ANNUAL REPORT 2008

VITA 34 INTERNATIONAL AG

VITA 34

KEY GROUP FIGURES

		2008	2007	2006
STEM CELL PREPARATIONS				
Umbilical cord blood storages	Number	11,020	10,458	7,318
PROFIT / LOSS				
Revenue	EURk	14,957	15,426	11,556
Gross profit / loss	EURk	9,808	10,394	7,895
EBIT	EURk	–2,270	–832	496
Profit / Loss for the year	EURk	–1,712	–1,185	–2,866
BALANCE SHEET / CASH FLOW				
Balance sheet total	EURk	30,308	32,259	25,810
Equity	EURk	18,105	19,729	12,935
Equity ratio	%	59.7	61.2	50.1
Liquid assets	EURk	7,250	10,953	4,347
Capital expenditures *	EURk	1,073	1,124	791
Depreciation *	EURk	444	404	300
Cash flow from operations	EURk	–2,939	–1,664	702
EMPLOYEES				
Employees (as of Dec. 31)	Number	111	110	74
Personnel expenditure	EURk	5,684	5,004	3,508

** Information for tangible and intangible assets.*

CONTENTS

CHILDREN, EARTH

In some countries, the umbilical cord blood is stored in some 15 percent of births already. In many countries expecting parents are blocked from this preventative care or they are not even aware of the medical possibilities that are offered by stem cells from umbilical cord blood today and will be offered in the future. VITA 34 is observing worldwide where the possibilities for cooperation in umbilical cord blood banking are manifesting themselves.

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders and Friends of VITA 34,

The year 2008 was exciting, challenging and sometimes even turbulent, and not just for VITA 34. The worldwide financial markets became destabilized and the real economy was placed under increasing stress in the second half of the year. This ended in a recession. VITA 34, too, was not able to fully achieve the ambitious goals set in 2008. A connection with the weakness in the real economy can be drawn, however, it is not the sole explanation or exculpation.

VITA 34 is, of course, by far the unchallenged market leader in the private storage of umbilical cord blood in the German-speaking countries. However, we overestimated the speed of market developments here. Correspondingly, we have lowered our revenue prognoses for 2008 and 2009 in the last year. This is a painful step for us after a record year in 2007. Nonetheless, we expect a continued moderate increase in revenues in the coming two years – 2009 and 2010 – thus, the VITA 34 growth story will go on. From our point of view it is, at the very least, just as important for us to not touch our profit targets. We want to achieve a return to profitability in 2009. In the past two years VITA 34 had indeed considerably increased activities in the area of marketing, thereby taking a loss into account as part of the plan.

Our 2008 results with an EBIT of EUR –2.2 million were already significantly better than expected. With regard to revenues, the EUR 15 million we achieved was within the range we had published in the middle of the year as a revised revenue target. For 2009 we are optimistic about our ability to post numbers in the black, with regard to EBIT.

We reacted in a swift and targeted manner to the changing market developments in Germany. We adapted our field force. Fortunately, it turned out that we could mostly achieve our targets for approaching gynecologists in this area with a lower number of employees. The bottom line was that we achieved good progress in informing and forming opinions with these multipliers in 2008. Our new offer VITAplusSpende contributed significantly to this. Here, we offer parents the opportunity to store the umbilical cord blood of their children privately and, in case it is ever needed for the treatment of a third-party recipient, to donate it. This, of course, is done with full reimbursement of the fees paid up to this point. We have experienced very good response from both parents and physicians with this approach.

Dr. med. Eberhard Lampeter (CEO) and Peter Boehnert (CFO)

If the rate of storage in Germany cannot be increased as rapidly in the short term as we had hoped as market leader, this is related to an uncertainty that keeps cropping up amongst the general public. Not least, the very controversial discussion of stem cells within the course of the revision of the German Stem Cell Act contributed to this. Despite this, VITA 34 was successful in achieving a new record in the past fiscal year, with a total of 11,020 storages. We are proud of this. Apart from our current core market in Germany, this was augmented in an ever-increasing manner by storages for our Spanish partner Secuvita. Apart from Spain, the activities in Switzerland and Austria also demonstrated positive developments.

We want to use this increasing success of VITA 34 abroad, based on more than ten years of experience and the high credibility of quality “Made in Germany”, in other regions in the future, as well. For this purpose we have explored the international markets and have investigated where the readiness for private expenditures for preventative health care are high, where the regulatory prerequisites for the storage of umbilical cord blood are favorable, and where the competitive pressure is below average. We want to position VITA 34 in the markets identified in this way incrementally, with proportion, over the coming years. This will be done in the form of partnerships with local players or as joint ventures, however, always with a low investment risk. The opening of the comparatively small Slovenian market by VITA 34 is planned for the first half year of 2009 already. Another European market should follow in the course of this year. The international expansion into the individual countries should deliver positive contributions to profits within two years of market entry.

We will conduct the expansion of business in Germany in parallel with this. Here, we intend to continue developing the market with a combination of additional offers that make sense with our basic services, thus tapping additional potential that will be reflected positively in the profit and loss statement. Our VITA 34 max offer has demonstrated that we have chosen the right strategy thanks to its high level of acceptance by parents. In addition, VITA 34 will define itself even more than before as an innovative company in the field of regenerative medicine through existing and additional cooperative research efforts.

The existing cooperation with the Technical University Munich for the clinical testing of umbilical cord blood in newly manifested Type 1 diabetes is an example of this. In this clinical study, which

VITA 34 Company headquarters in Bio City, Leipzig

is being conducted in parallel with a pilot study in the USA, the focus is on protecting and/or regenerating the body's own insulin producing cells that still exist when the disease manifests itself. As a result, the feared complications involving the eyes, the kidneys or the blood vessels of these patients could be prevented.

VITA 34 will concentrate on diseases that are significant in children and adolescents with these research projects. Apart from promoting indication-specific medical developments, expecting parents and physicians should be presented with existing and emerging methods, in order to make the current significance of preventative care with umbilical cord blood clear to them. We are convinced, and the increasing usage numbers for privately stored umbilical cord blood world-wide confirm our beliefs, that the preventative care service we offer with VITA 34 is dynamically growing in significance.

We intend to increase this potential in 2009. We are cognizant of the fact that economic conditions will not make this endeavor easy, yet we are optimistic that we will be successful with our adapted strategy. We look forward to your support and our mutual success.

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

Leipzig, January 31, 2009
Management Board of VITA 34 International AG

Dr. med. Eberhard F. Lampeter
CEO

Peter Boehnert
CFO

THE MANAGEMENT BOARD

VITA 34 International AG does not have its own operative business, rather it manages the Group as a cross-functional management holding. Dr. med. Lampeter and Peter Boehnert are directors of both VITA 34 International AG and VITA 34 AG. The Management Board of VITA 34 is augmented by Oliver Papavlassopoulos.

Dr. med. Eberhard F. Lampeter,
Management Board Chairman of VITA 34 International AG and VITA 34 AG
Responsible on the Management Board for Strategy, Research and Development, Business Development. Born in 1955, 2 children.

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

Dipl.-Betriebsw. (FH) Peter Boehnert,
Finance Director of VITA 34 International AG and VITA 34 AG
Responsible on the Management Board for Finance, Human Resources and Investor Relations. Born in 1953, 1 child.

Peter Boehnert has been Managing Director and a Management Board member respectively of VITA 34 since 2001. He has more than 30 years of experience in the commercial sphere, which he gathered in management positions in international corporations. Following his business administration studies he was in management positions at Gillette, Schindler and finally at Morgan Crucible Company.

Dipl.-Kfm. Oliver Papavlassopoulos,
Director Marketing and Sales of VITA 34 AG
Responsible on the Management Board of VITA 34 AG for Marketing and Sales. Born in 1964, 3 children.

Oliver Papavlassopoulos has been a Management Board member of VITA 34 AG since 2006. Before that he gathered experience in marketing and sales in numerous industries, and was particularly focused on end customers and parents as a target group. Following positions at Procter & Gamble and the Holtzbrinck Gruppe, he was Director of Marketing at Lindt & Sprüngli in Switzerland. Prior to his move to VITA 34 AG he was Marketing Director at Center Parcs in Germany for several years.

SUPERVISORY BOARD REPORT

Dear Shareholders,

The Supervisory Board monitored and provided advice on the work of the Management Board in fiscal year 2008. The basis for this was extensive reports made by the Management Board in written and oral form. In addition, the Chairman of the Supervisory Board regularly exchanged information with the Chairman of the Management Board. Thus, the Supervisory Board was always informed of the intended business policy, corporate planning, the profitability of the Company, the course of business, as well as the situation of the Company and the Group as a whole.

The Supervisory Board met for four regular meetings in 2008. In addition, several resolutions were passed in writing, and within the context of teleconferences. In all of the Supervisory Board meetings, the Management Board reported to the Supervisory Board on the economic and financial development of the Company, including the risk situation. No member of the Supervisory Board participated in less than half of the meetings.

Emphasis of the consultations in the Supervisory Board
A clear emphasis of the activities of the Supervisory Board in the reporting year were questions relating to the implementation of the marketing and sales strategy. A further focus was the expansion of international activities. In the December 2008 meeting, the Management Board presented its operative plan as well as the financial and balance sheet plan, which also were the subject of extensive deliberations.

Committee work
The Supervisory Board has three committees, the Audit Committee, the Personnel Committee, and the Nominating Committee. The Audit Committee met three times in the reporting year. In particular it reviewed questions regarding accounting and conducted the preliminary audit of the annual and consolidated financial statements, the annual report and the Group Annual Report. The auditor reported in detail on his audit activities. The Nominating Committee met two times. It dealt with the requirement profile of candidates for the upcoming election of the new Supervisory Board at the General Meeting 2009. The Personnel Committee did not meet in the reporting year.

Richard J. Neeson – Chairman of the Supervisory Board of VITA 34 International AG

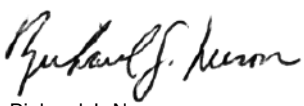
Corporate Governance
The Supervisory Board dealt with the further development of Corporate Governance principles in the Company, thereby taking the changes to the German Corporate Governance Code dated June 6, 2008 into consideration. In February 2009, the Management Board and the Supervisory Board issued a new Declaration of Compliance that is printed on page 19 of the annual report, in the "Corporate Governance" chapter, and is also published on the Company's homepage.

