place after fulfillment of all conditions precedent in Q4 2015.

With the established Danish umbilical cord blood bank StemCare, which is also a member of the Cord Blood Europe association of private umbilical cord blood banks, Vita 34 has acquired the market leader in the Scandinavian countries and has expanded its broad presence in Europe even further. Through the complete integration into its own group, Vita 34 will also be present in the high birth rate Scandinavian countries and, thus, in all geographic regions of Europe.

Dispensing of Stem Cell Transplants for Medical Application

Vita 34 is the only private stem cell bank in Germany that can demonstrate numerous medical applications for stem cell preparations stored for one's own use. This is the result of observing the highest quality and safety standards in the cryo-preservation of umbilical cord blood and umbilical cord tissue. Since the first application in 2004, the number of transplants using Vita 34 stem cell preparations has risen to 30.

In the reporting period two stem cell units stored at Vita 34 were dispensed and transplanted: In August 2015, a stem cell preparation that had been stored at Vita 34 was used to treat a 5 year-old boy suffering from a spastic cerebral palsy in Leipzig. The transplant of the boy's own stem cells (autologous application) went smoothly, in part thanks to the good preparation of the Vita 34 stem cell deposit.

In December at the University Clinic Niño Jesus, Madrid, Spain, a 5 year old girl received a transplant of stem cells from umbilical cord blood previously stored for her own use. The girl had been afflicted with a neuroblastoma. This is a malignant cancer that affects some 5,000 children around the world annually, of them roughly 150 in Germany.

Revenue and Profit Situation

EUR k	2015	2014
Total Operating Revenue	**18,528**	**15,176**
of that Revenue	14,169	13,786
of that other operating income	4,284	1,665
of that changes in unfinished services	75	-275

Within the context of the Buy and Build strategy in fiscal year 2015 one company was acquired with the StemCare ApS, as well as interests in Bio Save d.o.o. and AS "Imunolita." As of December 31, 2015, StemCare and Bio Save were fully consolidated in the Vita 34 Group. In addition, assets of Vivocell Biosolutions GmbH & Co KG, Graz, were acquired within the scope of an asset deal. In all, Vita 34 achieved total operating revenue of EUR 18.5 million in the period reported, which was 22.1 percent higher than the prior year's EUR 15.2 million.

Sales revenues increased to EUR 14.2 million following EUR 13.8 million the previous year. Vita 34, therefore, fulfilled the prognosis for fiscal year 2015. Other operating income of EUR 4.3 million was EUR 2.6 million higher than the prior year's value of EUR 1.7 million. The cause of the strong increase was income effects from the initial consolidation of StemCare and the valuation of the deposit contracts of Vivocell. The revenue trend can be attributed to the increased number of storages, among other things due to the VitaPlusNabelschnur [VitaPlusCord] product introduced in 2013, as well as the expanded consolidation group.

EUR k	2015	2014
Total Operating Revenue	18,528	15,176
Revenues	14,169	13,786
- Cost of Sales	-7,681	-5,911
Gross Profit	**6,488**	**7,875**
- Marketing and selling Expenses	-4,842	-4,419
- Administrative Expenses	-3.993	-3,292
- Other Operating Expenses/ Income	3,960	1,526
Operating Profit/EBIT	**1,613**	**1,690**
- Interest Income/Expenses	-26	7
- Income Tax Income/Expense	115	-707
Period Result	**1,702**	**990**

In fiscal year 2015 the **cost of sales** was EUR 7.7 million, following EUR 5.9 million in the prior year's reference period. The **gross profit from sales** totaled EUR 6.5 million as compared with EUR 7.9 million in fiscal year 2014. This is equivalent to a gross margin (based on sales) of 45.8 percent, as compared with 57.1 percent in the reference period of the prior year. The change in gross margin was the result of a one-time exceptional effect in revenue in fiscal year 2014.

The balance of other operating income and expenses increased in fiscal year 2015 to EUR 4.0 million following EUR 1.5 million in the reference period the prior year. This significant increase was due to, among other things, the valuation of the storage contracts acquired from Vivocell and the initial consolidation of StemCare (in all EUR 3.1 million).

In the reporting period the **marketing and selling expenses** increased due to the marketing and sales activities of the newly consolidated companies to EUR 4.8 million, following EUR 4.4 million in fiscal year 2014..

The **administrative expenses** on the other hand increased from EUR 3.3 million the prior year to EUR 4.0 million in the reporting period due to costs incurred in the integration of the subsidiaries.

The central financial figure, **earnings before interest and taxes, depreciation and amortization (EBITDA)** of EUR 3.9 million in fiscal year 2015 was higher than the EUR 2.8 million of the reference period, and higher than the prognosis for fiscal year 2015. The **earnings before interest and taxes (EBIT)** increased to EUR 1.6 million in the reporting period following EUR 1.7 million in the prior year. The **income tax** income in 2015 was posted with an amount of EUR 0.1 million, whereas EUR 0.7 million was incurred as an income tax expense in the previous year.

The **period result**, which had been EUR 1.0 million in fiscal year 2014, was now EUR 1.7 million in the current reporting period. This resulted in **earnings per share** of EUR 0.67 in the reporting period based on an average number of issued shares, following EUR 0.37 in the 2014 reference period.

Financial Situation

The presentation of the financial situation is done in the Consolidated Statement of Cash Flows. Based on a **period result before income tax** in the amount of some EUR 1.8 million in the reporting period 2015 (fiscal year 2014: EUR 1.7 million), with some EUR -3.1 million the lion's share of cash adjustments were badwill. In the reference period of the prior year 2014 this was EUR 0. Depreciation and amortization in the fiscal year were EUR 2.3 million (fiscal year 2014: EUR 1.1 million). Vita 34 posted an inflow of EUR 2.3 million in net current assets in the reporting period (prior year's period: EUR -1.4 million). This change can be attributed, in particular, to the reduction in receivables and other assets in the amount of EUR 2.5 million (prior year's period: EUR -1.5 million). Thus, the **cash flow from operating activities** in the reporting period of EUR 2.6 million was significantly higher than the prior year's value of EUR 1.1 million.

Vita 34 invested a total of EUR 0.6 million in plant and equipment and intangible assets during the reporting period (prior year's period: EUR 0.4 million). The cash outflow arising from company acquisitions less cash acquired in the reporting period was EUR 1.1 million (prior year's period: EUR 0). In addition, during the reporting period long-term investments in financial assets of EUR 3.0 were made (prior year's period: EUR 0). Correspondingly, the **cash flow from investment activity** of EUR -4.7 million was higher than the prior year's value of EUR -0.4 million.

In the course of the first dividend payment, Vita 34 paid our EUR 0.4 million in the reporting period (prior year's period: EUR 0). Together with a loan for implementing the growth strategy taken out in the amount of EUR 0.9 million, the **cash flow from financing activities** in fiscal year 2015 was EUR 0.4 million, following EUR 0.2 million in the prior year's period.

As of December 31, 2015 Vita 34 had cash and cash equivalents amounting to some EUR 2.1 million (December 31, 2014: EUR 3.7 million). This provides a solid basis for further growth.

Assets

The balance sheet total increased from EUR 37.1 million as of December 31, 2014 to EUR 43.8 million as of December 31, 2015. On the asset side of the balance sheet the **non-current assets** Including goodwill were EUR 36.5 million as of December 31, 2015, following EUR 27.1 million as of the end of fiscal year 2014. Thereby the goodwill of EUR 13.7 million as of December 31, 2015 compared to the previous year with EUR 13.9 million. This is the result of the initial consolidation of Bio Save d.o.o. as well as depreciation of the Biotech goodwill at EUR 0.4 million. Apart the goodwill of Vita 34 AG, the Spanish subsidiary Secuvita, and the Biotechnology business segment, goodwill now contains the goodwill of Bio Save. Intangible assets increased due to the valuation of the existing customer contracts for the storage of umbilical cord blood of Vita 34 Austria, StemCare and Bio Save, to EUR 12.5 million (December 31, 2014: EUR 6.7 million). Other financial assets were EUR 4.0 million, (December 31, 2014: EUR 0.6 million). This increase is mainly attributable to the investment of cash in securities.

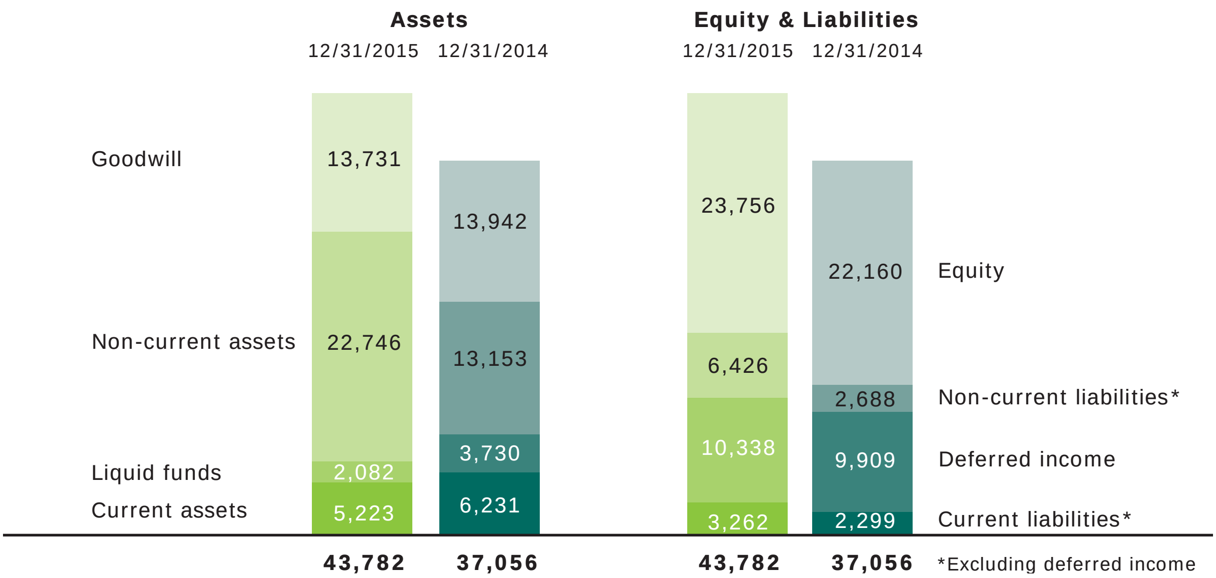
The **current assets** in the reporting period were EUR 7.3 million (December 31, 2014: EUR 10.0 million). Receivables on the other hand decreased to EUR 3.7 million as of December 31, 2015 (December 31, 2014: EUR 3.9 million). Accordingly, cash and cash equivalents as of December 31, 2015 decreased to EUR 2.1 million down from EUR 3.7 million as of December 31, 2014. This is mainly attributable to non-current asset investments made.

On the liabilities side, **equity** as of the closing date December 31, 2015, was EUR 23.8 million thanks to higher retained earnings (December 31, 2014: EUR 22.2 million). The equity ratio as of the closing date of the reporting period was 54.3 percent, as in the prior year's period.

Non-current liabilities and deferred income increased to EUR 15.0 million as of December 31, 2015 following EUR 11.1 million as of December 31, 2014. This development was mainly based on an increase in interest-bearing loans by EUR 2.0 million arising from the new participations and deferred income. **Current liabilities and deferred income** increased from EUR 3.8 million as of year's end 2014 to EUR 5.1 million as of December 31, 2015. This increase can be traced primarily to the higher trade liabilities of EUR 1.3 million as of the December 31, 2015 closing date (December 31, 2014: EUR 0.7 million), since the liabilities of the new holdings have been included as of Q3 within the wake of consolidation. In addition, an interest-bearing loan was taken out.

Deferred income was EUR 10.3 million as of December 31, 2015, in the wake of EUR 9.9 million at the end of the prior year. This contains the storage fees that are collected from customers one time in advance, and are dissolved in linear fashion over the agreed storage period.

Balance Sheet



Subsequent Report

Following the conclusion of fiscal year 2015, no occurrences of special significance or with a major effect on the asset, financial, or profit situation of the Group have occurred.

Corporate Governance

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

Declaration of Compliance in Accordance with § 161 German Stock Corporation Act [AktG]

The Management Board and Supervisory Board of a German stock corporation listed on a stock exchange are obligated in accordance with § 161 German Stock Corporation Act [AktG] to declare once annually whether the recommendations of the Government Commission on the German Corporate Governance Code have been observed and will be observed, or which recommendations have not been applied or will not be applied. The following Declaration of Compliance was made accessible on the Company's website on March 21, 2016, along with the last five years' Declarations of Compliance.