Annual and Group financial statements, audit
The auditor, Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Leipzig, audited the annual financial statements of VITA 34 International AG, the consolidated financial statements, the management report and the Group Management Report. As a result it should be noted, that the annual financial statements observed the rules of the German Commercial Code and the International Financial Reporting Standards. The annual financial statements and consolidated statements received an unqualified audit certificate. The financial statement documents were thoroughly discussed in the Audit Committee and in the Balance Sheet Meeting of the Supervisory Board, in the presence of and following a report from the auditor.

The Supervisory Board has reviewed the annual financial statements, the management report as well as the consolidated financial statements and the Group Management Report. There were no objections. The Supervisory Board, therefore, has affirmed the result of the audit and approved the annual financial statements and consolidated financial statements of the Management Board. The annual financial statements are thus confirmed. We are in agreement with the management reports and, in particular, the evaluation of the further development of the Company.

The Supervisory Board thanks the Management Board and all employees for their dedicated performance in fiscal year 2008.

For the Supervisory Board



Richard J. Neeson
Chairman

THE VITA SHARES

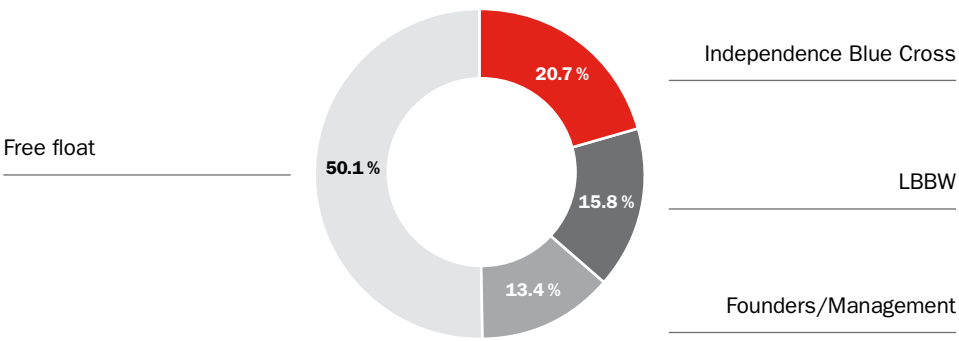
Shares in a segment with a high level of transparency

VITA 34 International AG has been listed on the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange since March 27, 2007. Thus, the shares are listed in the segment that has the strictest requirements, among other things on the transparency of the Company. VITA 34 feels obligated to maintaining open communication with the capital market, and this includes more than just the obligatory items such as quarterly reports in German and English. In addition, VITA 34 seeks contact with investors and the press through participation in conferences.

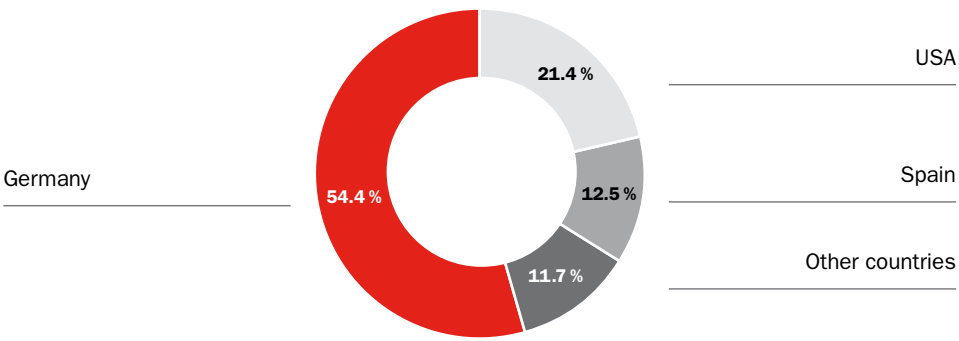
Blue Cross remains major shareholder

The largest single shareholder since the IPO is the American health insurance company Independence Blue Cross with a share of 20.7 percent. Landesbank Baden Württemberg (LBBW) has held 15.8 percent of VITA 34 International AG since taking over Sachsen Bank. The founders and management are significant shareholders, with holdings of 13.4 percent. This figure only contains founders or managers with a share of 5 percent or more in accordance with the "free float" definition of Deutsche Börse AG. The free float in total is 50.1 percent and, therefore, is of a magnitude that also appeals to institutional investors.

Shareholder structure as of December 31, 2008



Regional distribution of shareholders as of December 31, 2008



ICF Kursmakler AG as designated co-sponsor provides for a tight bid-ask spread in market trading and for the liquidity of the shares.

INFORMATION AND KEY FIGURES ON THE SHARES

Ticker symbol / Reuters symbol	V3V / V3VGn.DE
Securities number / ISIN	A0BL84 / DE000A0BL849
Initial quotation	March 27, 2007
Market segment	Prime Standard
Indices	CDAX, Prime All Share, Technology All Share, Prime IG Biotechnology

Opening / High / Low / Closing Price (December 28, 2008), XETRA in Euro	12.40 / 12.50 / 2.00 / 3.00
Number of shares issued	2,646,500
Free float as of December 31, 2008	50.1%
Market capitalization as of December 31, 2008	EUR 7.9 million

Designated Sponsor	ICF Kursmakler AG

A worldwide financial crisis weighs on capital markets

The market year 2008 will go down in history as one of the worst in the last decades. The subprime crisis, which started in the US, developed into a worldwide financial crisis in the wake of the insolvency of the US investment bank Lehman Brothers. The consequence was a massive drop in share prices on the world's stock markets.

The fact that the economic environment around the world darkened only strengthened the sell-off. With this as a backdrop, the Deutsche Aktienindex [DAX index], which represents the large publicly traded German companies, lost 40 percent of its value.

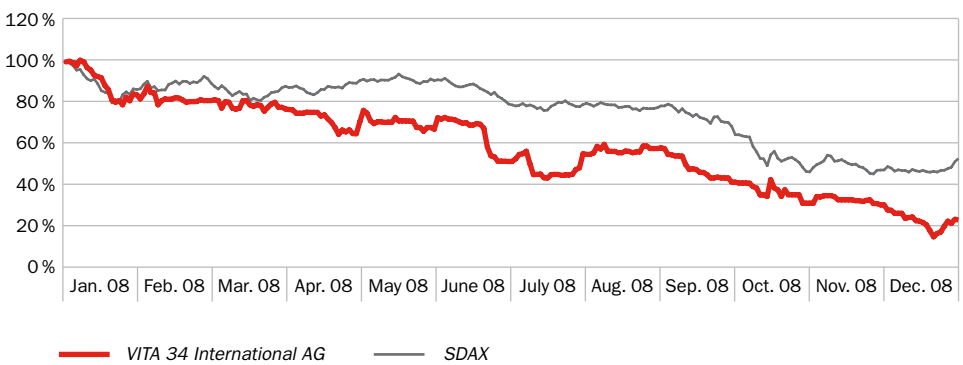
As a result, investors primarily sold off equities. Thus, the German Small Cap Index SDAX lost nearly 20 percent in Q3 alone. In an annual comparison, the SDAX lost a total of 54 percent in 2008. Generally, equities not represented in the SDAX lost even more value. In part, funds managers needed to sell shares in companies due to redemptions, even if they were convinced that a company had a good business model.

Unsatisfactory share price development

The VITA shares were also not able to escape this development. Following the out-performance in 2007, it ended 2008 at EUR 3.00 and, therefore, 76 percent below the 2007 year end closing price. Here, it is no consolation that other publicly traded umbilical cord blood banks in other countries had to deal with significantly greater drops in the reporting period. In all, the share price development is unsatisfactory. VITA 34 will endeavor to continue to reassure shareholders about the business model and to attract new shareholders with open and active communication.

The highest price in the fiscal year 2008 of EUR 12.50 was achieved back on January 2008, on the electronic Xetra exchange, which has the highest trading volume. The share price reached its low of EUR 2.00 at the beginning of December. The average number of shares traded per day was lower in 2008 than in market year 2007. Per day in Germany, an average of 2,400 shares are traded. Here, the Xetra is the most liquid trading platform.

Xetra share price history since IPO on March 27, 2008



The initial quotation of VITA shares took place on March 27, 2007

Active interest among investors and the press

VITA 34 communicates with the capital market, the public and the media in an active and transparent fashion. In the case of investors and the press, this innovative Company finds active interest for an equity. Most recently, Concord Equity Research and First Berlin have published research on VITA 34. Here, First Berlin provided a "Buy" recommendation in October 2008. The analysts have set the fair price for VITA shares as EUR 12. In addition, during 2008 VITA 34 presented at several capital market conferences, for example, the German Equity Forum and the Munich Capital Market Conference.

The prospects for umbilical cord blood banking can be best shown and explained in personal discussions. Thus, discussions with the most important multipliers such as analysts and journalists form a central building block of the communication strategy in the capital markets. Personal contacts with domestic and foreign investors are just as important. This is the basis on which VITA 34 conducted numerous roadshows at the most important financial centers in fiscal year 2008.

Internet presence further optimized

The Internet presence has been further optimized and navigation has been improved as of Q4 2008, in order to provide even better information. Interested parties can find in-depth information on business developments and the stock on the Company's home page www.vita34.com under "Investor Relations".

In 2008, VITA 34 also maintained intensive contact with the investor and market press. Correspondingly, there was active reporting on VITA 34. The Company was also mentioned positively several times.

Successful Annual Shareholders Meeting

On June 6, 2008, VITA 34 held its second Annual Shareholders' Meeting as a publicly traded company in Leipzig. All agenda items were passed by the shareholders with more than 99 percent of the votes present.

CORPORATE GOVERNANCE REPORT

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

Shareholders and Annual Shareholders' Meeting

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

Interaction of Management Board and Supervisory Board

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

The Company has taken out a directors and officers insurance policy for the Management Board and Supervisory Board. Here, no special deductible was agreed upon with the Management Board and the Supervisory Board, since we are not of the opinion that the care and responsibility that the members of the Management Board and Supervisory Board exercise in fulfilling their duties could be further enhanced by agreeing to a deductible.

An age limit for Management and Supervisory Board members was not established. The determining factor for the capability of the members of these bodies is not age; therefore, we do not consider an age limit to be sensible.