"The Management Board and the Supervisory Board of Vita 34 AG declare in a accordance with Sec. 161 German Stock Corporation Act (AktG) that the recommendations of the Government Commission German Corporate Governance Codex (DCGK) in the version dated May 24, 2014 have been observed since the issuance of the last compliance declaration on March 19, 2015, with the following exceptions. Moreover, Vita 34 AG complies with the recommendations of the codex in the version dated May 5, 2015, since its publication in the German Federal Gazette, and will continue to comply with these, with the exception of the items listed below:

- Sec. 3.8 DCGK: No deductible has been agreed upon with the Supervisory Board, since we are not of the opinion that the diligence and sense of responsibility exercised by the members of the Supervisory Board in performing their duties could be further enhanced by agreeing to a deductible.
- Sec. 5.1.2 and Sec. 5.4.1 DCGK: An age limit for Management and Supervisory Board members has not been established. The determining factor for the capability of the members of these bodies is not age; therefore, we do not consider an age limit to be sensible.
- Secs. 5.3.1, 5.3.2 and Sec. 5.3.3 DCGK: The establishment of committees (i.e. a body that is only comprised of part of the members of the Supervisory Board), especially an Audit Committee, and a Nominating Committee does not make sense due to the size of the Vita 34 AG Supervisory Board.
- Sec. 7.1.2 DCGK: The Company observes the legally prescribed deadlines with regard to its publishing obligations. "

Leipzig, March 21, 2016

The Supervisory Board The Management Board

Corporate Governance Practices

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

Management and Supervisory Board Procedure

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

The Vita 34 AG Management Board consists of 2 members. The Chairman of the Management Board is Dr. André Gerth, the Finance Director is Mr. Falk Neukirch. The Management Board leads Vita 34 AG under its own responsibility, thereby orienting itself on a continuous increase in company value.

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

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

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

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

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

The compensation of Management Board members consists of a non-performance-related component and a performance-related component. Vita 34 AG publishes the Management Board compensation individually.

Supervisory Board compensation is regulated in Sec. 18 of the bylaws. The Supervisory Board members at Vita 34 AG receive a fixed compensation. Performance-based compensation is not provided for. Additional details on the compensation of the Management and Supervisory Boards can be found in the notes under text number 27.

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

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

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

In accordance with Sec 15a of the German Securities Trading Act (WpHG), the members of the Management Board and the Supervisory Board, as well as certain employees with management duties and persons who are close to them, must disclose the purchase and sale of Vita 34 AG stock and financial instruments based on it (Directors' Dealings). The securities transactions requiring notification that took place in fiscal year 2015, and were also published on the company's website. The publication documentation, as well as the corresponding announcements, were sent to the German Federal Agency for Financial Services Supervision.

The percentage of stock owned by Management Board and Supervisory Board members at Vita 34 AG is greater than 1 percent. Here, Management Board member Dr. André Gerth held 383,600 shares as of December 31, 2015, which is equivalent to 12.67 percent. 51,645 shares, equivalent to 1.71 percent, were attributable to Supervisory Board Member Dr. Holger Födisch, and 44,000 shares, equivalent to 1.45 percent, were owned by Supervisory Board Chairman Dr. Hans-Georg Giering. In addition, Deputy Supervisory Board Chairman Mr. Alexander Starke held 3,000 shares, which is equivalent to 0.1 percent.

Targets on the female ratio

In May 2015 the German Bundestag [Parliament] passed a law regarding the equal participation of women and men in management positions. In accordance with the legal provisions, which Vita 34 AG is affected by as a publicly traded company, binding target numbers were determined for the Supervisory Board, the Management Board, and the next two management levels of the Vita 34 Group. In detail, the following was resolved for the individual levels:

- Supervisory Board: For the Supervisory Board of Vita 34 AG a target number for the ratio of women was set at a minimum of one woman among the six members This target number has currently been met by the membership of Ms. Gerrit Witschaß and Dr. med. Mariola Söhngen in the Supervisory Board.
- Management Board: For the Management Board of Vita 34 AG a target number for the ratio of women was set to a minimum of one woman among three members. In the dynamically developing environment of regenerative medicine, continuity in the top leadership positions is especially important, which is why no changes have been prescribed in the composition of the two-person Management Board.
- A target ratio of 40 percent women by June 30, 2017 has been set for the next two management levels. This target has currently been met.

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

Registered Capital

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

Authorized Capital

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

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

A subscription right exclusion is only admissible to

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

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

Restrictions on the Transfer of Stock

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

Major Shareholders of the Company

The following direct or indirect participations in the capital of Vita 34 AG, which exceed ten percent, were made known to Vita 34 AG by means of voting rights notifications as of December 31, 2015:

- Dr. André Gerth: 12.7 percent
- HSCI PJSC, Moscow, Russia: 11.2 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 German Stock Corporation Act. Section 9 of the by laws of Vita 34 AG provides for a unanimous arrangement. Amendments to the by laws can be made in accordance with Secs. 179, 133 German Stock Corporation Act, as well as Sec. 25 of the Vita 34 AG by laws by means of a resolution of the Annual General Meeting passed with a simple majority of the votes cast, to the extent a larger majority is not called for by law.

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

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

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

Opportunity and Risk Report

Internal Controlling And Risk Management System

Vita 34 has been operating an internal risk and opportunity management system since 2006. It identifies, evaluates and prioritizes all significant risks and opportunities, in order to take controlling steps. In accordance with the German Accounting Standards (DRS 20), a risk is defined as the possibility of a negative deviation from the company forecast, whereas an opportunity is the possibility of a positive deviation from the defined corporate objectives.

Both comprehensive documentation, as well as a transparent communication of the risks form the basis of the risk management system. Associated activities are recognized within the risk management system and monitored. An internal controlling system represents an additional central component of the risk management system. In particular, the accounting, bookkeeping and controlling processes are managed with the aid of this internal system. The subsidiaries are included into the consolidated financial statements via monthly reporting. With the yearly budgeting process, the monthly reporting of actual figures as well as an analysis if the variances the subsidiaries are monitored and controlled. Risk management and the internal controlling system are viewed together and interface directly with the Management Board and management level. The Management Board designs the scope and orientation of the established systems on it own responsibility, using the company-specific requirements. Despite adequate and functionally implemented systems, there can never be absolute reliability in the identification and management of risk. If a risk is identified, in an initial step external specialists are tapped to eliminate it, and in parallel an evaluation regarding the influence of the risk on operations and group annual report is conducted. In a second step, 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 is done in an operative process. Annually, the Controlling Department conducts a risk inventory, in order to analyze, review and supplement the types of risk detected in cooperation with the responsible management personnel and the Management Board. Changes in risk and the corresponding data are reported to the Management Board and the Supervisory Board on a monthly basis. The risk management system is documented and the individual risks are described in the risk management manual and the risk information sheets.

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, such that as a minimum of two signatures are always required for execution. In the case of IT supported systems, the access rights (read and write authorization) are regulated for each employee.

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

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

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

Company Risks

Product Risk

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

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

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

Strategic Risks

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

Financial Risks

Both price fluctuations as well as bad debt could result from changes in the economic conditions in markets or influences on consumers. Particularly in foreign markets, financial risks could arise from changing interest and tax policy, as well as exchange rate fluctuations. An increase in competition could give rise to financial or liquidity risks. Risks are to be avoided and mitigated by long-term business planning and liquidity planning with foresight. Excess liquidity is to be invested and regularly monitored, observing a conservative investment strategy within the scope of securities management. Despite a conservative investment strategy and its direct monitoring, value may be lost.

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 have the potential of influencing existing business structures. An active dialog with decision makers is used to try to present the special features of Vita 34 within the context of interpreting law, and to design implementation of reforms in a practical manner. In addition, competitive disputes could influence or significantly limit the business activity of Vita 34, e.g. in Marketing and Sales. Legal risks also arise from failed umbilical cord blood and tissue collections, improper transport, processing errors at Vita 34 or the destruction of stored preparations which, for example, can lead to liability claims on the part of the customers affected. Vita 34 has taken out insurance policies for cases of damage and liability, in order to supplement comprehensive quality management in a commensurate manner. This is intended to exclude or at least limit the commercial effects of risks that may occur. The scope of the insurance policies is continuously reviewed and adjusted where necessary. Moreover, 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. This can lead to decreases in revenues. In addition, the selection of cooperative ventures or cooperation partners can also lead to loss in revenue due to damages to reputation or contractual constellations. There is a risk that the business activity of Vita 34 will be negatively influenced by an increase in the intensity of competition. This includes both aggressively priced offers as well as significant price reductions on the part of competitors or companies entering the market. This could lead to a weaker revenue and profit development at Vita 34. It cannot be ruled out that a slow economic recovery following the financial market crisis could have a negative effect on the consumption patterns of end consumers and, therefore, on the development of revenues and profits at Vita 34. Vita 34 takes the national purchasing power development prognosticated by market researchers into consideration in planning.

Capital Market Risks:

The development of the Vita 34 stock price can be influenced by external events, e.g. a financial market crisis. The associated investment decisions by shareholders are in part controlled by factors that have no connection with the 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.

The risks listed have not arisen to date and, therefore, cannot be quantified.

Opportunities for Future Development

Product Opportunities

In 2012, Vita 34 developed a unique Good Manufacturing Practice (GMP) procedure for preserving umbilical cord tissue, with which mesenchymal stem cells can be collected as starter cells for regenerative medicine. Since the end of Q3 2013, Vita 34 has been the only private stem cell bank in Germany that can not only store umbilical cord blood, but also umbilical cord tissue in accordance with Good Manufacturing Practice Guidelines (GMP), based on the corresponding permits. This unique characteristic provides Vita 34 with the opportunity to open up additional market potential via the corresponding "VitaPlusNabelschnur" [VitaPlusCord] product offering, and as a consequence of this to profit from an increased number of new storages.

Due to the intensive scientific development in the field of regenerative Medicine, Vita 34 expects there to be a globally increasing demand for the cryo-preservation and reliable storage of cells and tissues. Via the expansion of research and development capacities, Vita 34 endeavors to establish additional product ranges in the future. Vita 34 sees the opportunity to take over significant market positions as a service provider and supplier for pharmaceutical/therapeutic oriented companies.

Opportunities through Diversification of the Business Model

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

Opportunities from Internationalization

Apart from Germany, as of the closing date Vita 34 was active in a total of 22 countries with the help of subsidiaries, as well as sales and cooperative partnerships. Vita 34 continuously opens up attractive new markets, that allow contributions to profits in the medium term. [→ Chapter „Subsequent Report“ page 42]. Within the scope of these cooperative arrangements, the partner companies enjoy independence in marketing and sales. Vita 34 subsequently takes over the preparation and storage of the umbilical cord blood and tissue in Leipzig. Through this form of cooperation, Vita 34 can profit from additional income, without incurring its own cost of sales abroad. The company provideds a stable foundation via geographic diversification, which opens up the possibility of participating in the potential of many markets.

Market Opportunities via Acquisitions

Competitive advantages can result for the company through targeted, strategic acquisitions. This provides Vita 34 with access to qualified personnel, existing and potential customers, as well as new technologies. Through the acquisitions of assets of Vivocell (Austria), shares in Bio Save (Serbia) and AS Imunolita (Lithuania), as well as StemCare (Denmark) within the course of fiscal year 2015, Vita 34 endeavors to strengthen its leading position in the European market. With regard to competition this provides benefits to Vita 34 in acquiring customers via the variety of possible offerings.

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

Overall Assessment of the Management Board

As the largest stem cell bank with a leading market position on the German-speaking market, Vita 34 has positioned itself well with regard to the opportunities and risks to ensure the continued existence of the company in the long-term, and to utilize the opportunities that present themselves. If one or all of the opportunities / risks listed occur, this would have an effect on the development of the Company and on the financial performance indicators [Chapter “Controlling Systems and Performance Indicators“ page 33] At this time Vita 34 cannot make any statement as to which financial performance indicator would be influenced by which risk or opportunity, or as to what the extent of such an effect would be. After reviewing the risk situation as of the closing date, December 31, 2015, there were no risks that endanger the continuation of the Company. The overall risk situation of Vita 34 has not fundamentally changed as compared with the prior year. No existentially threatening risks can be seen for the future.

Prognosis Report

Outlook

The expected, future development of Vita 34 AG in fiscal year 2016 is explained within the scope of the prognosis report, to the extent that current knowledge allows.

Vita 34 can look back on an overall pleasing fiscal year 2015. The company has been successful in consistently advancing its Buy and Build strategy, by means of which its position in the European market is strengthened sustainably and a profitable course of growth can be continued.

The revenues of the Company have developed positively based on the product VitaPlusNabelschnur [VitaPlusCord] newly introduced in 2013, as well as the acquisitions and associated expansion of the consolidation group achieved in 2015. Vita 34 earned revenues of EUR 14.2 million in 2015 (2014: EUR 13.8 million), thus fulfilling the forecast made for fiscal year 2015. Overall operating revenue was EUR 18.5 million (2014: EUR 15.2 million) and contains, among other things, positive special effects from the initial consolidation of the acquisitions made. The earnings before interest, taxes, depreciation and amortization (EBITDA) rose as a result to EUR 3.9 million (2014: EUR 2.8 million), which is equivalent to an EBITDA margin of 27.5 percent (2014: 20.1 percent). Thus, Vita 34 has been successful in exceeding its own EBITDA prognosis for fiscal year 2015.

For the coming fiscal year, the Management Board expects a continued, solid increase in revenues as well as total operating revenue after special effects thanks to the leading market position of Vita 34. Expenses for the integration and restructuring of the companies acquired in 2015 will bear on EBITDA in 2016, therefore, we expect an EBITDA margin of less than 10 percent in this fiscal year. From today’s perspective, EBITDA will rise to the medium-term target value of 20 percent after completion of the integration measures and the realization of additional increases in efficiency. With a target equity ratio of some 50 percent in the coming year, we are positioned solidly for the future development.

Vita 34 expects an increasing demand for the cryo-preservation and reliable storage of cells and tissues worldwide, thanks to the progressing development of regenerative medicine. Therefore we are consistently pursuing the goal of further extending the value chain via the development and introduction of new products for pharmaceutical manufacture. In particular via our own research and development activities, Vita 34 is creating the potential of producing pharmaceuticals based on stem cells for cell therapies in the future, thereby occupying significant market positions as a specialist for stem cell collection and storage.

Forward-Looking Statements

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

Leipzig, March 21, 2016
The Vita 34 AG Management Board

Dr. André Gerth	Falk Neukirch
CEO	CFO

Consolidated Financial Statement and Notes

Consolidated Statement of Income

EUR k	NOTE	01/01/-12/31/2015	01/01/-12/31/2014
Revenue	6.2	14,169	13,786
Cost of sales	6.3	-7,681	-5,911
Gross profit on sales		**6,488**	**7,875**
Other operating income	6.4	4,284	1,665
Marketing and selling expenses	6.5	-4,842	-4,419
Administrative expenses	6.6	-3,993	-3,292
Other operating expenses	6.7	-324	-139
Net operating profit/loss (EBIT)		**1,613**	**1,690**
Finance revenue	6.9	100	103
Finance expenses	6.8	-126	-96
Earnings before taxes		**1,587**	**1,697**
Income tax income / expense	7	115	-707
Period result		**1,702**	**990**
Period result attributable			
Owners of the parent		1,979	1,100
Non-controlling interests		-277	-110
Earnings per share, basic and diluted (EUR) Basic and diluted, for profit or loss for the year attributable to ordinary equity holders of the parent	8	0.67	0.37

Consolidated Statement of Comprehensive Income

EUR k	NOTE	01/01/-12/31/2015	01/01/-12/31/2014
Period result		**1,702**	**990**
Other result			
Net loss / profit from available-for-sale financial assets	16	-51	0
Income tax effect	7	16	0
Other income, to be reclassified into consolidated statement of income in subsequent periods		**-35**	**0**
Revaluation of defined benefit plans	20	0	-179
Income tax effect	20	0	57
Other income, not to be reclassified into consolidated statement of income in subsequent periods		**0**	**-122**
Total output after tax		**1,667**	**868**
Attribution of total output after tax to			
Owners of the parent company		1,944	978
Shares of other shareholders		-277	-110

Consolidated Statement of Financial Position (Assets)

EUR k	NOTE	12/31/2015	12/31/2014
Non-current assets			
Goodwill	9	13,731	13,942
Intangible assets	9	12,469	6,678
Property, plant and equipment	10	5,145	4,590
Other financial assets	14	4,012	620
Trade receivables	13	950	1,095
Restricted cash	15	170	170
		36,477	**27,095**
Current assets			
Inventories	12	423	297
Trade receivables	13	3,748	3,884
Other receivables and assets	14	1,052	2,050
Cash and cash equivalents	15	2,082	3,730
		7,305	**9,961**
		43,782	**37,056**

Consolidated Statement of Financial Position (Equity & Liabilities)

EUR k	NOTE	12/31/2015	12/31/2014
Equity			
Issued capital	16	3,027	3,027
Capital reserves	16	18,213	18,213
Revenue reserves	16	2,928	1,390
Other reserves	16	-157	-122
Treasury shares	16	-337	-436
Non-controlling interests	16	82	88
		23,756	**22,160**
Non-current liabilities and deferred income			
Trade payables	23	570	0
Interest-bearing loans	17.2	2,176	164
Silent partners' interests	18	940	940
Deferred income taxes	7	1,704	463
Deferred grants	21	1,036	1,121
Deferred income	22	8,543	8,367
		14,969	**11,055**
Current liabilities and deferred income			
Trade payables	23	1,322	696
Provisions	19	29	103
Income tax payable	7	159	239
Interest-bearing loans	17.1	613	87
Deferred grants	21	85	94
Other liabilities	23	1,054	1,080
Deferred income	22	1,795	1,542
		5,057	**3,841**
		43,782	**37,056**

Consolidated Statement of Changes in Group Equity

EUR k	Equity attributable to the Issued capital	Capital reserves	Revenue reserves	Reserves for available-for-sale financial assets	Revaluation reserves
Balance as of January 1, 2014	**3,027**	**23,950**	**-5,447**	**0**	**0**
Period result	0	0	1,100	0	0
Other result	0	0	0	0	-122
Total operating revenue	0	0	1,100	0	-122
Utilization of capital reserves	0	-5,737	5,737	0	0
Balance as of December 31, 2014	**3,027**	**18,213**	**1,390**	**0**	**-122**
Balance as of January 1, 2015	**3,027**	**18,213**	**1,390**	**0**	**-122**
Period result	0	0	1,979	0	0
Other result	0	0	0	-35	0
Total operating revenue	0	0	1,979	-35	0
Dividend payment	0	0	-442	0	0
Changes to the consolidation group	0	0	1	0	0
Balance as of December 31, 2015	**3,027**	**18,213**	**2,928**	**-35**	**-122**

owners of the parent

Total shareholders' equity	Treasury shares at acquisition costs	Non-controlling interests	Total equity
21,530	**-436**	**198**	**21,292**
1,100	0	-110	990
-122	0	0	-122
978	0	-110	868
0	0	0	0
22,508	**-436**	**88**	**22,160**
22,508	**-436**	**88**	**22,160**
1,979	0	-277	1,702
-35	0	0	-35
1,944	0	-277	1,667
-442	0	0	-442
1	99	271	371
24,011	**-337**	**82**	**23,756**

Consolidated Statement of Cash Flows

EUR k	NOTE	01/01/-12/31/2015	01/01/-12/31/2014
Cash flow from operating activities			
Earnings before taxes		1,587	1,697
Adjusted for:			
Amortization and depreciation	9, 10	2,282	1,085
Gains/losses from the disposal of non-current assets		15	17
Badwill		-3,111	0
Other non-cash expenses/income		-90	-157
Finance revenue	6.9	-100	-103
Finance costs	6.8	126	96
Working capital adjustments:			
+/- Receivables and other assets		2,504	-1,541
+/- Inventories		-81	253
+/- Liabilities		-377	-329
+/- Provisions		-74	-99
+/- Deferred income		294	321
Interest paid		-90	-91
Income taxes paid		-295	-94
Cash flow from operating activities		**2,590**	**1,055**
Cash flow from investing activities			
Purchase of intangible assets	9	-100	-277
Purchase of property, plant and equipment	10	-526	-163
Purchase of companies, net of assumed cash		-1,089	0
Cash received from the sale of property, plant and equipment		-3,034	0
Interest received		93	16
Cash flow from investing activities		**-4,656**	**-424**
Cash flow from financing activities			
Dividend payment		-442	0
Cash received from investment grants	21	0	271
Changes in loans	17	860	-99
Cash flow from financing activities		**418**	**172**
Net change in cash and cash equivalents		-1,648	803
Cash and cash equivalents at the beginning of the reporting period	15	3,730	2,927
Cash and cash equivalents at the end of the reporting period (Liquid funds)	15	**2,082**	**3,730**

Consolidated Notes

1. Information the Parent Company and the Group

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

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

The consolidated financial statements of Vita 34 AG for the fiscal year as of December 31, 2015 were authorized for issue by the Management Board on March 21, 2016. Vita 34 AG was incorporated in Germany as a limited liability stock corporation domiciled in Germany, whose shares are admitted for public trading.

2. Accounting and Valuation Principles

2.1 Basis for the Preparation of the Financial Statements

The consolidated financial statements of Vita 34 AG were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of the end of the reporting period, and the additional requirements of German Commercial Code pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code]. All IFRS standards applicable for the fiscal year 2015 and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) were adopted to the extent that these have been endorsed by the European Union.

The consolidated financial statements of Vita 34 AG are generally prepared in Euro on an amortized cost basis. Exceptions to this are the financial assets held for commercial purposes, as well as financial investments available for sale, which were valuated at the applicable 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 AG and its subsidiaries as of December 31, of each fiscal year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

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

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

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

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

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

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

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

The following companies have been included in the consolidated Group:

- Novel Pharma, S.L., Madrid, Spain
- Secuvita, S. L., Madrid, Spain
- stellacure GmbH, Leipzig, Germany
- Vita 34 Gesellschaft für Zelltransplantate m.b.H., Vienna, Austria
- Bio Save d.o.o., Belgrade, Serbia,
- Izvorna Celica d.o.o., Ljubljana, Slovenia,
- Bio Save d.o.o., Podgorica, Montenegro,
- StemCare ApS, Gentofte, Denmark

2.2 Changes in Accounting Policies

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

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

- Annual improvement sto the IFRS cycle 2011-2013
- Changes to IFRIC 21: Levies

Adoption of the aforementioned standards and interpretations is mandatory from January 1, 2015. There were no significant effects on the Group financial statements of Vita 34 AG on account of the new or modified standards and interpretations.

2.3 Significant Accounting Judgments and Estimates

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

Impairment Testing of Goodwill

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

The recoverable amount of the respective cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets prepared by senior management covering a five-year period, as approved by the Supervisory Board. The discount rate used is between 11.6 and 13.3 percent before taxes. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows. The underlying assumptions for calculating the recoverable amount including a sensitivity analysis are explained in more detail in note 11.

Treatment of Unused Tax Losses and Deferred Tax Assets

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

The assessment issued differed from the tax return of Vita 34 AG, and led in effect to a reduction of the unused tax loss as of December 31, 2009 in the amount of EUR 2,553k. Vita 34 AG has filed suit against these assessments. There is uncertainty concerning the outcome of these proceedings. In calculating whether, and in which amount, the tax losses carried forward existed as of the significant dates December 31, 2014 and 2015, management is of the opinion that the depreciation on loans to affiliated companies should be given tax consideration.

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

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

Deferred tax assets were recognized for existing tax losses of the other group companies carried forward as of the end of the reporting period, to the extent it is probable that the unused tax losses will be utilized. Deferred tax assets for differences between the tax carrying amounts and the IFRS carrying amounts at the corresponding companies were offset against the deferred tax liabilities. In the case of an overlap of the deferred tax claims they have been activated, since it is considered likely that the taxable income for this will be available.

Here, we refer to the explanations under Section 7 "Income Taxes."

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

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

2.4 Summary of Significant Accounting Policies

Company Combinations and Goodwill
Company combinations after December 31, 2008

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

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

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

Goodwill is initially valuated at the procurement cost, which is measured as the excess of the transferred consideration over the acquired identifiable assets and assumed liabilities of the Group. In the case of an acquisition at a price under market value, the resulting profit is recognized under other operating income. Prior to posting profit from a below market value acquisition, an evaluation is made once again as to whether all acquired assets and all acquired liabilities have been adequately identified and valuated.

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 acquired company are assigned to these cash-generating units.

As of December 31, 2015 the following cash generating units have existed, which have been assigned goodwill wihtin the context of a corporate combination:

- Stem Cell Banking – Germany
- Spain
- Balkans and
- Biotechnology.

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

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

1.a. Level 1 – Prices for identical assets or liabilities quoted in active markets (non-adjusted)
1.b. Level 2 – Measurement procedures, in which the lowest level input parameter significant on the whole for fair value measurement is directly or indirectly observable for on the market
1.c. Level 3 – Measurement procedures, in which the lowest level input parameter significant on the whole for fair value measurement is not directly or indirectly observable for on the market

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

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

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

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

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

Research and Development Costs

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

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

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

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

Accounting policies applied to the group's intangible assets (without goodwill)

	Patents	Software	Acquired contracts in the field of the storage of umbilical cord blood
Useful lives	Patents are amortized over an average useful life of 15 years.	The operating software is amortized over an average useful life of 5 years.	The acquired storage contracts are amortized over the expected 23 to 25-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 linear method. The Company does not have any patents with an indefinite useful life.	Amortization is charged over the useful life using the linear method.	The amortization is charged over the expected term of the contracts using the linear method.
Internally generated or acquired	All patents were purchased for a consideration.	All software was internally produced and purchased for a consideration.	The contracts were acquired within the context of mergers.
Impairment testing/ recoverable amount test-ing	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.