Management Board
The VITA 34 International AG Management Board consists of 2 members. The Chairman of the Management Board is Dr. med. Eberhard F. Lampeter. The Management Board leads VITA 34 International AG under its own responsibility, thereby orienting itself on the goal of a continuous increase in Company value.

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

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

The Supervisory Board
In all, the Supervisory Board of VITA 34 International AG comprises six members. The Supervisory Board supervises and advises the Management Board regarding management of the business. To this end, the Supervisory Board regularly discusses the development of business as well as planning, strategy and its implementation. It approves the annual plan prepared by the Management Board and renders a decision on the acceptance of the annual financial statements and the approval of the individual and consolidated financial statements.

The Supervisory Board has formed three committees from among its members:
the Audit Committee, the Personnel Committee and the Nominating Committee.

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.

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

Compensation of Management Board and Supervisory Board
The compensation of Management Board members consists of a performance-independent component and a success-dependent component. VITA 34 International AG publishes the Management Board compensation individually. Supervisory Board compensation is regulated in Sec. 18 of the by-laws.

The Supervisory Board members at VITA 34 International AG receive a fixed compensation. Performance-based compensation is not provided for.

Additional details on the compensation of the Management and Supervisory Boards can be found in the consolidated notes under text number 28.

Transparency

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

A basic principle of the communication policy of VITA 34 International AG is to treat all shareholders and interest groups equally when publishing information, which pertains to the Company and is significant for evaluating the development of the Company.

All mandatory publications, as well as additional investor relations publications of the Company are issued in German and in English.

All information relevant for capital markets is available in German and English on the VITA 34 website at www.vita34.com.

According to Sec. 15a of the German Securities Act (WpHG), the members of the Management Board and Supervisory Board, as well as certain employees with management duties, and those with a close relationship to them, must disclose the purchase and sale of shares in VITA 34 International AG and financial instruments based on these shares (Directors' Dealings). The following securities transactions requiring notification took place in fiscal year 2008, and were also published on the Company's website:

:: The Chairman of the Management Board, Dr. med Eberhard F. Lampeter, acquired 1,089 shares on October 13 and 14, 2008 for a total value of EUR 4,964.58. He bought an additional 100 shares each on November 25 as well as December 1 and 4, 2008 for a total volume of EUR 1,047.00.

:: On December 12, 2008, Supervisory Board member Dr. Uwe Marx sold 3,150.00 shares for a total value of EUR 7,875.000.

:: On December 23, 2008, Dr. med. Eberhard F. Lampeter bought 1,000 shares for a total value of EUR 3,000.00. In addition, he acquired 37,220 shares with a total value of EUR 93,050.00 from Supervisory Board member Dr. Uwe Marx in an off-market transaction.

The publication documentation as well as the corresponding announcements were sent to the German Federal Agency for Financial Services Supervision.

The shares held by Management and Supervisory Board members is greater than 1 percent, whereby the Management Board holds 7.8 percent and the Supervisory Board holds 1.9 percent.

Accounting and Auditing

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

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

Particulars concerning the stock option program of VITA 34 International AG can be found in the consolidated notes under text number 26.

The Supervisory Board has entrusted Ernst & Young, Wirtschaftsprüfungsgesellschaft, Leipzig, with the audit of the group financial statements of VITA 34 International AG as well as the individual financial statements of VITA AG and VITA International AG. The basis for appointing the auditor was their selection by the Annual Shareholders' Meeting 2008. Prior to making the election proposal, the Supervisory Board obtained an independence declaration in accordance with Title 7.2.1 of the Code from Ernst & Young. Therein, Ernst & Young confirmed that there are no professional, financial, personal or other relationships between the respective auditor, and its bodies and audit directors and the Company and the members of its bodies.

Declaration of Compliance

The Management Board and Supervisory Board of a German stock corporation listed on a stock exchange are obligated in accordance with Sec. 161 AktG ("Aktiengesetz": German Stock Corporation Act) 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 permanently accessible on the Company's website, along with the prior year's Declaration of Compliance:

VITA 34 International AG fulfills and will fulfill all of the recommendations of the German Corporate Governance Code, June 6, 2008 Version, with the following exceptions:

:: Title 3.8 GCGC: The deductible agreed between the Company and the D&O insurance is EUR 2,500. No special deductible was agreed upon with the Management Board and the Supervisory Board, since we are not of the opinion that the care and responsibility that the members of the Management Board and Supervisory Board exercise in fulfilling their duties could be further enhanced by agreeing to a deductible.

:: Titles 5.1.2/5.4.1 GCGC: An age limit for Management and Supervisory Board members was not established. The determining factor for the capability of the members of these bodies is not age; therefore, we do not consider an age limit to be sensible.

:: Title 5.4.7 GCGC: The members of the Supervisory Board receive a fixed rate compensation. The amount of compensation currently does not warrant a change to a performance-based compensation model.

IAN JAN, SLOVENIA

"Umbilical cord blood will play a major role in the field of regenerative medicine and in the treatment of a large number of diseases in the future. Expecting parents in Slovenia and in the bordering regions now have this preventative service available to them and their children. It is an exciting challenge for use to accompany the children in their development together with VITA 34."

IAN JAN – Director, Izvorna Celica d.o.o.

VITA 34: HERE'S HOW IT WORKS

Pregnant!

Pregnancy – a happy occasion. There is a lot to do before the birth. And this is also true for the storage of umbilical cord blood. However, VITA 34 takes care of most of this in the background. Everything is organized to be as easy as possible for the expecting parents. In a pregnancy course, many expecting parents are made aware of the possibility of storing umbilical cord blood.

A broad offering of information on the storage of umbilical cord blood is also available on the Internet. Numerous parents usually go directly to the webpage of the market leader VITA 34 and request detailed informational material.

The informational material is, of course, free of charge and completely without obligation. The parents are informed about the benefits of umbilical cord blood as well as the process of storing the umbilical cord blood.

Information phase prior to birth

Questions?

For further information on the topic of umbilical cord blood as well as unanswered questions, parents also have the **expert team of VITA 34 available to them at the toll-free service number 0800 / 034 00 00**.

Decision for VITA 34

The offer of the market leader VITA 34 convinces many parents after careful consideration thanks to the many years of experience, the good value and the extensive and free consultation. The parents sign the order concerning storage, as well as the required forms, and return them to VITA 34.

QUALIFIED CONSULTATION AND INTENSIVE PREPARATION

Cooperation partners

Some 90 percent of all German birthing clinics are now VITA 34 cooperation partners. The delivery room personnel have been trained intensively by the VITA 34 field force, in order to enable them to collect the umbilical cord blood and send it back to VITA 34 with the properly packed set. The clinics have been certified to do this by the responsible health authorities.

Collection set arrives

Parents receive the collection set from VITA 34 in time prior to the birth. The corresponding storage instructions are enclosed. The bag system, also enclosed, was specially developed by VITA 34 and ensures simple and risk-free collection of the umbilical cord blood. A special liquid in the bag prevents the blood from coagulating during the subsequent transport. In addition, tubes are included for storing the blood of the mother and documentation for the clinic personnel are also enclosed.

Information for the clinic

VITA 34 informs the birthing clinic that the parents wish to have the umbilical cord blood of their child collected.

Contractions

The contractions start and the mother heads for the birthing clinic. In addition, she brings the VITA 34 collection set and the release form for the clinic personnel – both already packed in the suitcase. Prior to birth, the parents provisionally inform the midwife and doctor themselves concerning the planned collection of umbilical cord blood.

In the clinic

A WELL-PRACTICED PROCESS – IN THE CLINIC, TOO

Birth and blood collection!

A new citizen of the world sees daylight for the first time. Directly after the birth and disconnection of the umbilical cord from the child, the labor room team collects the blood from that part of the umbilical cord that is still connected with the placenta. The umbilical cord is also disinfected and punctured at this point. Now, the blood with the young stem cells that can be used in a variety of ways flows into the VITA 34 collection bag. Subsequently, the clinic personnel fill out the necessary papers.

The clinic informs VITA 34

A few minutes after the birth, the clinic informs VITA 34 about the birth and the successful collection. The VITA 34 telephone hotline is staffed around the clock, 24 hours, 7 days a week, for this purpose.

In the clinic

Transport per courier

The VITA 34 employees place an order with their courier partner to pick up the umbilical cord blood.

The courier service picks up the collection set directly from the clinic. Thanks to the design of the transport box, the temperature remains constant over many hours. To be safe, the temperature is electronically recorded at VITA 34 up to delivery.

The trained courier service delivers the collection set with the umbilical cord blood to the glass laboratory of VITA 34 in Leipzig.

Preparation and storage

In the VITA 34 clean rooms the preparation of the blood and the stem cells it contains begins.

Subsequently, the blood is stored in special tanks in the gas phase via liquid nitrogen. In this way, stem cells stay fresh over many decades. A small portion of the umbilical cord blood has been removed beforehand for the legally prescribed laboratory tests.

After birth

MORE THAN 10 YEARS EXPERIENCE IN THE GLASS LABORATORY

Receipt confirmation

The parents receive a written receipt confirmation concerning the storage of the stem cell preparation. Now, extensive tests of the preparation begin, which can last for several weeks. Until these tests have been completed, the umbilical cord blood waits in a quarantine tank.

Diagnosis and information

The parents are informed about the test results in writing. The preparation is fine and is best suited for permanent storage and a possible use.

Certificate and payment

The parents now receive an invoice and a certificate from VITA 34 concerning the successful storage. Thus, only they – and once he/she has reached adulthood – their child, have access to the stored stem cells.

Additional information

Parents are continuously informed about current developments and medical advances in the use of stem cells via the VITA 34 customer magazine.

Since the first children whose umbilical cord blood was stored at VITA 34 are now 11 years old, more and more existing customers have been approaching the consultative services of VITA 34 to learn about which health problems their children have could be helped with the stems cells from umbilical cord blood.

REGENERATIVE MEDICINE BETTING ON THE BODY'S OWN STEM CELLS – SUCCESSFUL APPLICATIONS ARE INCREASING

Prof. Dr. med. Eckart Wunder, Director of the Laboratory for Stem Cell Research at the Institute for Hematological Research of the CHM Hospital du Hasenrain in Mulhouse, France.

The first World Congress for Regenerative Medicine took place in Leipzig only five years ago. A focal point of this congress was the therapeutic application of adult stem cells. Since this congress, the application possibilities have already developed significantly.

Regenerative Medicine is a field of biomedicine that is still young. It deals with healing various diseases by restoring functionally destroyed cells, tissues or organs. The fundamental techniques are the biological replacement by growing tissues, known as tissue engineering and the stimulation of the body's own regenerative and repair processes, known as systemic stem cell therapy. Autologous, or the body's own, stem cells play a key role here. Tissues regenerated from autologous stem cells have the advantage of being seen as "native" by the immune system, and they are not rejected.

Acquiring suitable autologous stem cells is a mandatory prerequisite both for growing tissues in the lab as well as for systematic cell therapy. Embryonic stem cells are not suitable for autologous cell therapy, since they can lead to tumors, apart from the plethora of ethical problems associated with obtaining and using them. If they are directly injected, the organism might not recognize them as its own cells and would eliminate them.

Successful treatments with autologous stem cells

Only very recently, scientists from the Medical College Hanover reported on the successful treatment of a boy, who received an implanted "living" heart valve produced with autologous stem cells. Even four years ago the regeneration of the lower jaw of a 59 year old from his bone marrow stem cells was described at the University of Kiel. The patient, who for years had only been able to take liquid nourishment, was capable of eating and speaking after the treatment. A communication by the University of Barcelona just a few weeks ago caused excitement. A European team of physicians saved the life of a young mother from Barcelona with an operation that was the first of its kind worldwide.

Prof. Dr. med. Eckart Wunder

The doctors implanted a tailor-made win pipe into the extremely ill thirty year old, that had previously been populated with her body's own cells in order to prevent rejection. Thus, the physicians saved the young woman from losing one lobe of her lungs. Four months following the operation, the patient is reported to be in good health. She can again climb steps, walk 500 meters without a break and care for her two children.

These are impressive examples that elucidate the fact that regenerative medicine, with the use of autologous stem cells, is capable of breaking boundaries that seemed insurmountable with conventional techniques using materials and tissues foreign to the body. I am convinced that we are seeing here the beginning of a development that will revolutionize all of medicine.

Rapid development in the field of cardio-pulmonary disorders

If one leaves the classical stem cell therapy that has been practiced for years after high-dosage chemotherapy in the course of cancer treatment, the goal of which is to regenerate the blood forming system, out of consideration for a moment, in recent time the therapy with autologous stem cells has developed rapidly, especially in the field of cardio-pulmonary disorders. The treatment of heart attack patients with the body's own stem cells obtained from bone marrow has already been recognized by the German health insurance companies with its own Diagnosis Code (DRG number). In this field there are announcements that illustrate the successes regenerative medicine has already achieved. For example, scientists at the University of Duesseldorf have reported that they were able to save a severely ill patient with cardiogenic shock, i.e. a heavily limited function of the heart muscle, with the aid of autologous stem cells.

In our center, the Institute for Hematology and Transplant Research in France, seven patients with severe heart attacks have already been treated with stems cells taken from their own blood. The stem cells were injected into peripheral zone of the infarction of the patients when setting a bypass. Instead of the expected thin scar, in all cases strong heart muscle tissue developed, which significantly improved the pumping function of the heart. A female patient, who could no longer climb stairs and could barely move around her apartment, is now again capable of living normally and can even do moderate work in her garden.

Stem cells promote the rapid regeneration of the organ

This form of stem cell therapy, in which the body's own stem cells are directly introduced to the affected organ or even just the blood is apparently based on an indirect effect. The stem cells do not directly replace the cells that die due to the infarction, rather they promote the rapid regeneration of the organ in ways not yet fully understood. This does not only apply to the heart. Also in the case of a cerebral infarction, or stroke, stem cells develop a similar protective effect. I estimate that the first clinical studies on the use of autologous stem cells for treating strokes will start soon. Research here has progressed particularly far at the Fraunhofer Institute for Cell Therapy and Immunology in Leipzig.

Apparently, ageing stem cells play a not insignificant role in the development of arteriosclerosis, the cause of disease No. 1. In arteriosclerosis, or hardening of the arteries, the smooth inside skin of the blood vessels is increasingly damaged, such that deposits or even blockages of the vessels can form. Up to a critical age, which is around 65 years old, the body's own "blood vessel repair stem cells," the endothelial precursor cells, are able to repair such damage and keep the inner walls of the blood vessels intact. Beyond this age limit, they seem to be overwhelmed by this. There are signs that young endothelial precursor cells are capable of stopping and even repressing arteriosclerosis. The autologous stem cells used in cardio-pulmonary diseases today, however, are as old as the patient is, i.e. they are usually beyond the critical age limit when their efficiency begins to wane.

The example of endothelial precursor cells highlights a dilemma: The probability of needing autologous stem cells for regenerative therapies increases significantly with age. The probability of cardio-pulmonary diseases for a 70 year old is stated at 1:7. At an age of 70 years, however, the regenerative capabilities of endothelial precursor cells from bone marrow are at least partially exhausted and they can only perform their repair function for maintaining a healthy blood vessel lining with severe limitations. The solution of this problem in this situation would be to reinforce the exhausted endothelial precursor cells with the body's own young, unstressed autologous stem cells.

This dilemma is solved preventatively at birth for only relatively few of those alive today, by their parents having the umbilical cord blood of their newborn cryogenically preserved at low temperatures around –190 °C. The umbilical cord blood of newborns contains high concentrations of young, unstressed stem cells that are particularly capable of division and change. Using suitable preservation techniques, these stem cells are available to the patient in their extremely potent "newborn" state for a lifetime.

Umbilical cord blood an ideal source of stem cells

Whereas umbilical cord blood has proven itself thousands of times as a source of stem cells for the regeneration of the hematopoietic and immune systems following high-dosage chemotherapy, the applications of umbilical cord blood stem cells in regenerative medicine are usually still being researched or are in initial clinical trials. Yet, umbilical cord blood is an ideal source of

stem cells particularly for regenerative medicine, since the youthful cells demonstrate properties that make them far superior to other stem cells. The initial research and application successes show a broad spectrum – from heart valves for children that grow with them, approaches for the therapy of juvenile diabetes, to the treatment of central nervous system damage.

For instance, recently a work group of the Heart Surgery Clinic of the LMY at the Grosshadern Clinic (Munich)/Laboratory for Tissue Engineering was successful in creating a heart valve replacement from umbilical cord blood stem cells. A similar result was achieved at the University of Zurich with frozen umbilical cord blood cells. The body's own heart valve and blood vessel replacement could spare children with birth defects many operations, since babies and small children develop very quickly, yet valves made of artificial materials foreign to the body do not grow along with them.

In fall 2008, a scientist at Duke University in Durham, NC, USA, reported at a lecture event of the Society for Regenerative Medicine in Heidelberg, that she had already treated more than 50 children with early childhood brain damage with their own umbilical cord blood stem cells. Although the final results of the study are not yet available, it can already be seen that children treated in this manner demonstrate significantly better cognitive performance than a control group.

In June 2007, a research group at the University of Florida, Gainesville, USA, presented a completely new approach for treating severe form of Type 1 diabetes, an autoimmune disease, that occurs in early childhood already. They discovered that the large number of immune cells which exist in umbilical cord blood are apparently capable of stopping the destruction of the insulin-producing pancreas cells by the autoimmune disease. More than 20 children were involved in this study. The final results are not yet available here as well. It would, however, be a giant step forward in diabetes therapy, if children who are affected very early on could be helped.

The prerequisite for such studies with autologous umbilical cord blood is umbilical cord blood banks, that have a sufficient number of specimens stored. In September 2008, VITA 34 received a permit for its preparations as a testing substance for the German arm of the Type 1 diabetes study. Parents, whose children are afflicted with Type 1 diabetes at an early age and who have had the umbilical cord blood of their children stored at VITA 34 are, therefore, given the opportunity to register their children for the clinical study being conducted by the Technical University Munich.

The cryo-conservation of the umbilical cord blood of newborns as an autologous source of stem cells can provide future generations with lifelong access to the body's own young, unstressed stem cells for the regeneration of tissues and organs and, thus, allow them to ideally participate in the development of regenerative medicine.

MARKETS AND OPPORTUNITIES

Careful internationalization planned

VITA 34 has acquired more than 10 years of extensive experience in the analysis and storage of umbilical cord blood at the highest level. To date, this “Made in Germany” quality standard has been offered to Germany, Austria and Switzerland. Combined, these countries record some 850,000 births per year. Through a partnership with Secuvita, we have been successful in addressing the Spanish market in major urban centers. VITA 34 will continue along this path and is planning careful internationalization in the coming years. Around the world some 138 million babies are born annually.

Of course, 138 million births do not represent the current market potential for VITA 34. The “storage of umbilical cord blood” preventative care service requires a well built-out infrastructure, since the time between collecting the umbilical cord blood and arrival in the laboratory is limited to 36 hours (12 to 24 hours are better). In the case of transport times that exceed this, there is a loss of quality in the umbilical cord blood, such that the stem cells it contains may no longer be usable in the context of a therapy or for regenerative medicine.

The private storage of umbilical cord blood also calls for sufficient medical care in the corresponding region. The actual population for the services of VITA 34 is, accordingly, significantly lower. However, annually some 5.3 million infants are born in the European Union alone, in many emerging countries the number is much higher. More than 40 million births are counted per year in India and China combined.

Prospects for success as high as possible

In its international expansion VITA 34 is taking care to ensure that the prospects for success are as high as possible, while at the same time the risk is strictly limited. The target markets for VITA 34 are characterized – apart from the aforementioned infrastructure requirements – by the fact that the legal framework for the storage of umbilical cord blood has already been created and, in addition, that the acceptance amongst the general public for the privately financed preventative healthcare is above average.

Stem cell storage with quality and safety

The analyses by VITA 34 have shown that the level of information on the potential of the storage of umbilical cord blood and the readiness for private preventative healthcare are determining factors for the actual storage rates in a region.

Short-term profitability as criterion

For example, in Greece nearly half of the expenditures in healthcare are financed privately. The rate of umbilical cord blood storage here is 16 percent. In South Korea the private portion is approximately one third, and the storage rate for umbilical cord blood is around 15 percent. In Germany, where there is a strongly pronounced public health system and only approx. 15 percent private expenditures, the storage rate for umbilical cord blood is some 2 percent. In coming years, VITA 34 will give preference to addressing those markets in which the competitive intensity is not overly pronounced yet. The goal is to achieve profitability in the respective regions in the short or medium term after beginning activities.