Accounting policies applied to the group's intangible assets (without goodwill)

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

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

Property, Plant and Equipment

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

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

Useful Life of the Assets

	2015	2014
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 is calculated as the difference between the net realizable value and the carrying amount of the asset, and recognized in the statement of profit and 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. This is based on valuation multipliers, share prices of shares in publicly traded companies or other available indicators of fair value. Impairment losses attributable to continuing operations are recognized in the statement of income in those expense categories consistent with the function of the impaired asset.

With the exception of goodwill, the Group assesses at 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 may 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. To the extent that the recoverable amount of the cash-generating unit is less than the carrying amount of this unit, impairment is recorded. Any impairment loss recognized on goodwill is not reversed in a subsequent period.

Investments and Other Financial Assets

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

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

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

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

- Loans and Receivables

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

- Financial Assets Available for Sale

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

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

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

Own Shares

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

Inventories

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

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

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

Trade and Other Receivables

Trade and other receivables are recognized at cost.

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

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

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. Restricted cash is recognized separately.

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

Loans, Overdraft Facilities and Silent Partnerships

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

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

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

Derecognition of Financial Assets and Financial Liabilities

- Financial Assets

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

- Financial Liabilities

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

Impairment of Financial Assets

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

Financial Assets Available for Sale

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

Provisions

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

Pensions

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

The amount to be recognized as an asset or liability from the performance-based plan encompasses the cash value of the performance-based obligation (applying a discount rate based on senior, fixed-interest, corporate bonds; see Note 20) and the applicable fair value of the plan assets available for fulfilling obligations. Plan assets encompass qualifying insurance policies. Plan assets are protected from Group creditors and can not be paid directly to the Group. The applicable fair value is based on information concerning the market price. The value of a recognized asset of the performance-based plan is equivalent to the cash value of any economic benefit in the form of reimbursement from the plan or in the form of a reduction in the future contribution payments to the plan. Since the plan assets encompass a qualified insurance policy, which precisely covers all of the promised benefits with regard to the amount and when it is due, the recognition of the plan asset is limited to the cash value of the obligations covered.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an estimate of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and 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.

- Rendering of Services

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

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

- Interest Income

  Revenue is recognized as interest accrues.

Borrowing Costs

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

Government Grants

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

Taxation

- Current Tax Assets and Liabilities

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

- Deferred Taxes

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

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

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

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

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

- Value-Added Tax

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

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

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

2.5 New Accounting Policies

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) has issued new standards, interpretations and amended standards which are not yet effective for the fiscal year 2015 and which were not applied in the accompanying consolidated financial statements:

- IFRS 9, Financial Instruments 2014 (not yet adopted by the EU): The standard was issued in July 2014 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2018. This standard comprehensively regulates the recognition of financial instruments. As compared with the predecessor standard IAS 39 the new classification guidance for financial assets revised in the latest version of IFRS 9 should be emphasized. This is based on the characteristics of the business model, as well as the contractual cash flows of financial assets. Also fundamentally new are the regulations on recognizing impairment, which is now based on a model of expected losses. In addition, the presentation of hedging accounting has been revised under IFRS 9 and has been designed to better represent operative risk management. This is likely to affect the Group's net assets, financial position and results of operations or cash flows, and to result in more disclosures in the notes. However, this can not be reliably assessed at the current time, since the project has not been concluded. The Group does not anticipate a significant impact due to IFRS 9.
- Modifications to IFRS 11, Joint Arrangements - accounting for acquisition of shares: The amendments were adopted by the EU in November 2015 and will are to be used for the first time for fiscal years that begin on or after January 1, 2016. The acquirer of shares in a joint arrangement, which represents a business operation as defined in IFRS 3, must apply all principles with regard to the accounting recognition of company mergers from IFRS 3 and other IFRS standards, to the extent that they do not contradict the guidance in IFRS 11. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- IFRS 15 Revenue from Contracts with Customers (not yet adopted by the EU): The standard was issued in May 2014 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2018. This standard regulates when and in which amount revenues are to be recognized. IFRS 15 replaces IAS 18 "Revenues," IAS 11 "Construction Contracts," and a series of revenue-reated interpretations. The application of IFRS 15 is obligatory for all IFRS users and applies to nearly all contracts with customers; the most significant exceptions are leasing arrangements, financial instruments and insurance contracts. This is likely to affect the Group's net assets, financial position and cash flows, and to result in more disclosures in the notes. However, this can not be reliably assessed at the current time, since the project has not been concluded. This is a provisional assessment which may have to be revised in a detailed analysis. Services provided either at a particular point in time or period are accounted for respectively. The Group does not anticipate a significant impact due to IFRS 15.
- Modifications to IFRS 10, Consolidated Financial Statements, IFRS 12, Joint Arrangements, and IAS 28, Investments in Associates: The amendments were adopted in December 2014 and will foreseeably be used for fiscal years that begin on or after January 1, 2016. The revisions address facts that have arisen in conjunction with the use of the consolidation exception for investment companies. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Modifications to IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates: The amendments were adopted in September 2014 and, in accordance with IASB, will foreseeably be used for fiscal years that begin on or after January 1, 2016. The time of EU recognition of these modifications was postponed indefinitely, until modifications from the the research project regarding accounting according to the equity method have been finalized. The revisions clarify that in the case of transactions with an associated company or joint venture, the extent of the profit recognition depends on whether the divested or acquired assets represent business operations. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.

- Amendments to IAS 1, Presentation of Financial Statements: The amendments were adopted by the EU in December 2015 and are to be used for the first time for fiscal years that begin on or after January 1, 2016. These revision have the goal of eliminating hurdles the drafter perceives with regard to the execise of discretion in presentation of the financial statements. The amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Revisions to IAS 16, Property, Plant and Equipment, and IAS 38 Intangible Assets: The amendments were adopted by the EU in December 2015 and are to be used for the first time for fiscal years that begin on or after January 1, 2016. These revisions provide guidance on which methods can be used for depreciating plant, property and equipment, as well as intangible assets, in particular with regard to a revenue-based depreciation model. This is likely to affect the Group's net assets, financial position and cash flows, and to result in more disclosures in the notes. However, this can not be reliably assessed at the current time, since the project has not been concluded. The Group does not anticipate a significant impact due to changes in IAS 16 and IAS 38.
- Modifications to IAS 16, Plant, Property and Equipment and IAS 41 Agiculture: The amendments were adopted by the EU in November 2015 and will are to be used for the first time for fiscal years that begin on or after January 1, 2016. With these revisions, fruit-bearing plants, which are no longer subject to significant biological changes are brought into the scope of applicability of IAS 16, such that the may be recognized analogously to plant, property and equipment. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Changes to IAS 27, Separate Financial Statements: The amendments were adopted by the EU in December 2015 and are to be used for the first time for fiscal years that begin on or after January 1, 2016. Based on these revisions the equity method is again admissible as an accounting option for interests in subsidiaries, joint ventures and associated companies in a separate financial statement of an investor. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Changes to IAS 19 Performance Based Plans - Employee Contributiuons: The standard was adopted by the EU in December 2014 and is expected to be effective for the first time for fiscal years beginning on or after February 1, 2015. These revisions encompass the clarification of the classification of employee contributions or contributions from third-parties, which are associated with the term of employment, as well as the creation of a relief if the amount o the contributions is independent of the number of years of employment. Due to a lack of relevance, the amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Annual improvements to IFRS, 2010 - 2012 cycle: The revisions to the standards were adopted by the EU in December 2014 and are to be applied for the first time to fiscal years beginning on or after February 1, 2015. The revisions to the standards incorporate changes to and clarifications of various IFRS guidelines. The amendments will most likely have an effect on the notes.
- Annual improvements to IFRS, 2012 - 2014 cycle: The revisions to the standards were adopted by the EU in December 2015 and are to be applied for the first time to fiscal years beginning on or after January 1, 2016. The revisions to the standards incorporate changes to and clarifications of IFRS 5, IFRS 7, IAS 19, and IAS 34. The amendments are not expected to have any effect on the net assets, financial position and results of operations, cash flows or the notes.
- Changes in IAS 12, recognition of deferred taxes for not realized losses: These changes have not been recognized by the EU yet and should clarify the deferred taxes for not realized losses which occur in connection with the fair value of reported assets. These apply to accounting years that start on or after January 1, 2016. The Group does not anticipate a significant impact.

- IFRS 16 Leasing contracts: The IASB published a new standard for accounting of leasing contracts. This standard provides the mandatory recognition of the right to use of the leased asset and a corresponding leasing obligation. There are minor changes for the lessor in regards to accounting and classification of the leasing contract according to IFRS 17. IFRS 16 requires extended information from the lessee as well as the lessor. IFRS 16, which is not recognized by the EU yet, applies to accounting years that start on or after January 1, 2019.

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

3. Merges 2015

3.1 Vita 34 Gesellschaft für Zelltransplantate m.b.H., Vienna, Austria

With a debt law contract dated December 1, 2014 Vita 34 Gesellschaft für Zelltransplantate m.b.H. Vienna, Austria (“Vita Austria”), a 100 percent subsidiary of Vita 34 AG acquired all of the required assets for business operations from the insolvent Vivocell Biosolutions GmbH & Co. KG (“Vivocell”) effective January 2, 2015. Vivocell had been up to that point the Austrian market leader for storage of stem cell units from umbilical cord blood. Within the scope of the acquisition, approx. 13,000 stem cell deposits from umbilical cord blood were transferred to Vita Austria.

Due to the associated expansion of business operations at Vita Austria the company has been fully consolidated as of January 1, 2015. The following assets and liabilities were used within the scope of the acquisition of the required assets for the business operations of Vivocell:

Overview of the Assets and Liabilities Acquired from Vivocell

EUR k	Applicable fair value
Assets	
Transferred autologous storage contracts	1,401
Property, plant and equipment	238
Receivables from payment in instalments	90
Debt	
Passive deferred taxes	-203
Long-term trade receivables	-270
Applicable fair value of transferred assets as of January 2, 2015	**1,256**

Based on the final purchase price allocation, the acquisition of the assets has resulted in badwill in the amount of EUR 606k. This has been determined as follows:

Badwill

EUR k	2015
Paid price for assets	650
less applicable fair value for assets and liabilities	-1,459
plus passive deferred taxes	203
Badwill	**-606**

The Vivocell lab in Graz was closed in 2015. The storage of the previous preparations as well as the expected new deposits will take place at Vita 34 AG in Germany. Thanks to the acquisition of the autologous stem cell units and the resulting, expected new stem cell units, positive effects are expected with regard to capacity utilization of the laboratory, as well as in the storage of stem cell units in Leipzig.

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.

Assets from storage contracts taken over are posted under intangible assets, which were discounted down to the actual cash value using a depreciation rate.

The recoverable amount from the contracts taken over was derived using an average storage duration of 25 years, the average cancellation rate determined from the company's prior year's values, based on the known current cost structures and Austrian tax rates.

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. In addition, the term-specific and asset value specific additions and deductions in the derivation of the discount interest rate were taken into consideration.

The applicable fair value of the plant and equipment acquired was determined within the scope of an appraisal report prepared within the scope of the Vivocell insolvency proceedings.

The applicable fair value of the receivables acquired from installment payment agreements was determined, taking the prior payment behavior of customers into consideration. The gross amount of the receivables before allowance for bad debts and discounting is EUR 118k.

The other liabilities mainly contain obligations for fulfilling executed storage agreements, which are no longer associated with payments. The fulfillment amount was determined considering a contract-specific storage duration of up to 15 years, based on the current cost structures.

3.2 Bio Save d.o.o., Belgrade, Serbia

Effective July 1, 2015 Vita 34 acquired the majority of voting rights and 30 percent of the equity in its partner of many years, Bio Save d.o.o. ("Bio Save Serbia"), Belgrade, Serbia. There has been a successful cooperative sales effort between Vita 34 and Bio Save since April 2012, which in the meantime has been extended to cover many countries in the Balkans.

Vita 34 is already storing stem cells from umbilical cord blood, as well as tissue, for customers from Serbia, Montenegro, Macedonia, Bosnia-Herzegovina, Croatia and Slovenia in Leipzig. With this investment, Vita 34 is pursuing the goal of expanding market share and offering additional services to end customers in these countries. The preparation and storage of the stem cells from umbilical cord blood and tissue from Bio Save Serbia customers, as well as its subsidiaries, is done at Vita 34 in Leipzig. The preparation and storage is done in accordance with the high standards of German pharmaceutical law.

With the acquisition of the voting right majority, Vita 34 has control of Bio Save Serbia and, thus, the possibility to steer the activities of Bio Save Serbia that are relevant for profits. In addition, Vita 34 has a right to variable returns from this involvement, in particular returns in the form of return flow from the existing exclusive contract with regard to the marketing of deposits under the Vita 34 brand, as well as the storage of the preparations in the laboratory in Leipzig. Thanks to the possibility of influencing and steering the variable returns from Bio Save Serbia using its authority, Vita 34 AG exercises control. Therefore, the company has been fully consolidated as of July 1, 2015.