Market entry with partner in Slovenia

Slovenia, where VITA 34 has been active with a partner since the beginning of the year, and where market entry is planned in the course of 2009, fulfills the aforementioned criteria.

Further local markets will, as a rule, be opened using local partners. Here, contractually supported cooperative arrangements along the lines of the Secuvita model are just as possible as joint ventures in the respective market. Depending on the distance and the regional circumstances, the storage of umbilical cord blood will be done either on site, or the blood will be transported to the glass laboratory of VITA 34 in Leipzig.

Supplement to expansion in Germany

The internationalization strategy of VITA 34 is a supplement to the further development of the market in Germany. Apart from the expected contributions to revenues, it is intended to reduce volatility in the annual storages thanks to a broader base.

TERESA REBATE CONDE AND SANTIAGO LUENGO ROMÁN, SPAIN

"VITA 34 is an ideal cooperation partner for us. We at Secuvita can concentrate on supporting parents and physicians in Spain and know that the umbilical cord blood is in good hands with VITA 34. Ultimately, the Company sets the quality standards. A cooperation from which we all profit."

TERESA REBATE CONDE – Communication and Marketing Director, Secuvita S. L.
SANTIAGO LUENGO ROMÁN – Managing Director, Secuvita S. L.

GROUP MANAGEMENT REPORT

BUSINESS DEVELOPMENT AND ECONOMIC ENVIRONMENT

Company profile and business activities

VITA 34 is the leading cord blood bank on the German-speaking market. VITA 34 International AG serves as the Group's holding company. The operating business is conducted by VITA 34 AG, a wholly owned subsidiary.

The number of applications is increasing continuously around the world

Umbilical cord blood contains the youngest adult stem cells that have been least burdened by environmental influences. The stem cell transplants stored by VITA 34 are thus of especially high quality and are available to donors for many decades to treat illnesses and for use in regenerative medicine. In past years, the number of applications of privately stored umbilical cord blood has continually risen worldwide. Whereas only 13 cases were known in 2006, there were 39 cases in 2007 and already more then 55 in 2008. The potential of stem cell medicine, and thus the range of applications of umbilical cord blood, are steadily being expanded by research.

For a fee, VITA 34 offers parents-to-be the extraction, processing and storage of their child's umbilical cord cells. The fees for this preventative therapy service are charged based on different price models. The standard package comprises a non-recurring payment of EUR 1,990 on storage together with an annual payment of EUR 30.

VITA 34's revenue depends on the new stem cell transplants that are stored each year and – to a far lesser extent – on the share of the total volume stored for which annual payments are made. This portion of the total volume stored increased in past years in response to modified price models, and continued to increase in 2008.

Cord blood cells can be extracted for VITA 34 at some 850 of the total of about 950 maternity clinics in Germany. Cooperation agreements with maternity clinics are required by pharmaceutical law in order to obtain the production permits necessary. These thus pose barriers to market

entry for competitors. To the knowledge of VITA 34, no competitor on the German-speaking market comes close to having the numbers of cooperation agreements and production permits pursuant to AMG ["Arzneimittelgesetz": German Pharmaceuticals Act]. In addition, VITA 34 attaches great importance to specialists in the cooperation clinics receiving direct and personal training in agreement with AMG. This ensures that the cord blood cells are transplanted and transported on a high professional level and high quality results can be reached.

VITA 34 solidifies a dominating position in the German-speaking countries

VITA 34's share in the German-speaking market exceeded 66 percent in 2008. It was thus possible to reinforce the dominant position of prior years. Umbilical cord blood samples of almost 57,000 children had been stored by VITA 34 at Bio City, Leipzig, as of the end of 2008.

VITA 34 is a single-source provider for the production (processing, testing and storage) and sale of samples of stem cells from umbilical cord blood. VITA 34 cooperates with institutional partners in research and development projects.

Research and development

Research and development results which reinforce the application potential of own (autologous) stem cells while opening up new areas of application are of great importance to the services offered by VITA 34. This should have a positive impact on demand for storage possibilities for umbilical cord blood. Accordingly, VITA 34 actively supports stem cell research in cooperation with reputable partners. The projects managed by partners from the scientific community are subsidized so that VITA 34 is not exposed to financial risk.

Cooperative research efforts between the Fraunhofer Institute and VITA 34

Since January 1, 2008 and over a period of three years, the Free State of Saxony subsidizes a research collaboration of the Fraunhofer Institute for Cell Therapy and Immunology in Leipzig and VITA 34. The joint project has a total project volume of more than EUR 2 million and a subsidy volume of more than EUR 1.5 million. The research project aims to clarify fundamental questions relating to the development of therapies for the treatment of stroke that make use of adult stem cells from umbilical cord or bone marrow. In particular, it aims to examine how the age of the stem cells, the age of the receiving organism, different cultural conditions for the stem cells, and additional alternative therapies influence the efficiency of a stem-cell-based therapy.

We continued the successful completion of animal testing for a stem cell therapy to treat heart disease in early childhood in cooperation with the University of Rostock in 2008. These tests serve as a key basis for clinical studies.

Clinical study with TU Munich

Last year VITA 34 and the Munich University of Technology received approval from the Paul Ehrlich Institute for conducting a clinical study for the treatment of type 1 diabetes using patient's own stem cells from umbilical cord blood. Once patients have been recruited to participate in the study, it will be launched in 2009.

Production

Further expansion of the Company's own laboratory

With its glass laboratory in Bio City, Leipzig, VITA 34 has its own, state-accredited GMP (Good Manufacturing Practice) laboratory for the adequate production of stem cell transplants from umbilical cord blood. The glass laboratory was further expanded in fiscal year 2008 to meet rising storage requirements. In total, the laboratory covers an area of approximately 1,300 square meters. There is further space at the current Bio City facilities to expand as required.

By the end of 2008, the number of cyro tanks was increased to 51. In these tanks, the samples are stored at minus 196 °C in a gaseous phase using liquid nitrogen until they are needed. Comprehensive testing and quality assurance measures ensure the quality and suitability of stem cells.

The laboratory capacity can be increased to accommodate about 100 storages per day without significant investment in infrastructure. This represents three to four times the new storage volume of the prior year. Necessary capital expenditures mainly pertain to cryo tanks, since it makes sense to increase this capacity only as needed.

Lower unit costs through maintenance

In light of the anticipated growth in storage volume, VITA 34 expects to benefit from economies of scale.

Marketing and sales

VITA 34 AG markets and sells its services directly on the German-speaking market. In Spain, these activities are performed by Secuvita, a cooperation partner of VITA 34 AG.

In Germany, the sales and marketing division primarily comprises the consulting team in the VITA 34 AG call center and the field staff. These employees directly target multipliers such as gynecologists, clinics and midwives as well as parent groups.

Employees

VITA 34 employed an average of 110 people in 2008

VITA 34 employed an annual average of 110 employees (without trainees and contract workers) in 2008.

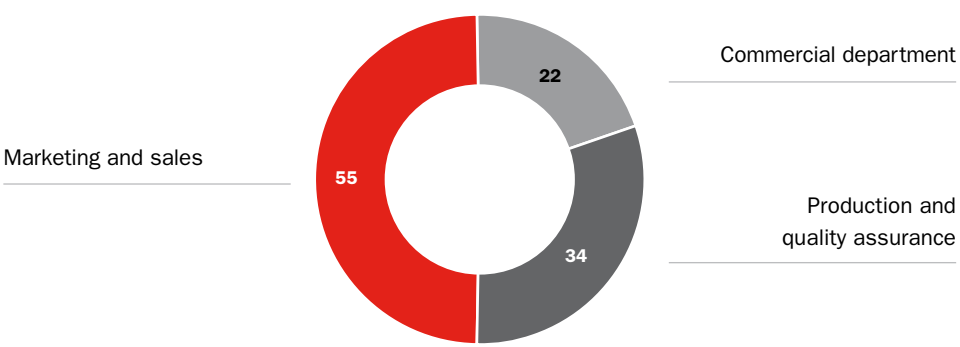
Following 110 full-time employees (including contract workers) at the end of 2007, the number increased only slightly to 111 employees as of year-end 2008. In the second half of the year, VITA 34 streamlined the field staff that had been built up at the beginning of the year in response to market conditions.

The number of employees in the **marketing and sales** division totaled 55, this is one employee less than in the prior year. Within the division there were transfers between departments. At the end of the year, approximately half of VITA 34's workforce was assigned to winning and retaining customers.

The number of employees in the **production and quality assurance** division was enlarged slightly to 34, compared to 32 at the end of the prior year.

22 persons were employed in the **commercial department** of VITA 34 for order processing, procurement, human resources, legal matters, finance, IT, management reporting, and business development, the same number as in the prior year.

Number of employees as of December 31, 2008



Legal structure of the Group

Issued capital

The issued capital of VITA 34 International AG amounts to EUR 2,646,500 and is split into 2,646,500 registered no-par value shares (ordinary shares). Each share entitles the holder to one vote.

Limitations to the transfer of shares

The trading of shares of VITA 34 International AG was restricted only with respect to the sales prohibition attached to shares held by certain shareholders. Under the agreed sales prohibition, these shares could not be traded on the stock exchange for a period of twelve to 18 months from March 27, 2007, the date of initial quoting.

Main shareholders

Independent Blue Cross holds 20.7 percent of the shares

VITA 34 International AG has been officially notified of the following direct or indirect participations in the capital of VITA 34 International AG exceeding 10 percent of the voting rights:

:: Independence Blue Cross, Philadelphia, USA: 20.7 percent,

:: Landesbank Baden-Württemberg (LBBW): 15.8 percent.

Legal provisions concerning the appointment and dismissal of members of the Management Board or amendments to the articles of incorporation and bylaws

Secs. 84 and 85 AktG contain provisions concerning the dismissal of members of the Management Board. The provisions contained in § 9 of the articles of incorporation and bylaws of VITA 34 International AG concur with these. Pursuant to Secs. 179 and 133 AktG, the articles of incorporation and bylaws can be amended by resolution of the Annual General Meeting.