At the time of acquisition, Bio Save had the following subsidiaries with the corresponding direct rates of participation:

- Izvorna Celica d.o.o., Ljubljana, Slovenia (100%),
- Bio Save d.o.o., Podgorica, Montenegro (51%),
- Bio Save d.o.o., Sarajevo, Bosnia-Herzegovina (35%).

The subsidiaries of Bio Save Serbia, in which it exercises control, have also be included in the annual Group financial statements of Vita 34 AG via the full consolidation method. The following statements regarding the time of initial consolidation refer to the partial Group „Bio Save."

Based on the preliminary purchase price calculation, the acquisition of the interest has resulted in goodwill in the amount of EUR 189k.

The attributable fair value of the assets and liabilities of Bio Save at the time of first consolidation, as well as their book values directly prior to initial consolidation, are represented in the following table:

Overview of the Assets and Liabilities of Bio Save

EUR k	Applicable fair value at time of initial consolidation	Value before initial consolidation
Assets	**1,023**	**884**
Long term assets	**224**	**117**
Intangible assets	107	0
Property, plant and equipment	115	115
Other financial asstes	2	2
Current assets	**799**	**767**
Cash and cash equivalents	33	33
Trade receivables	532	621
Other assets	234	113
Liabilities	**-641**	**-539**
Long-term liabilities	**-184**	**-79**
Interest-bearing loans	-40	-40
Trade receivables	-81	-2
Deferred income	0	-37
Passive deferred income taxes	-63	0
Current liabilities	**-457**	**-460**
Interest-bearing loans	-17	-17
Trade payables	-18	-18
Liabilities to related parties	-405	-405
Other liabilities	-17	-20

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 are posted under intangible assets, which were discounted down to the actual cash value using a depreciation rate.

The recoverable amount from the contracts taken over was derived using an average storage duration of 25 years, a continuously increasing cancellation rate, based on the known current cost structures and the tax rate of the Bio Save partial Group.

The discount rate is a risk-free interest rate, also taking a market risk premium and a company-specific beta factor into account. In addition, the term-specific and asset value specific additions and deductions in the derivation of the discount interest rate were taken into consideration.

The fair value of the acquired trade receivables was determined taking allowances for bad debt on delinquent receivables of EUR 89k into account. The gross amount of the receivables before allowance for bad debt was EUR 621k.

The other assets mainly contained in storage fees paid in advance to Vita 34 AG, were discounted to their present value taking a discount rate into consideration.

The other trade liabilities mainly contain obligations for fulfilling executed storage agreements, which are no longer associated with payments. The recoverable amount from the contracts taken over was derived using an average storage duration of 25 years, the average cancellation rate determined from the current cost structures and tax rates.

The liabilities towards other associated companies are vis-a-vis Vita 34 AG.

The valuation of non-controlling shares was done proportionally using the applicable proportional fair value of the acquired asset and the assumed liabilities. The applicable fair value was determined using the observable 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. Goodwill that is not attributable to the controlling shares was not recognized.

Determination of the Transferred Consideration

EUR k	2015
Sum of identifiable net assets at fair value	382
At fair value valued shares without controlling interests	-271
Acquired goodwill	189
Transferred consideration	**300**

Analysis of the Cash Outflow

EUR k	2015
Transactions expenses of acquisition (included in cash flow from operation activities)	5
Purchase price minus received cash equivalents (included in cash flow from investing activities)	267
Actual cash outflow due to acquisition	**272**

3.3 StemCare ApS, Gentofte, Denmark

Effective September 8, 2015 Vita 34 acquired all of the business of the StemCare ApS, the leading Scandinavian umbilical cord blood bank. For this purpose all activities are bundled into StemCare ApS (“StemCare”), Gentofte, Denmark. The civil law acquisition of the shares took place after fulfillment of all conditions precedent, among which was the transfer of official permits.

Due to the acquisition of the majority of voting rights in StemCare as of September 8, 2015, and the associated control, this company was fully consolidated as of September 8, 2015.

Based on the preliminary purchase price calculation, the acquisition of the interest has resulted in badwill in the amount of EUR 2.500k. This has been determined as follows:

Badwill

EUR k	2015
Paid price for 100% assets	1,864
less applicable fair value for assets and liabilities	-5,516
plus passive deferred taxes	1,152
Badwill	**-2,500**

The badwill should be seen in conjunction with the restructuring required at StemCare and the necessary reduction of excess capacities.

The attributable fair value of the assets and liabilities of StemCare at the time of first consolidation, as well as their book values directly prior to initial consolidation, are represented in the following table:

Overview of the Assets and Liabilities of StemCare

EUR k	Applicable fair value at time of initial consolidation	Value before initial consolidation
Assets	**6,448**	**4,677**
Long term assets	**5,791**	**4,020**
Intangible assets	5,682	3,857
Property, plant and equipment	73	127
Other financial asstes	36	36
Current assets	**657**	**657**
Cash and cash equivalents	83	83
Trade receivables	471	471
Other assets	103	103
Liabilities	**-2,084**	**-3,421**
Long-term liabilities	**-1,560**	**-2,897**
Trade payables	-408	0
Deferred income	0	-2,897
Passive deferred income taxes	-1,152	0
Current liabilities	**-524**	**-524**
Trade payables	-427	-427
Other liabilities	-97	-97

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 are posted under intangible assets, which were discounted down to the actual cash value using a depreciation rate.

The recoverable amount from the contracts taken over was derived using an average storage duration of 25 years, a continuously increasing cancellation rate, based on the known current cost structures and tax rates for StemCare valid for the prognosis period.

The discount rate is a risk-free interest rate, also taking a market risk premium and a company-specific beta factor into account. In addition, the term-specific and asset value specific additions and deductions in the derivation of the discount interest rate were taken into consideration.

The fair value of the acquired trade receivables was determined taking allowances for bad debt on delinquent receivables and is close to the carrying value. The gross amount of the receivables before allowance for bad debt was EUR 557k.

The other trade liabilities mainly contain obligations for fulfilling executed storage agreements, which are no longer associated with payments. The fulfillment amount was determined considering a contract-specific storage duration of up to 20 years, based on the current cost structures of StemCare.

Determination of the Transferred Consideration

EUR k	2015
Sum of identifiable net assets at fair value	4,364
Acquired Badwill	-2,500
Transferred consideration	**1,864**
thereof paid in 2015	250
thereof granted as installment loan	1,614
	1,864

The consideration transferred is nominally EUR 1,928k, subject to interest, and due in five installment, of which the first installment of EUR 250k was already paid in 2015. The fair value of the consideration transferred was determined using a debt interest rate of 1.25 percent.

Analysis of the Cash Outflow

EUR k	2015
Transactions expenses of acquisition (included in cash flow from operating activities)	49
Purchase price minus received cash equivalents (included in cash flow from investing activities)	1,864
Granted loans (included in cash flow from investing activities)	-1,614
Actual cash outflow due to acquisition	**299**

3.4 Effects of Company Combinations on the Group

Thanks to the acquisition of the companies named, Group revenues increased by EUR 854k. The period result contains a profit on the part of the companies named of EUR 2,544k (thereof earnings of EUR 3,111k due to the release of Badwill), which has been earned since the time of acquisition. If the merger had taken place at the beginning of the year, revenues would have been EUR 15,776k and the result for the period would have been EUR 1,157k.

4. Financial information on Subsidiaries

Share of Minority Shareholders in the Equity of Subsidiaries

	Share on euqity		Voting rights share	
Name, Headquarter	2015 in %	2014 in %	2015 in %	2014 in %
Secuvita S.L., Madrid, Spain	12.0	12.0	12.0	12.0
stellacure GmbH, Leipzig, Germany	24.8	24.8	24.8	24.8
Bio Save d.o.o., Belgrade, Serbia	70.0	*	0.0	*
Izvorna Celica d.o.o., Ljubljana, Slovenia	70.0	*	0.0	*
Bio Save d.o.o., Podgorica, Montenegro	84.7	*	49.0	*

The significant income and losses attributable to minority sharehoders is comprised as follows:

Sales Revenues

EUR k	2015	2014
Secuvita S.L., Madrid, Spain	299	340
Bio Save d.o.o., Belgrade, Serbia	457	*

Losses

EUR k	2015	2014
Secuvita S.L., Madrid, Spain	-38	-67
Bio Save d.o.o., Belgrade, Serbia	-177	*

The significant assets and liabilities attributable to minority shareholders is as follows:

Assets

EUR k	2015	Thereof current	2014	Thereof current
Secuvita S.L., Madrid, Spain	1,074	334	1.131	335
Bio Save d.o.o., Belgrade, Serbia	552	464	*	*

Liabilities

EUR k	2015	Thereof current	2014	Thereof current
Secuvita S.L., Madrid, Spain	-811	-393	-829	-424
Bio Save d.o.o., Belgrade, Serbia	-525	-403	*	*

5. Segment Reporting

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

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

The operating profit/loss of the business units is monitored by management separately, in order to make decisions concerning the distribution of resources and to determine the profitability of the units. The development of the segments is evaluated using operating profit. The Group financing (including finance income of EUR 100k and finance expense of EUR -126k) as well as taxes on income and profits, are taxed uniformly across the Group and are not attributed to the individual segments.

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

The following table contains information on income and segment results of the operating segments of the Group for fiscal years 2015 and 2014:

Period from January 1, until December 31, 2015

EUR k	Stem cell banking	Biotechnology	Total	Consolidated	Group
Revenue from transactions with external customers	13,856	313	14,169	0	14,169
EBITDA (earnings before interest and taxes, depreciation and amortization)	3,274	621	3,895	0	3,895
Depreciation	-1,089	-1,193	-2,282	0	-2,282
EBIT (operating profit)	2,185	-572	1,613	0	1,613
Segment assets	42,666	2,587	45,253	-1,471	43,782
Segment liabilities	-20,859	-638	-21,497	1,471	-20,026

Depreciation of goodwill in the amount of EUR 401k is contained in the depreciation and amortization of the Biotechnology segment.

Period from January 1, until December 31, 2014

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

The consolidation effects between the added segment assets and liabilities, and the Group assets and liabilities ae mainly attributable to receivables and obligations between the segments.

5.1 Information Concerning Geographic Regions

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

The following table contains information on income and segment results of the geographic segments of the Group for fiscal years 2015 and 2014:

Period from January 1, until December 31, 2015

EUR k	Inland	Foreign Countries	Total	Consoli-dated	Group
Income from transactions with external customers	7,405	6,764	14,169	0	14,169
Income from transactions with other segments	1,135	102	1,237	-1,237	0
	8,540	**6,866**	**15,406**	**-1,237**	**14,169**
EBITDA (earnings before interest and taxes, depreciation and amortization)	1,358	148	1.506	2,389	3,895
Depreciation	-1,711	-571	-2,282	0	-2,282
EBIT (operating profit)	-353	-423	-776	2,389	1,613
Segment assets	30,523	18,724	49,247	-5,465	43,782
Segment liabilities	-14,432	-11,059	-25,491	5,465	-20,026

Period from January 1, until December 31, 2014

EUR k	Inland	Foreign Countries	Total	Consoli-dated	Group
Income from transactions with external customers	8,050	5,736	13,786	0	13,786
Income from transactions with other segments	591	0	591	-591	0
	8,641	**5,736**	**14,377**	**-591**	**13,786**
EBITDA (earnings before interest and taxes, depreciation and amortization)	2,922	-147	2,775	0	2,775
Abschreibungen	-672	-413	-1,085	0	-1,085
EBIT (Betriebsergebnis)	2,250	-560	1,690	0	1,690
Segmentvermögen	28,492	12,179	40,671	-3,615	37,056
Segmentschulden	-11,271	-7,240	-18,511	3,615	-14,896

6. Revenue, Other Income and Expenses

6.1 Total Operating Revenue

In all, Vita 34 achieved total operating revenue of EUR 18.4 million in the period reported.

Total Operating Revenue

EUR k	2015	2014
of that Revenues	14,169	13,786
of that Other Operating Income	4,284	1,665
of that changes in unfinished services	75	-275
	18,528	**15,176**

6.2 Sales Revenues

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

Revenue

EUR k	2015	2014
from processing	11,373	10,976
from project business	313	501
from storage	2,483	2,309
	14,169	**13,786**

6.3 Cost of Sales

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

Cost of Sales

EUR k	2015	2014
Cost of materials	740	969
Personnel expenses	1,939	1,612
Amortization, depreciation and write-downs	1,958	787
Third-party services	1,441	1,632
Rent and rent incidentals	297	268
Other expenses	1,306	643
	7,681	**5,911**

The increase in depreciation as compared with the prior year mainly resulted from extraordinary depreciation of capitalized development costs as well as a goodwill. The extraordinary depreciation was required, since the income realized from completed development projects was lower than the income originally planned.