Authorized capital

Authorized capital of up to 500,000 shares

In accordance with § 7 of the articles of incorporation and bylaws of VITA 34 International AG, the Company has authorized capital. By resolution of the Annual General Meeting, the Management Board is authorized to increase the capital stock of the Company with the approval of the Supervisory Board by up to EUR 500,000.00, once or several times over a period of five years from the date of registration of the amendment of the articles of incorporation and bylaws, by issue of up to 500,000 new registered no-par value ordinary shares in return for contributions in cash or in kind. Subject to the approval of the Supervisory Board, the Management Board decides on the exclusion of existing shareholders' subscription rights. The exclusion of existing shareholders' rights is permissible in particular in order to

:: issue up to 204,650 new shares in return for contributions in cash at a price that is not significantly below the quoted price of the shares of the Company at the time that the Management Board determines the issue price;

:: to issue up to 500,000 new shares as part of a capital increase in return for contributions in kind to issue shares for the purpose of acquiring entities, business units or equity investments;

:: round fractional amounts;

:: issue up to 30,000 new employee stocks.

The Management Board will decide on the content of the respective share rights and the conditions of share issue with the approval of the Supervisory Board.

Contingent capital

Exercise of options possible

Pursuant to § 7 (3) of the articles of incorporation and by laws of VITA 34 International AG, the Company's capital stock can be contingently increased by a nominal amount of up to EUR 40,000.00 by issue of up to 40,000 new registered shares. The conditional capital increase serves to cover the stock options, the issue of which was resolved by the Annual General Meeting on July 31, 2007. The contingent capital increase is only carried out to the extent that holders of options exercise them. The new shares resulting from the options exercised participate in profits from the beginning of the fiscal year in which they are created by exercising the subscription rights.

Authority of the Management Board to issue shares or acquire treasury shares
By resolution of the Annual General Meeting dated January 10, 2007, the Company has been authorized to acquire treasury shares within 18 months of passing the resolution in order to

:: reduce the Company's equity against free reserves

or

:: offer the Company's shares to third parties in the course of business combinations or the acquisition of entities or equity investments or industrial rights (patents, trademarks, etc.)

or

:: offer the Company's shares for subscription to members of the Management Board, management staff and employees, or to present to future affiliated entities

or

:: redeem them.

The authorization was restricted to the acquisition of shares representing EUR 204,000 of the capital stock. This is less than 10 percent of the capital stock. The Company did not make use of this authorization.

Significant agreements subject to a change in control as a result of a take-over bid
The Company has not entered into any significant agreements subject to a change in control as a result of a take-over bid, nor has the Company entered into compensation agreements with the members of the Management Board or employees in the event of a take-over bid.

Management and control
Compensation follows the guidelines of the German Corporate Governance Code

The management and control structures and the remuneration system for the Management Board and the Supervisory Board comply with the legal provisions. They comply in particular with the requirements stipulated in the German Corporate Governance Code.

The Management Board is organized into two main areas of responsibility. The Supervisory Board of VITA 34 International AG monitors the management activities of and advises the Management Board.

Structure of Management Board remuneration and review
The Supervisory Board determines the remuneration amount and structure for the Management Board pursuant to Sec. 87 AktG. Remuneration of VITA 34 International AG's Management Board comprises fixed and variable components and other benefits.

Fixed remuneration, variable performance-based remuneration and other benefits

The fixed component is a contractually defined basic salary that is paid out in equal monthly amounts. The variable component is limited and is based on whether certain quantitative and qualitative targets set each year are met. More weight is given to the quantitative targets. These relate to sales and earnings before interest and taxes (EBIT). Furthermore, individual performance targets are taken into account. These targets are agreed by the Supervisory Board and each Management Board member at the beginning of each fiscal year.

Remuneration of the Supervisory Board

The Supervisory Board of VITA 34 International AG has six members at present. The remuneration of the Supervisory Board members is determined pursuant to § 18 of the articles of incorporation and bylaws. The current version of the regulation is based on the resolution adopted by the Annual General Meeting on July 31, 2007. 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.

A break-down of the remuneration of the members of the Management and Supervisory Board by person and remuneration component is disclosed in the notes to the consolidated financial statements under note 28.

Economic environment

Germany slid into recession in 2008

The German economy – currently VITA 34's most important market – slid into a recession in 2008. For the first time since its foundation, the euro zone as a whole faced recession in 2008 as well. The German gross domestic product (GDP) declined by 0.4 percent in the second quarter compared to the previous quarter and by 0.5 percent in the third quarter. According to preliminary estimates of the Federal Office of Statistics, the GDP declined by approximately 1.5 to 2.0 percent in the last three months of 2008. The leading economic research institutions and the federal government both expect the weak economy to continue in 2009. This will probably also have a negative impact on private consumer spending.

VITA 34 cannot rule out that the storage of umbilical cord blood as a preventative service rendered for a consideration will be affected by the economic development. The data does not indicate a direct correlation between absolute purchasing power and storage figures, but there is no information at present available as to how a sudden change would affect purchasing.

Pricing model further refined

In this respect, VITA 34 has further honed its pricing models und offers solutions which offer lower initial payments by customers. Apart from endeavors to increase the storage rate of umbilical cordial blood in relation to the number of births, VITA 34 offers additional services in connec-

tion with umbilical blood storage. “VITA 34 max” can be mentioned in this context, a product that offers preventative screening of umbilical cord blood, among other things. As well as the level of information of parents-to-be, “VITA 34 max” will probably also be affected by the difficult economic situation. The price of VITA 34’s standard product remains unchanged and amounts to a non-recurring payment of EUR 1,990 plus an annual fee of EUR 30. The costs for “VITA 34 max” comprise a non-recurring payment of EUR 2,490 plus an annual fee of EUR 30.

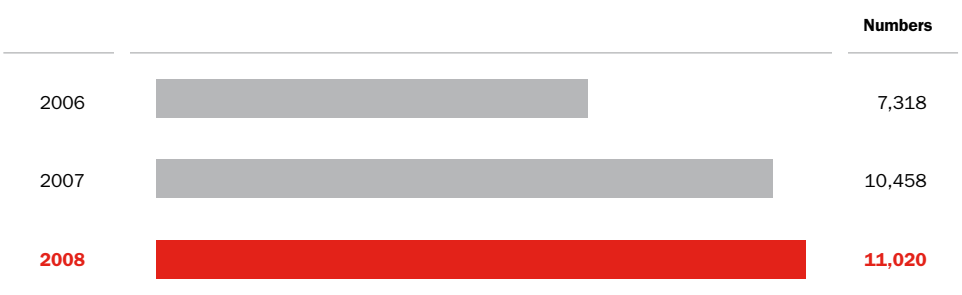
Overview of business development

Growth through very successful business in Spain

In total, the annual number of storages increased in 2008 to 11,020, representing an increase of 5.4 percent compared to 2007, when a total of 10,458 new specimens were stored. Growth impetus is entirely attributable to the extremely successful Spanish business in cooperation with Secuvita.

It is not yet clear how and to what extent the current economic crisis will affect demand for VITA 34’s preventative services.

Development of the number of annual storages



New VITA 34 max offer received very well

VITA 34 AG consolidated its marketing and sales strategy and generated impulses by various measures which are expected to take effect in 2009, such as the consolidation of the field staff. In particular, the information material for expecting parents and the Internet presence have been revised completely. The product portfolio has been expanded to include the product VITA 34 max, an option including additional services for customers. This offering, VITA 34 max, was well received by parents within months of its launch and met the expectations of the sales department.

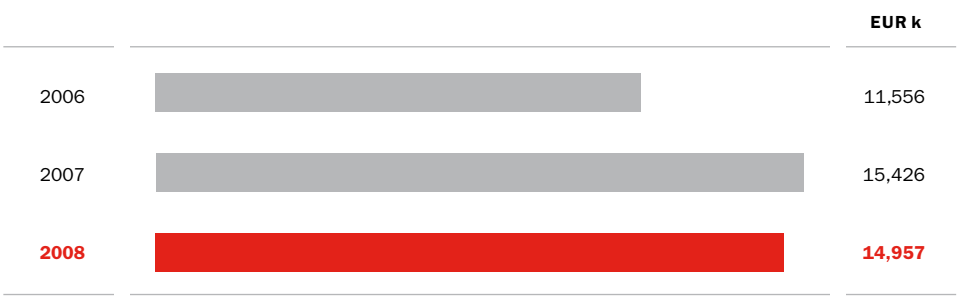
RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Results of operations

Highest number of storages in the Company's history

VITA 34 stored 11,020 new stem cell samples at its headquarters in Leipzig in 2008. This represents an increase of 5.4 percent compared to the prior year, resulting in the highest storage figures in the Company's history of more than 10 years.

Development of revenue in EUR k



Revenues of some EUR 15.0 million

Revenue of EUR 15.0 million was generated in 2008, in line with the revised forecast published for VITA 34 in summer 2008. Compared to the prior-year figure of EUR 15.4 million, this is a slight decrease in revenue. As well as higher storage figures, this results from a slightly different mix of which storages for the Spanish partner Secuvita make up a higher portion. These storages produce less revenue for VITA 34 and are subject to a lower gross margin. The net margin however is higher in the case of storages for Secuvita, since VITA 34 does not incur any selling expenses.

FIGURES IN EUR K	2008	2007
Revenues	14,957	15,426
Cost of sales	–5,149	–5,032
Gross profit	**9,808**	**10,394**
Selling expenses	–9,637	–8,429
General administrative expenses	–2,938	–2,816
Other operating expenses / income	497	19
Operating result / EBIT	**–2,270**	**–832**
Financial result	102	260
Income tax income / expense	417	–98
Adjusted net loss for the year	**–1,751**	**–670**
Write-downs on proceeds from sale of US business	–209	–1,560
Discontinued operation	248	1,045
Net loss for the year	**–1,712**	**–1,185**

Gross profit on sales fell from EUR 10.4 million to EUR 9.8 million in the reporting period. This is due to the slight decrease in sales coupled with the different sales mix. The **gross margin** for the fiscal year stood at 65.6 percent.

Planned increase in sales and marketing costs

Selling expenses increased significantly as expected and amounted to EUR 9.6 million, EUR 1.2 million more than in the prior year. The adjusted structure of sales personnel from the middle of the year in response to changing sales expectations for 2008 had a noticeable effect already in the fourth quarter. In this period only EUR 2.0 million was spent on marketing and sales activities. In each of the other quarters of 2008 average spending amounted to more than EUR 2.5 million.