6.4 Other Operating Income

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

Other Operating Income

EUR k	2015	2014
Government grants	701	818
Income from the derecognition of accruals	247	97
Income from the reversal of provisions	0	10
Income from the reversal of allowances for bad debts	0	314
Income from compensation for damages	0	238
Badwill from initial consolidation	3,111	0
Gain from disposal of tangible assets	0	0
Sundry other income	225	188
	4,284	**1,665**

The public grants are mainly R&D grants from Sächsische Aufbaubank. The income from research and development is countered by expenditures in the amount of EUR 1,119k. There are no unfulfilled conditions or contingencies attached to these grants.

Income from the derecognition of deferred liabilities mainly encompasses the adjustment of non-current liabilities acquired within the scope of company combinations, taking realized synergic effects into account, and the derecognition of financial trade obligations deferred in the prior year that the Group used less of than expected in the reporting year.

Please refer to our comments under Section 3 "Mergers 2015" with regard to the badwill from initial consolidations recognized.

Income from the dissolution of bad debt provisions, as well as income from compensatory damages claims are the result of a court case won before the State Superior Court in Celle.

6.5 Marketing and Selling Expenses

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

Marketing and Selling Expenses

EUR k	2015	2014
Personnel expenses	1,572	1,494
Amortization, depreciation and write-downs	135	130
Marketing expenses	2,058	1,968
Other expenses	1,077	827
	4,842	**4,419**

6.6 Administrative Expenses

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

Administrative Expenses

EUR k	2015	2014
Personnel expenses	2,043	1,780
Amortisation, depreciation and write-downs	189	168
Operating lease expenses	476	630
Legal, consulting and audit fees	689	469
Other expenses	596	245
	3,993	**3,292**

6.7 Other Operating Expenses

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

Other Operating Expenses

EUR k	2015	2014
Bad debts	249	49
Sundry other expenses	75	90
	324	**139**

6.8 Finance Expenses

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

Finance Expenses

EUR k	2015	2014
Bank loans and overdrafts	44	30
Charges for silent partnerships	66	66
Realized losses from financial investments	16	0
	126	**96**

6.9 Finance Income

Only interest income is recognized under finance income.

6.10 Employee Benefits Expense

The expense for employee benefits breaks down as follows:

Employee Benefits Expense

EUR k	2015	2014
Wages and salaries	4,748	4,270
Social security costs	789	532
Pension costs	83	84
	5,620	**4,886**

The employer's contributions to statutory pension insurance of EUR 316k (2014: EUR 309k) are classified as payments under a defined contribution plan, and are recognized in full as an expense accordingly.

Headcount (annual average)

Number	2015	2014
Employees	117	99
Trainees/Interns	4	3
	121	**102**

7. Income Taxes

The main components of the income tax credit / expense for fiscal years 2015 and 2014 are comprised of the following:

Significant Components of the Income Tax Credits / Income Tax Expense

EUR k	2015	2014
Consolidated Statement of Income		
Current income tax		
Current income tax credit / expense	-45	218
Adjustments of incurred income tax from previous years	30	0
Deferred income tax		
Origination and reversal of temporary differences	-469	139
on unused tax losses	369	350
Income tax credit / expense	**-115**	**707**
Consolidated Statement of Income		
Deferred income taxes from other comprehensive income recognised during the fiscal year		
Unrealized gains from sale of available-for-sale financial assets	16	0
Net losses from actualrial gains and losses	0	57
Taxed recognised in equity	**16**	**57**

The income tax receivables recognized in the balance sheet mainly pertain to the probable refund claims for the fiscal year (EUR 414k).

A reconciliation between income tax credit / expense and the product of accounting profit multiplied by the Group's applicable tax rate for the fiscal years 2015 and 2014 is as follows:

Tax Reconciliation

EUR k	2015	2014
Earnings before income tax from continuing operations	1,587	1,697
Earnings before income tax	**1,587**	**1,697**
Income tax at the Group's tax rate of 23.0% (2014: 31.5%)	-365	-535
Adjustment because profits/loss of Novel Pharma, S. L. do not give rise to an income tax refund/expense	-3	-1
Adjustment due to tax-free income	742	71
Adjustment due to non-deductible expenses	-181	-26
Adjustment of deferred taxes on tax losses carried forward	-105	-178
Adjustment for tax legislation changes	63	0
Value adjustment of deferred taxes	-5	0
Payment of tax arrears for prior years	-31	-38
Income tax expense/ income as disclosed in Consolidated Statement of Income	**115**	**-707**

Changes in the Group's tax rate results from the acquisition in the reporting period. The Group's weighted tax rate is lower than in the previous reporting period because for the initial consolidation of subsidiaries in Denmark, Serbia, Montenegro, Slovenia and Austria lower tax rates apply.

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	
EUR k	2015	2014	2015	2014
Deferred income tax liabilities				
Higher tax write-offs	-2,893	-2,130	511	-3
Discounting of loans	-3	-4	1	-4
Difference of trade receivables	-16	-47	0	-3
Difference of other receivables	-477	79	20	79
Difference of trade debts	-215	-222	7	-222
Adjustment participation carrying amounts	-194	-169	-26	42
Difference of other reserves	0	57	-57	0
Difference of deferred grants	-33	0	-33	0
	-3,831	**-2,436**		
Deferred income tax credits				
Discounting of receivables	18	21	-3	-10
Difference of other receivables	0	0	0	-2
Difference of loan liabilities	56	0	56	0
Difference in other financial liabilities	16	0	0	0
Difference of Inventories	13	0	19	0
Difference of other receivables	0	12	-12	12
Provisions	115	29	-16	-32
Difference of deferred grants	6	4	2	4
Unused tax losses	1,903	1,907	-369	-350
	2,127	**1,973**		
Deferred taxes	-1,704	-463		
Deferred tax income / expense			**100**	**-489**

The losses carried forward of the Group companies trended as follows:

Name	Country	Ertrag-steuersatz	2015	2014
Vita 34 AG	Germany	32%	1,315	2,242
stellacure GmbH	Germany	32%	690	546
Vita 34 Gesellschaft für Zelltransplantate m.b.H.	Austria	25%	56	*
Bio Save d.o.o.	Serbia	17%	0	*
Izvorna Celica d.o.o.	Slovenia	15%	120	*
Bio Save d.o.o.	Montenegro	9%	0	*
StemCare ApS	Denmark	22%	0	*
Secuvita S.L.	Spain	25%	4,973	4,505
Novel Pharma S.L.	Spain	25%	0	0

* The companies were included in the Group annual financial statements for the first time in 2015.

The income tax losses carried forward that have been incurred in Germany, Austria, Serbia, Slovenia, Montenegro and Denmark are available without limit to the Group to offset against future taxable results of the respective companies. In Spain, income tax losses carried forward are on hand at subsidiary Secuvita S.L., which are available to the Group for a period of 15 years for offsets against future taxable profits of this company. Deferred tax assets on tax losses carried forward were activated, to the extent that the unused tax losses will be utilized according to the corresponding planning statement.

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

8. Earnings per Share

Basic / Diluted Earnings per Share

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

Basic / diluted earnings per share are calculated as follows:

Basic / Diluted Earnings per Share

EUR k	2015	2014
Net profit/loss from continuing operations	1,702	990
Portion attributed to non-controlling shares	277	110
Profit/loss from continued operations attributable to the owners of ordinary shares in the parent company	**1,979**	**1,100**
Number of shares outstanding (weighted average)	2,955,547	2,946,500
Earnings per share pursuant to IFRS (EUR)	**0.67**	**0.37**

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.

9. Goodwill, Intangible Assets

Intangible assets developed as follows:

Intangible Assets as of December 31, 2015

EUR k	Develop-ment costs	Patents and licences	Goodwill	Acquired contracts and devel-opment projects	Total
Cost as of January 1, 2015	99	3,596	13,942	7,881	25,518
Additions	66	34	0	1,323	1,423
Disposals	0	-1	0	0	-1
Acquisition of Subsidiaries	0	54	189	5,815	6,058
Cost as of December 31, 2015	**165**	**3,683**	**14,131**	**15,019**	**32,998**
Accumulated amortization and impairments as of January 1, 2015	0	2,763	0	2,135	4,898
Amortization charge for the year	0	204	401	1,296	1,901
Disposals	0	-1	0	0	-1
Accumulated amortization and impairments as of December 31, 2015	**0**	**2,966**	**401**	**3,431**	**6,798**
Carrying amount as of January 1, 2015	99	833	13,942	5,746	20,620
Carrying amount as of December 31, 2015	165	717	13,730	11,588	26,200

Intangible Assets as of December 31, 2014

EUR k	Develop-ment costs	Patents and licences	Goodwill	Acquired contracts and devel-opment projects	Total
Cost as of January 1, 2014	0	3,355	13,942	7,881	25,178
Additions	99	178	0	0	277
Reclassification	0	63	0	0	63
Cost as of December 31, 2014	**99**	**3,596**	**13,942**	**7,881**	**25,518**
Accumulated amortization and impairments as of January 1, 2014	0	2,620	0	1,441	4.061
Amortization charge for the year	0	239	0	535	774
Reclassification	0	-96	0	159	63
Accumulated amortization and impairments as of December 31, 2014	**0**	**2,763**	**0**	**2,135**	**4,898**
Carrying amount as of January 1, 2014	0	735	13,942	6,440	21,117
Carrying amount as of December 31, 2014	99	833	13,942	5,746	20,620

The contracts and development projects acquired contain the following, significant assets:

EUR k	Book Value	Remaining period
acquired storage contracts Secuvita	4,241	12 years
acquired storage contracts StemCare	5,550	25 years
acquired storage contracts Vivocell	1,345	24 years

10. Property, Plant and Equipment

Property, plant, and equipment developed as follows:

Property Plant and Equipment as of December 31, 2015

EUR k	Real property	Technical equipment	Furniture and fixtures	Total
Cost as of January 1, 2015	306	4,913	1,723	6,942
Additions	0	675	88	763
Disposals	0	0	-22	-22
Acquisition of Subsidiaries	0	65	123	188
Cost as of December 31, 2015	**306**	**5,653**	**1,912**	**7,871**
Accumulated depreciation and impairments as of January 1, 2015	0	1,284	1,068	2,352
Amortization charge for the year	0	211	170	381
Disposals	0	0	-7	-7
Accumulated depreciation and impairments as of December 31, 2015	**0**	**1,495**	**1,231**	**2,726**
Carrying amount as of January 1, 2015	306	3,629	655	4,590
Carrying amount as of December 31, 2015	306	4,158	681	5,145

Property Plant and Equipment as of December 31, 2014

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

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

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

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

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.

Cash-Generating Unit "Stem Cell Banking – Germany"

The recoverable amount of the "Stem Cell Banking - Germany" cash-generating unit has been determined based on a value in use calculation using cash flow projections updated from the prior year and based on financial budgets approved by senior management covering a five-year period, as approved by the Supervisory Board. The depreciation rate for the cash flow prognoses for the "Stem Cell Banking - Germany" segment before tax is 12 percent (prior year 11.4 percent). Cash flows beyond the five-year period are extrapolated using a 0.5 percent growth rate.

Cash-Generating Unit "Spain"

The recoverable amount of the cash-generating unit "Spain" has also been determined based on a value in use calculation, using cash flow projections based on financial budgets approved by senior management covering a five-year period, as approved by the Supervisory Board. The pre-tax discount rate applied to the cash flow projections is 13.5 percent (prior year: 14.3 percent). Cash flows beyond the five-year period are extrapolated using a 0.5 percent growth rate.

Cash-Generating Unit "Biotechnology"

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

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

Carrying amounts

EUR k	2015	2014
Goodwill segment "Stem Cell Banking - Germany"	12,972	12,822
Goodwill segment "Spain"	592	592
Goodwill segment "Balkan"	40	0
Goodwill segment "Biotechnology"	127	528
Licence separation procedure	43	43
	13,774	**13,985**

Key Assumptions Used in Value in Use Calculation of the Units as of December 31, 2015 and December 31, 2014

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

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

Depreciation Rates – The depreciation rates reflect the estimates of company management with regard to the specific risks attributable to the cash generating units. This is the benchmark used by management to assess the operating performance and evaluate future investment projects. The discount rate is derived from a risk-free interest rate, also taking a market risk premium and a company-specific beta factor into account.

Sensitivity of the Assumptions Made

Company management is of the opinion that it can be reasonably expected that in general possible changes to one of the key assumptions used to determine the value in use of the "Stem Cell Banking - Germany" 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, or the discount rate increases. In the case of a reduction of the annual free cash flow in the planning period of approximately EUR 225k or an increase in the discount rate of 1.7 percent, the value in use of the cash-generating unit would be reduced to its carrying value.