General administrative expenses totaled EUR 2.9 million in 2008, roughly matching the prior-year level (EUR 2.8 million). The Company reported net other operating expenses and income of EUR 0.5 million. The rise compared to the net figure from 2007 is mainly attributable to research subsidies received and the reversal of liabilities.

EBIT had a better development than forecast

Due to increased marketing and sales expenses, the Company recorded **EBIT** of EUR –2.3 million, as expected. This was nevertheless a much more favorable development than the EUR –2.5 million predicted in the forecast, which has not been adjusted in the course of the year. Negative EBIT for the fourth quarter amounted to EUR –0.5 million and was thus already lower than EBIT in the second and third quarter.

The **financial result** was EUR 0.1 million compared with EUR 0.3 million in the prior year. Income tax income for deferred taxes of EUR 0.4 million was recognized pursuant to IFRS, whereas an expense of EUR –0.1 million was incurred in the prior year.

The **adjusted operating result** 2008 totaling EUR –1.8 million contains neither positive earnings contributions from the discontinued operation nor write-downs on the sales proceeds realized (shares). In the prior year, this figure stood at EUR –0.7 million. These effects on income mainly balanced each other out in 2008 so that VITA 34 International AG's **net loss for the year** amounted to EUR –1.7 million compared to EUR –1.2 million in the prior year.

Financial position

Cash of EUR 7.3 million

The VITA 34 Group recorded **cash and cash equivalents** of EUR 7.3 million as of December 31, 2008 compared to EUR 11.0 million the prior year.

Cash flow from operating activities came to EUR –2.9 million in 2008 following EUR –1.7 million in the prior-year period. According to plan, the increased marketing and sales activities started in the prior year have been continuously expanded und led to the higher minus figure.

Cash flow from investing activities amounted to EUR 0.3 million compared to EUR –0.4 million in the prior year. This is mainly attributable to the increased income from financial investments transactions.

As in the prior year, EUR 1.1 million has been invested in intangible assets and property, plant and equipment in 2008. 37 percent of the investments were accounted for by intangible assets, 63 percent by expenses for property, plant and equipment. Capital expenditures in property, plant and equipment were mainly investments in the enlargement of storage capacity for cord blood samples. EUR 0.5 million was invested in cyro tanks, which are necessary for storage. Investments in software dominated the investments in intangible assets of EUR 0.4 million.

Cash flow from financing activities came to EUR –26 k as of December 31, 2008. The prior-year cash flow of EUR 8.1 million was mainly characterized by the inflow of cash from the capital increase performed in the course of VITA 34 International AG's IPO.

Discontinued operations did not influence the financial position in 2008. The disposal of CorCell led to cash inflow of EUR 1.0 million in the prior year.

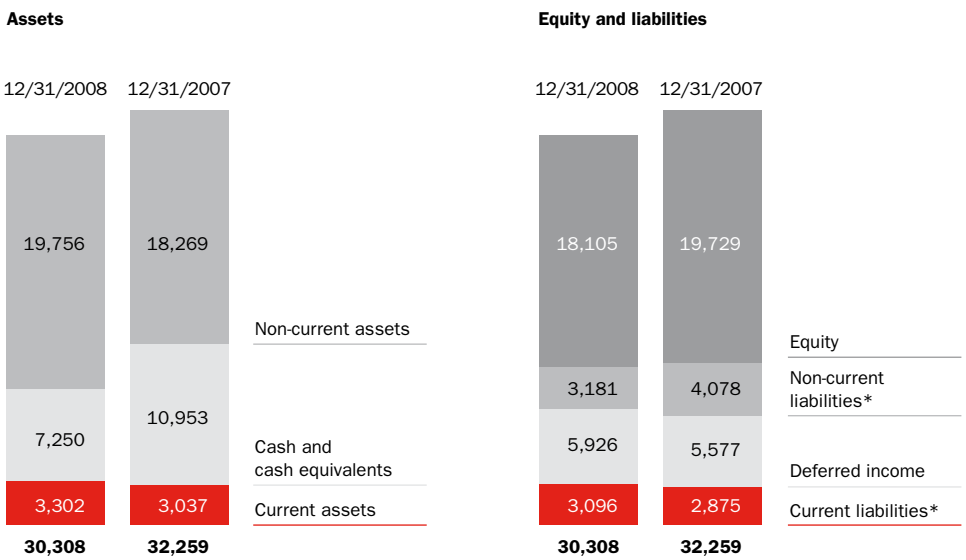
Net assets

Equity at 60 percent

VITA 34 has a solid balance sheet structure. As of year-end 2008 the equity ratio stood at 60 percent, and hardly changed compared to 61 percent in the prior year.

The **balance sheet total** decreased slightly to EUR 30.3 million, following EUR 32.3 million in the prior-year.

Balance sheet structure (in EUR k)



** Excluding deferred income.*

Non-current assets were the largest line item on the assets side of balance sheet totaling EUR 19.8 million. They were significantly influenced by goodwill of EUR 11.9 million. This reflects the goodwill of VITA 34 AG which encompasses the complete operating business. All of its shares are held by the publicly listed VITA 34 International AG. Goodwill remained unchanged in comparison to the prior year. The increase of non-current assets can be attributed to purchases of fixed assets, a higher receivables balance as well as higher deferred tax assets.

Cash and cash equivalents amounted to EUR 7.3 million at the end of 2008. In the prior year this item had increased to EUR 11 million at the end of 2007 due to the cash flow from the IPO. At the end of 2008, cash and cash equivalents break down into cash on hand and at banks of EUR 6.4 million and short-term investments of EUR 0.9 million. Restricted cash of EUR 1.1 million is not included under cash and cash equivalents.

Current assets increased from EUR 3.0 million to EUR 3.3 million due to increased receivables.

With regard to equity and liabilities, equity decreased from EUR 19.7 million in the prior year to EUR 18.1 million due to the net loss for the year. At the end of 2008, equity remained unchanged at EUR 2.65 million.

Lower long-term liabilities

Non-current liabilities dropped from EUR 4.1 million in the prior year to EUR 3.2 million.

A significant item is deferred income of EUR 5.9 million. This item includes storage fees paid by customers in advance. These are released over their terms on a straight-line basis. In fiscal 2008, this item rose slightly by EUR 0.3 million.

Short-term liabilities rose slightly as of December 31, 2008 to EUR 3.1 million following EUR 2.9 million in the prior year.

SUBSEQUENT EVENTS

There were no events after the balance sheet date which had a material impact on the net assets, financial position and results of operations.

RISK REPORT

VITA 34 practices active risk management

VITA 34 operates an internal risk management system which identifies risks and subsequently evaluates and prioritizes them within risk areas. The analyzed risks comprise strategic, financial, personnel-related and legal risks, product, capital market and management risks, risks for marketing and sales, infrastructural risks, and general entrepreneurial risks. Management and the operative level are involved in the process of risk management. In addition to regular process-related risks, risks within projects are analyzed separately and recorded by the risk management system. VITA 34 prepares comprehensive documentation in the course of risk management.

Of all identified risks, the following are the risks that from a present perspective can have a significant influence on the net assets, financial position and results of operations of VITA 34:

:: **Risks from future alternatives for the storage of umbilical cord blood:**
Future research may prove that stem cells from other sources (e.g. adult stem cells from bone marrow or peripheral blood or tissue) are a more cost-effective alternative to stem cells from cord blood and that these can be obtained at any time. Therapeutic clones could also be used by customers as an alternative treatment strategy. However, the field of therapeutic cloning is still at the earliest basic research phase. Its development into a therapy is exposed to very high risks and unrealistic in our opinion. Even if this procedure were to develop into a successful treatment strategy in years to come, autologous stem cells would continue to be the ideal source of cells for therapeutic cloning. Consequently,management believes that these alternatives do not pose a risk to the continued existence of the Company as a going concern.

:: **Risks from reports in the media:**
Potential customers may be affected by negative reports on cord blood storage in the media.

:: **Market risks:**
There is a risk that the market expansion will be slower or less pronounced than expected. A potentially limiting factor in this context could be the financial resources available to VITA 34. Nevertheless, it can be assumed that the market expansion and growth of VITA 34 will not follow a linear pattern from quarter to quarter, but will be subject to fluctuations.

:: **Legal risks:**
Legal risks can result from the wide range of regulations and law that concern VITA 34. Amendments to laws affecting the medical and pharmaceutical fields may impact existing business structures. By actively conducting talks with decision-makers, we will endeavor to clarify the special circumstances affecting VITA 34 when the law is interpreted, and implement amendments in a practical manner.

:: **Liability risks:**
The unsuccessful collection of umbilical cord blood, improper transportation, processing errors at VITA 34 or the loss of stored specimens may lead to liability claims by customers affected. VITA 34 has concluded insurance policies to cover potential losses and liability risks in a bid to preclude or limit the economic consequences of any potential risks. The scope of the insurance contracts concluded is regularly reviewed and adjusted if necessary.

:: **Economic risks:**
The financial crisis and the associated effects on the real economy could have consequences for the business of VITA 34. It cannot be ruled out that the weakness in the overall trend of the economy will have a negative impact on the sales and income development of VITA 34.

:: **Increasing price competition:**
There is a risk that aggressive pricing policies of competitors will negatively impact the business of VITA 34. Low prices and significant price reductions of competitors as well as new market players may lead to a weaker sales and income development at VITA 34 than expected.

A review of the risk position as of the balance sheet date on December 31, 2008 did not reveal any risks to the continued existence of the Company as a going concern. The total risk situation at VITA 34 has not changed substantially compared to the prior year. There are no recognizable risks for the future that could jeopardize the Company's ability to continue as a going concern.

FORECAST

2009 careful internationalization is the focus

In 2009 and in following years, VITA 34, besides the market development in Germany, will concentrate particularly on a prudent international expansion of activities and further research cooperations to tap growth potential. This is due to fact that the development of the German market regarding units stored was slower than expected. Furthermore, the detailed impact of the current economic crisis on demand for the preventative services provided by VITA 34 are not fully foreseeable at this stage. Nevertheless, VITA 34 expects the business development in the next two years to be marked by a moderate increase in sales.