Company management is of the opinion that it can be reasonably expected that in general possible changes to one of the key assumptions used to determine the value in use of the "Spain" cash-generating unit could lead to the carrying value of the cash-generating unit exceeding its recoverable amount. The value in use could fall below the carrying value particularly in the event that the expected number of storages is not reached in the planning period. In the case of a reduction of the annual free cash flow in the planning period of approximately EUR 25k or an increase in the discount rate of 1.7 percent, the value in use of the cash-generating unit would be reduced to its carrying value.

An impairment of goodwill from EUR 401k down to EUR 127k was necessary in the "Biotechnology" cash generating unit, due to reduced future income expectations. The value in use of the cash-generating unit corresponds with the carrying value.

12. Inventories

Inventories break down as follows:

Inventories

EUR k	2015	2014
Materials and supplies (measured at costs of purchases)	217	208
Work in progress (at cost of production)	206	89
	423	**297**

Inventories were not written down.

13. Trade receivables

Trade receivables break down as follows:

Receivables

EUR k	2015	2014
Non-current trade receivables	950	1,095
Current trade receivables	3,748	3,884
	4,698	**4,979**

The additional non-current trade receivables that originated in the reporting year were discounted using an interest rate of 4.0 percent (2014: 4.0 percent) based on their terms to maturity. Due to the long term of some receivables (up to 25 years), trade receivables due in more than twelve months are reported separately under non-current assets.

Non-Adjusted Receivables

EUR k	Carrying amount	Thereof: Not impaired nor overdue at the end of the reporting period	Thereof: Not impaired at 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, 2015	4,698	2,525	615	517	398	130
Trade receivables as of December 31, 2014	4,979	3,171	459	306	230	775

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:

Adjustments

EUR k	2015	2014
Valuation allowances as of January 1	287	554
Changes in Consolidation	186	0
Increases (expenses for valuation allowances)	233	47
Consumption	-19	0
Release of allowances	0	-314
Valuation allowances as of December 31	**687**	**287**

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

Expenses for the Derecognition of Trade Receivables

EUR k	2015	2014
Expenses for the complete derecognition of receivables	13	2

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

Default Risk

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

14. Other receivables and assets

Other Receivables and Assets

EUR k	12/31/2015 Total	12/31/2015 Thereof current	12/31/2014 Total	12/31/2014 Thereof current
Financial receivables and assets				
Portfolio investment	2,808	0	0	0
Other financial receivables and assets	838	542	586	586
Other financial assets	163	0	620	0
	3,809	**542**	**1,206**	**586**
Deferred expenses	886	141	832	832
Grants for investments and projects	369	369	632	632
	1,255	**510**	**1,464**	**1,464**
	5,064	**1,052**	**2,670**	**2,050**

Investments in securitie were classified as available for divestiture and valued at their fair value in an income neutral manner. Within the course of securing a bank guarantee, securities in the amount of EUR 468k were hypothecated.

Financial receivables and assets include, in particular, receivables from the granting of loans to subsidiaries of Vita 34 AG not included in the Group financial statements, receivables from tax overpayments, as well as prepayments for future insurance premiums.

15. Cash and cash equivalents, restricted cash

Cash and Cash Equivalents, restricted cash

EUR k	2015	2014
Restricted cash	170	170
Cash: Cash in hand and bank balances	2,082	3,730
	2,252	**3,900**

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

Of the cash, an amount of EUR 170k (2014: 170k) is not freely available to the Company.

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

Overview cash and cash equivalents

EUR k	2015	2014
Cash in hand and bank balances	2,082	3,730
	2,082	**3,730**

16. Issued Capital and Reserves

Issued Capital and Reserves

	2015	2014
Issued capital		
Ordinary shares of EUR 1 each (all fully paid in)	3,026,500	3,026,500
Composition of equity	EUR k	EUR k
Issued capital	3,027	3,027
Capital reserve	18,213	18,213
Revenue reserves	2,928	1,390
Other reserves	-157	-122
Own shares	-337	-436
Non-controlling shares	82	88
	23,756	**22,160**

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

Capital reserves contain contributions beyond the capital stock and other payments by shareholders in connection with capital increases as well as reserves for share-based payments.

Retained earnings contain the cumulative profits including the net result for the current year. Retained earnings were reduced by EUR 442k in the reporting year based on a didividend payment. The dividend per share was EUR 0.15.

Other reserves contains actuarial profits and loses from performance-based pension plans, as well as profits and losses from the category "Financial Assets Available for Sale."

Own shares were reported at 80,000 (2.64 percent) in Vita 34 AG in the previous year that were acquired in conjunction with the acquisition of the interest in Secuvita S.L. Due to a stock swap the own shares were reduced in the reporting year by 18,093 shares. As of the closing date the Group owned own shares in the amount of 61,907 shares (2.06 percent).

The **non-controlling shares** contain the shares of the minority shareholders of stellacure GmbH and Secuvita S.L., as well as Bio Save d.o.o., 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.

Authorized Capital

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

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

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

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

17. Loans

17.1 Current

Current Loans

EUR k	Interest rate in %	2015	2014
Loan for EUR 2,042k	0.00	233	0
Loan for EUR 114k	0.00	114	0
Loan for EUR 1,000k	1.25	200	0
Loan for EUR 600k	5.24	0	65
Loan for EUR 137k	0.00	5	6
Loan for EUR 75k	8.64	11	16
Loan for EUR 50k	EURIBOR + 8.00	14	0
Loan for EUR 45k	5.50	15	0
Various hire purchase loans	6.00-8.40	21	0
		613	**87**

17.2 Non-current

Non-Current Loans

EUR k	Effective interest rate in %	Maturity	2015	2014
Loan for EUR 2,042k	0.00	2015-2019	1,390	0
Loan for EUR 1,000k	1.25	2015-2020	650	0
Loan for EUR 600k	5.24	2008-2017	0	116
Loan for EUR 137k	0.00	2013-2024	33	37
Loan for EUR 75k	8.64	2011-2016	0	11
Loan for EUR 50k	EURIBOR + 8.00	2015-2018	36	0
Loan for EUR 45k	5.50	2015-2017	30	0
Various hire purchase loans	6.00-8.40	2012-2019	37	0
			2,176	**164**

A loan recognized in the accounting in the amount of EUR 850k (nominal amount EUR 1,000k) is secured by the global assignment of receivables of the company arising from storage contracts against third-party creditors whose names begin with the letters A-Z. This loan is linked to attaining or maintaining and adjusted equity ratio of Vita 34 AG of 25 percent.

18. Shares of Silent Partnerships

Silent Partnerships

EUR k	2015	2014
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, June, September, and December of each year. In addition, MBG receives a profit-based fee of 50 percent of the net profit for the year of Vita 34 AG, or max.1 percent p.a. of the contribution made. The basis for calculating the profit-based fee is the net profit for the year under German commercial law, adjusted for certain income and expense items.

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

19. Provisions

Provisions

EUR k	Total
As of January 1, 2015	103
Utilization	-75
As of December 31, 2015	**28**
Current provisions 2015	29
Non-current provisions 2015	0
	29
Current provisions 2014	103
Non-current provisions 2014	0
	103

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

20. Pension Reserves

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

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

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

Expenses Contained in the Consolidated Statement of Income for Pension Obligations

EUR k	2015	2014
Current service cost	0	9
Interest expense	8	9
Interest income	-8	-6
Expenses for pension obligations	**0**	**12**

Net Debt from Performance-Based Obligations

EUR k	2015	2014
Cash value of performance based obligations	-285	-301
Applicable fair value of plan assets	363	358
Effect of the asset ceiling	-78	-57
Liability from the performance-based obligation	**0**	**0**

In accordance with IAS 19.113 the cash value of the profit-based obligation and the applicable fair value of the plan asset are offset. Plan assets include a qualified insurance policy that covers all of the promised benefits exactly with regard to their amount and when they are due. Thus, recognition of the plan asset is immediately limited to the cash value of the obligations covered.

Development of the Cash Value of the Performance-Based Obligation

EUR k	2015	2014
Cash value of the performance based obligation as of January 1	301	184
Current service cost	0	9
Interest expense	7	9
Revaluation		
Actuarial losses based on changed financial assumptions	0	142
Experience adjustments	-23	-43
Cash value of performance based obligations as of December 31	**285**	**301**

Development of the Fair Market Value of the Plan Assets

EUR k	2015	2014
Applicable plan value of assets as of January 1	358	130
Interest income	8	6
Revaluation		
Income resulting from plan assets without those that are in net interest costs and income	-3	-23
Employer contributions	0	371
Repayment of reinsurance	0	-126
Applicable fair value of plan assets as of December 31	**363**	**358**

The measurement of the pension obligations as of December 31, 2015 was done using the Heubeck GUIDELINE TABLES 2005 G as the biometric calculation basis according to the modified entry age method.

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

Assumptions for Determining the Pension Fund Obligations as of December 31, 2014

in %	2015	2014
Discount rate	2.60	2.30
Annual salary trend	0.00	0.00
Pension trend	1.90	1.90

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

Thanks to the re-insurance coverage taken out, even if the parameters named changed, no effect is expeted on obligations arising from pension plans.

21. Deferred Grants

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

Grants

EUR k	2015	2014
As of January 1	1,215	1,062
Received during the fiscal year	0	271
Released through profit and loss	-94	-118
As of December 31	**1,121**	**1,215**
Current	85	94
Non-current	1,036	1,121
	1,121	**1,215**

The grants are released on a linear basis over the useful life of the subsidized assets.

22. Deferred Income

Deferred Income

EUR k	2015	2014
Current	1,795	1,542
Non-current	8,543	8,367
	10,338	**9,909**

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

23. Trade payables and Other Liabilities

Liabilities

EUR k	2015	2014
Financial liabilities		
Long term trade payables	570	0
Current trade payables	1,322	696
Other liabilities	505	594
	2,397	**1,290**
Non-financial liabilities		
Employee benefits	526	355
Payments based on termination of employment	23	131
	549	**486**
	2,946	**1,776**

Conditions regarging to the aforementioned financial situation.

- Non-current trade liabilities are not interest bearing, and have a term up up to 25 years.
- * 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.

Non-current trade liabilities contain obligations from long-term storage contracts.

24. Additional Information on Financial Instruments

Carrying Amounts and Valuations According to Valuation Categories

		Carrying amount in Statement of Financial Position			
EUR k	Carrying amount 12/31/2015	Amortized cost	At fair value not in Profit and Loss	At fair value through Profit and Loss	Fair value 12/31/2015
Assets					
Cash and cash equivalents (KuF)	2,252	2,252			2,252
Trade receivables (KuF)	4,698	4,698			4,730
Available-for-sale finacial assets (ZVvfV)	2,808		2,808		2,808
Other financial assets (KuF)	1,001	1,001			1,001
Liabilities					
Liabilities to banks (FbzfA)	2,789	2,789			2,789
Shares in silent partners (FbzfA)	940	940			940
Trade payables (FbzfA)	1,892	1,892			1,892
Other non-interest-bearing liabilities (FbzfA)	505	505			505
Thereof combined by measurement category					
Loans and receivables (KuF)	7,951	7,951			7,983
Available-for-sale finacial assets (ZVvfV)	2,808		2,808		2,808
Financial liabilities valued at amortized costs (FbzfA)	6,126	6,126			6,126

Carrying Amounts and Valuations According to Valuation Categories

		Carrying amount in Statement of Financial Position			
EUR k	Carrying amount 12/31/2014	Amortized cost	At fair value not in Profit and Loss	At fair value through Profit and Loss	Fair value 12/31/2014
Assets					
Cash and cash equivalents	3,900	3,900			3,900
Trade receivables	4,979	4,979			4,943
Other financial assets	1,206	1,206			1,206
Liabilities					
Liabilities to banks	251	251			251
Shares in silent partners	940	940			940
Trade payables	696	696			696
Other non-interest-bearing liabilities	594	594			594
Thereof combined by measurement category					
Loans and receivables	10,085	10,085			10,049
Financial liabilities valued at amortized costs	2,481	2,481			2,481

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

The applicable fair value of financial assets available for divestiture is determined on active markets based on active prices. The classification is made in each case in Level 1 of the fair value hierarchy.

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

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

24.2 Net Result by Measurement Category

Net Results

EUR k	2015	2014
Loans and receivables	-149	368
Available-for-sale financial assets	-51	0
Financial liabilities valued at amortized costs	-110	-96
Total	**-310**	**272**

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 -249k (2010: EUR 265k); these are instead disclosed under other operating income and other operating expenses. Moreover, EUR -35k are recognized under net loss from the valuation category "Financial assets available for sale," which are recorded in other profits.

The net results by measurement category are mainly comprised of interest income and expenses in the total amount of EUR -26k (prior year: EUR 7k), and expenses from write-downs on receivables in the amount of EUR -249k (prior year: EUR 265k).

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

EUR k	2016	2017	2018 ff.
Liabilities to banks	654	695	1,547
Shares in silent partners	66	66	978
Other non-interest-bearing liabilities	1,716	66	817
Total	**2,436**	**827**	**3,342**

All instruments in the portfolio as of December 31, 2015 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 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 securities. 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 (e.g., receivables, other financial assets) and projected cash flows from operations.

24.5 Credit Risk

The Group mostly does business with private customers. Credit ratings are obtained from TEBA Kreditbank GmbH & Co. KG for contracts with installment payments in the "Stem Cell Banking - Germany" unit. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure to bad debts is limited to the carrying value contained 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.

24.6 Interest Risk

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

24.7 Currency Risk

In the reporting period the Group also had revenues and expenses in Swiss Francs (CHF). Therefore, changes in the Euro/CHF exchange rate can fundamentally affect Group statement of financial position.

The Swiss Frank has been subject to the general exchange rate risks since the exit from the internvention policy of the Swiss National Bank. A fundamental possible change in the exchange rate of 10 percent would have the following effect on the Group result before taxes as well as the equity of the Group:

EUR k	Develop-ment of FX rate CHF	Impact on result	Impact on equity
2015	+10%	-51	-51
	-10%	51	51
2014	+20%	-102	-102
	-20%	102	102

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 real estate.

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 Payment Obligations

EUR k	2015	2014
Within one year	789	696
Between one and five years	638	1,342
	1,427	**2,038**

25.2 Purchasing obligations for property, plant and equipment

As of the end of the reporting period December 31, 2015, the Group had purchasing obligations for property, plant and equipment amounting to EUR 124k (2014: EUR 0k).

25.3 Legal Disputes

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

25.4 Contingent Liabilities

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

The co-shareholders of Bio Save L.L.C., Belgrade, Serbia, were granted the option of reacquiring the shares acquired by the company in 2015 in Bio Save L.L.C., Belgrade, Serbia, within 3 years. This option can be excercised at the latest as of November 1 of each year, effective December 31, of the respective year. Currently, it does not appear that the option rights will be execised by the co-shareholders.

26. Information on related party transactions

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

Name, Headquarter	Persentages of equity 2015 in %	2014 in %	
Novel Pharma S. L., Madrid, Spain	100.0	100.0	
Secuvita S. L., Madrid, Spain	88.0	88.0	(indirectly)
stellacure GmbH, Hamburg, Germany	75.2	75.2	
Vita 34 Gesellschaft für Zelltransplantate m.b.H., Vienna, Austria	100.0	100.0	
Bio Save d.o.o., Belgrade, Serbia	30.0	0,0	
Izvorna Celica d.o.o., Ljubljana, Slovenia	30.0	0,0	(indirectly)
Bio Save d.o.o., Podgorica, Montenegro	15.3	0,0	(indirectly)
StemCare ApS, Gentofte, Denmark	100.0	0,0	

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

The following subsidiaries of Vita 34 AG were not included in the Group annual financial statements for reasons of substantiality.

Subsidiaries not included in consolidation

Name, Headquarter	Persentages fn equity 2015 in %	2014 in %	
VITA 34 Slovakia, s.r.o, Bratislava, Slovakia	100.0	100.0	
Bio Save d.o.o., Sarajevo, Bosnia-Herzegovina	10.5	0.0	(indirectly)
Kamieninių ląstelių bankas UAB “Imunolita”, Vilnius, Lihuania	35.0	0.0	

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

Transactions with affiliated companies and persons

EUR k	Received payments and other costs from affiliated companies and persons	Revenues and earnings with affiliated companies and persons	Receivables from affiliated companies and persons	Liabilities towards affiliated companies and persons
2015				
Bio Save d.o.o., Sarajevo, Bosnia-Herzegovina	0	87	72	0
Kamieninių ląstelių bankas UAB "Imunolita", Vilnius, Lithuania	0	34	34	0
VITA 34 Slovakia, s.r.o, Bratislava, Slovakia	0	2	0	0
2014				
Vita 34 Gesellschaft für Zelltransplantate m.b.H., Vienna, Austria	16	0	0	16

Granted loans to affiliated companies and persons

EUR k	Received interests	Receivables	Paid interests	Liabilities
2015				
VITA 34 Slovakia, s.r.o, Bratislava, Slovakia	5	296	0	0
Bio Save d.o.o., Sarajevo, Bosnia-Herzegovina	0	0	0	0
2014				
Vita 34 Gesellschaft für Zelltransplantate m.b.H., Vienna, Austria	1	782	0	0
VITA 34 Slovakia, s.r.o, Bratislava, Slovakia	1	120	0	0

The loan granted to Vita 34 Gesellschaft für Zelltransplantate mbH (Austria) serves to finance the acquisition of all assets in Vivocell Biosolutions GmbH & Co. KG, Graz, Austria. Vita Austria has been fully consolidated as of January 1, 2015.

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

Payments to related parties and key personnel

EUR k	2015	2014
Compensation of key personnel of the Group:		
Short-term benefits:		
Remuneration of the supervisory board	119	90
Management board salaries	677	606
Management board remuneration für previous years	79	97

The Group obligated itself to render a performance in the amount of EUR 195k for a company that is close to a member of the Supervisory Board. In 2015, services with a scope of EUR 51k (2014: EUR 0) were taken advantage of.

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

A settlement agreement concerning the early contractual termination as of September 30, 2015, was entered into with Mr. Jörg Ulbrich (CFO up to September 30, 2015). As compensation for the agreed variable compensation components for fiscal year 2015, compensation expenses in the amount of EUR 45k were taken into consideration for the period from January 1 to September 30, 2015.

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

There is an agreement with a former Director concerning the use and exploitation of a patent application and two patents. The corresponding patents or patent applications have been granted to Vita 34 AG permanently. No compensation has become due in fiscal years 2014 and 2015 arising from this assignment.

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

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

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

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

In fiscal year 2015 the following gentleman were elected to the Management Board

Dr. André Gerth	Chairman of the Management Board (CEO)
Falk Neukirch	Finance Director (CFO) as of October 1, 2015
Jörg Ulbrich	Finance Director (CFO) up to September 30, 2015

The service contrace rules were adapted for the last time in fiscal year 2015.

27.1 System of Management Board Compensation and Review

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

27.2 Fixed Compensation, Variable Success-Based Compensation and Supplementary Payments

The fixed component is a contractually defined basic salary that is paid out in equal monthly amounts. The variable component is based on the targets for each individual fiscal year, and is oriented on whether certain quantitative targets are met. After twelve months the Management Board receives a partial payment dependant on attaining the year's intermediate goal for individual strategic corporate goals The target amount of the variable compensation is limited, if the targets are 100 percent attained, is limited in each case for all agreed partial performances, as well as including the discretionary bonus. The variable compensation is comprised of four partial components "strategic corporate objectives" (Component I), "EBIT goal" (Component II), "Stock Price Performance" (Component III) and "Discretionary Bonus" (component IV).

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

27.3 Remuneration of the Management Board for Fiscal Year 2015

The remuneration of the members of the Management Board for their activities in fiscal year 2015 totaled EUR 677k (2014: EUR 606k). The table below provides a breakdown of Management Board remuneration by person. The variable compensation in the form of an installment payment, calculated against an annual intermediate goal of the three-year period, was recognized along with the amounts calculated against the corporate result 2015.

Remuneration of the members of the Management Board for Vita 34 AG for fiscal year 2014 and 2015

	Dr. André Gerth Chief Executive Officer (CEO)			
EUR k	2014	2015	2015 (Min)	2015 (Max)
Non-performance-related component:				
Fixed component	189	227	227	227
Compensation for not taking annual leave	25	0	0	0
Supplementary Payments	20	20	20	20
Total	**234**	**247**	**247**	**247**
Performance-related component:				
Variable remuneration for one year (no long-term incentive, non-share based)	107	79	0	0
Variable remuneration for several years	0	210	0	210
Total	**341**	**536**	**247**	**457**
Pension benefits	35	26	26	26
Total	**376**	**562**	**273**	**483**

	Falk Neukirch Chief Financial Officer (CFO) Start: October 1, 2015			
EUR k	2014	2015	2015 (Min)	2015 (Max)
Non-performance-related component:				
Fixed component	0	33	33	33
Supplementary Payments	0	3	3	3
Total	**0**	**36**	**36**	**36**
Pension benefits	0	3	3	3
Total	**0**	**39**	**39**	**39**

	Jörg Ulbrich Chief Financial Officer (CFO) Exit: September 30, 2015			
EUR k	2014	2015	2015 (Min)	2015 (Max)
Non-performance-related component:				
Fixed component	125	95	95	95
Supplementary Payments	20	15	15	15
Total	**145**	**110**	**110**	**110**
Performance-related component:				
Variable remuneration for one year (no long-term incentive, non-share based)	107	0	0	0
Compensation for agreed variable remuneration for several years	0	45	0	100
Total	**252**	**155**	**110**	**210**
Pension benefits	0	0	0	0
Total	**252**	**155**	**110**	**210**

Inflow of remuneration to members of the Management Board for Vita 34 AG for fiscal year 2014 and 2015

	Dr. André Gerth (CEO)		Falk Neukirch (CFO) (since October 1, 2015)		Jörg Ulbrich (CFO) (until September 30, 2015)	
EUR k	2014	2015	2014	2015	2014	2015
Non-performance-related component:						
Fixed component	189	227	0	33	125	95
Compensation for not taking annual leave	25	0	0	0	0	0
Supplementary Payments	20	20	0	3	20	15
Total	**234**	**247**	**0**	**36**	**145**	**110**
Performance-related component:						
Variable remuneration for one year (no long-term incentive, non-share based)	96	79	0	0	96	0
Variable remuneration for several years	0	210	0	0	0	45
Sub-Total (according to DRS 17)	**330**	**536**	**0**	**36**	**241**	**155**
Pension benefits	35	26	0	3	0	0
Total (according to GCG-Code)	**365**	**562**	**0**	**39**	**241**	**155**

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.

27.4 Premature Termination of the Employment Agreement

Agreements have been made regarding payments in the case of a premature termination of the service contract in the case of a control change (change-in-control). A control change takes place when a shareholder or third-party directly or indirectly possesses more than 50 percent of the voting rights in Vita 34 AG, or has entered into a company contract in accordance with Sec. 291 German Stock Company Act, or the company is incorporated in accordance with Sec. 319 AktG, or the company is merged into another legal entity. The promised benefits encompass the payment of the capitalized draws (fixed salary and profit sharing), as well as a claim to severance. Both amounts are limited in their height.

27.5 Share-Based Payments

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

27.6 Remuneration of the Supervisory Board (remuneration report)

The Supervisory Board of Vita 34 AG was increased from 3 to 6 members by a resolution of the Annual General Meeting on July 28, 2015.

In fiscal year 2015 the following persons were appointed to the Supervisory Board:

Dr. Hans-Georg Giering	Managing Partner: Cagnosco GmbH
Dr. Holger Födisch	Director of Dr. Födisch Umweltmesstechnik AG
Alexander Starke	Attorney at Law
Artur Isaev (as of July 28, 2015)	Founder and General Director of the Human Stem Cells institute PJSC, Moscow
Heinrich Sundermeyer (as of July 28, 2015 until 31. December 2015)	Entrepreneur in the field of M&A Management
Gerrit Witschaß (as of July 28, 2015)	Corporate Consultant

Remuneration for this body in the amount of EUR 119k (2014: EUR 90k) was paid in 2015.

The remuneration of the Supervisory Board members is determined pursuant to Art. 18 of the bylaws. This provision in its current form is based on the resolution of the Annual Geneal Meeting dated August 28, 2015, effective January 1, 2015. The remuneration is agreed as a fixed annual sum and is paid quarterly to members of the Supervisory Board. The roles of the Supervisory Board Chairman and his deputy are taken into account separately.

Remuneration of the Vita 34 AG Supervisory Board – fixed payments

EUR k	2015
Dr. Hans-Georg Giering (Chairman)	72
Alexander Starke (Deputy Chairman)	19
Dr. Holger Födisch	21
Artur Isaev	0
Heinrich Sundermeyer	0
Gerrit Witschaß	7

With regard to other compensation of benefits extended to a member of the Supervisory Board or their related parties, we refer to our information on related party transactions (see note 26 “Information on Related Party Transactions).

28. Financial Risk Management Objectives and Policies

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

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

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

Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and methods as of December 31, 2015 and December 31, 2014. Capital comprises the equity disclosed in the statement of financial position.

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

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

Audit fees

EUR k	2015	2014
Audit fees	86	69
thereof fees for previous years' audit	10	13

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

Leipzig, March 21, 2016
The Vita 34 AG Management Board

Dr. André Gerth
CEO

Falk Neukirch
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 2016

Management Board of Vita 34 AG

Dr. André Gerth
CEO

Frank Neukirch
CFO

Audit Opinion

We have audited the consolidated financial statements prepared by Vita 34 AG, Leipzig, comprising the the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in group equity, the consolidated statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1, to December 31, 2015. 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 21, 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Mandler	Zeidler
German Public Auditor	German Public Auditor

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Production

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

Publication

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