Profits should reach break-even

In 2009, a break-even result and positive EBIT should be achievable and sustainable. Profitability will subsequently be improved further. The measures required for this will start with processes at all company levels to achieve greater efficiency. In addition, VITA 34 has already optimized its marketing and distribution costs and is now able to adequately contact targeted gynecologists, midwives and parent groups with a lower number of employees.

VITA 34 has a clearly focused strategy for international expansion and mainly addresses markets which seem to be readily and easily accessible. The extent of the private expenditure on health in the respective country care is one decisive and conclusive indicator for the level of acceptance of medical preventative services as offered by VITA 34. A further important condition is that the respective regulatory prerequisites have already been created. The logistic concepts for a smooth process must also be on place. Finally, competition in such markets should not be too fierce. Business activities on the international markets should allow a positive contribution to the total earnings of VITA 34 International AG within the short- to medium-term. However, even with increasing internationalization the business development will continue to be subject to cyclical fluctuations.

VITA 34 has addressed a number of markets which meet such conditions. It can rely on its extensive experience from its past international expansion steps. For example, the cooperation with Secuvita in Spain has proved highly successful, and Austria and Switzerland are also developing well.

Cooperation with partner or joint venture possible

Basically, the markets may be targeted through cooperation with a partner or through joint ventures. The umbilical cord blood banking can be done on-site or in the glass laboratory in Leipzig, depending on the regional situation. The decisive factor for VITA 34 is that the storage is carried out in accordance with the tested quality standards and in strict compliance with the applicable public health policies. VITA 34 considers direct contact with parents, hospitals, gynecologists and midwives to be a quality feature which is a distinctive decision-making criterion for parents for the storage at VITA 34, in Germany as well as in the case of Secuvita in Spain.

Market entry into Slovenia in Q1

Market entry in Slovenia is planned for the first quarter 2009, from which neighboring countries can also be served. An agreement to this effect was signed with a partner at the end of 2008. Further international activities are in preparation for 2009.

In Germany, VITA 34 aims to further develop the market for umbilical cord blood banking. To this end, the Company will undertake advertising activities and build up contacts with experts and multipliers through the field staff. These measures should be used to confer basic knowledge about private umbilical cord blood banking. Insufficient knowledge about the existing applications for umbilical cord blood and its development potential still leads some multipliers to take a critical view of it. VITA 34 believes that detailed and concise information will achieve outstanding results in combination with flexible strategies to take into the account arguments of skeptics. The Company's product VITAplusSpende is a good example. Parents may register the product in a public index. If somewhere in the world a patient should need these stem cells, parents may then decide to donate them or whether they should remain stored for personal usage.

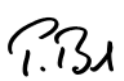
Expansion of product range planned

VITA 34 will further enhance its product portfolio. Since fall 2008 it has also been possible to examine umbilical cord blood for any genetic predisposition. Thus, any food and drug intolerance can be detected at an early stage. This offering, VITA 34 max, was well received by parents within months of its launch and it met the expectations of the sales department. The Company plans to extend this offer to its customer base in 2009. VITA 34 examines on an ongoing basis further preventative products as useful complement to existing products, not only for prospective parents.

VITA 34 will use the challenging 2009 market environment to strengthen its position, international focus and product range. The Company will return to profitability in 2009 as planned, thanks to improved efficiency. This will create a favorable starting point for the Company to benefit from an improving economic environment from 2010 onward. The experience gained from more than 57,000 transplants is the basis for the further successful international development of VITA 34.

Leipzig, January 30, 2009
Management Board of VITA 34 International AG

Dr. med. Eberhard F. Lampeter
CEO



Peter Boehnert
CFO

NICOLAUS FONTANA, SWITZERLAND

"The Hirslanden Clinics stand for first-class medical quality, oriented on the latest developments. Our individually characterized clinics have specialized doctors with many years of experience and work together with networked, specialized institutes and competence centers. In VITA 34 the Hirslanden Clinics have secured a cooperation partner that lives up to the principles of our company. VITA 34 stands for quality and safety in umbilical cord blood banking. Thus, we are best equipped for this area in the future."

NICOLAUS FONTANA – Chief Operating Officer Central Region, Hirslanden Group of Private Hospitals
Hospital Manager, Klinik Im Park, Hirslanden Group of Private Hospitals

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR K	NOTE	01/01 – 12/31/2008	01/01 – 12/31/2007
Continuing operations			
Revenue	4.1	14,957	15,426
Cost of sales	4.2	–5,149	–5,032
Gross profit on sales		**9,808**	**10,394**
Other operating income	4.3	730	280
Selling expenses	4.4	–9,637	–8,429
Administrative expenses	4.5	–2,938	–2,816
Other operating expenses	4.6	–233	–261
Net operating profit / loss		**–2,270**	**–832**
Finance revenue	4.8	469	541
Finance costs	4.7	–576	–1,841
Earnings before taxes		**–2,377**	**–2,132**
Income tax income (income tax expense)	5	417	–98
Profit / loss for the year from continuing operations		**–1,960**	**–2,230**
Discontinued operation			
Profit from discontinued operation (after taxes)	6	248	1,045
Net loss for the year		**–1,712**	**–1,185**
Earnings per share (EUR) Basic and diluted, for profit or loss for the year attributable to ordinary equity holders of the parent (EUR)	7	–0.65	–0.47
Earnings per share from continuing operations (EUR) Basic and diluted, for profit or loss for the year from continuing operations attributable to ordinary equity holders of the parent (EUR)		–0.74	–0.89

CONSOLIDATED BALANCE SHEET (ASSETS)

EUR K	NOTE	12/31/2008	12/31/2007
Non-current assets			
Goodwill	8	11,911	11,911
Intangible assets	8	930	740
Property, plant and equipment	9	3,054	2,622
Investments	11	26	214
Other financial assets	15	35	35
Deferred tax assets	5	736	222
Non-current trade receivables	13	1,996	1,459
Restricted cash	16	1,068	1,066
		19,756	**18,269**
Current assets			
Inventories	12	584	572
Trade receivables	13	1,600	1,254
Other receivables and assets	15	1,118	1,211
Short-term investments	14	876	1,951
Cash and cash equivalents	16	6,374	9,002
		10,552	**13,990**
		30,308	**32,259**

CONSOLIDATED BALANCE SHEET (EQUITY AND LIABILITIES)

EUR K	NOTE	12/31/2008	12/31/2007
Equity			
Issued capital	17	2,647	2,647
Capital reserves	17	23,192	23,116
Revenue reserves	17	–7,734	–6,022
Other reserves	17	0	–12
		18,105	**19,729**
Non-current liabilities and deferred income			
Interest-bearing loans	18.2	1,500	1,625
Silent partners' interests	19	940	1,417
Provisions	20	0	299
Deferred grants	21	741	676
Trade payables	23	0	61
Deferred income	22	5,405	5,154
		8,586	**9,232**
Current liabilities and deferred income			
Trade payables	23	1,087	884
Silent partners' interests	19	497	
Provisions	20	105	215
Income tax liabilities	5	208	112
Interest-bearing loans	18.1	125	213
Deferred grants	21	81	81
Other liabilities	23	993	1,370
Deferred income	22	521	423
		3,617	**3,298**
		30,308	**32,259**

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

EUR K	ISSUED CAPITAL	CAPITAL RESERVE	REVENUE RESERVES	OTHER RESERVES	TOTAL EQUITY
Note	**17**	**17**	**17**	**17**	
January 1, 2007	**2,047**	**15,629**	**–4,837**	**96**	**12,935**
Loss for the year			–1,185		–1,185
Difference arising from foreign currency translation				–108	–108
Total income and expense for the year	**0**	**0**	**–1,185**	**–108**	**–1,261**
Share-based compensation		32			32
Issue of capital stock	600	8,400			9,000
Transaction costs		–945			–945
	600	**7,455**	**0**	**0**	**8,055**
December 31, 2007	**2,647**	**23,116**	**–6,022**	**–12**	**19,729**
January 1, 2008	**2,647**	**23,116**	**–6,022**	**–12**	**19,729**
Loss for the year			–1,712		–1,712
Difference arising from foreign currency translation				12	12
Total income and expense for the year	**0**	**0**	**–1,712**	**12**	**–1,624**
Share-based compensation		76			76
December 31, 2008	**2,647**	**23,192**	**–7,734**	**0**	**18,105**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR K	NOTE	01/01–12/31/2008	01/01–12/31/2007
Cash flow from operating activities			
Earnings before taxes		–2,377	–2,132
Adjusted for:			
Amortization and depreciation	8.9	444	404
Gains / losses from the disposal of non-current assets		6	28
Other non-cash expenses / income		–80	–82
Exchange rate differences		5	–19
Share-based payments expense	26	76	32
Finance revenue	4.8	–469	–541
Finance costs	4.7	576	1,841
Working capital adjustments:			
+/– Receivables and other assets		–834	–1,210
+/– Inventories		–12	33
+/– Liabilities		–176	260
+/– Provisions		–220	–622
+/– Deferred income		349	531
Interest paid		–226	–185
Income taxes paid		–1	–2
Cash flow from operating activities		**–2,939**	**–1,664**
Cash flow from investing activities			
Purchase of intangible assets	8	–394	–355
Purchase of property, plant and equipment	9	–679	–769
Repayment of borrowings		11	0
Proceeds from sale of property, plant and equipment		0	45
Purchase of short-term investments		0	–1,984
Cash received from the sale of short-term investments	14	1,000	2,318
Interest received		392	370
Cash flow from investing activities		**330**	**–375**
Cash flow from financing activities			
Proceeds from issuance of capital stock		0	8,203
Changes in silent partnerships	19	20	–25
Cash received from investment grants	21	167	0
Changes in loans	18	–213	–126
Cash flow from financing activities		**–26**	**8,052**
Net change from continued operations		**–2,635**	**6,013**
Change in cash and cash equivalents from discontinued operations			
From operating activities		0	–206
From investing activities		0	1,245
Cash flow received for / used in discontinued operations		**0**	**1,039**
Net change in cash and cash equivalents		–2,635	7,052
Cash and cash equivalents at the beginning of the reporting period	16	9,002	1,963
Exchange rate related in cash and cash equivalents		7	–13
Cash and cash equivalents at the end of the reporting period	**16**	**6,374**	**9,002**
Short-term investments	14	876	1,951
Liquid funds		**7,250**	**10,953**

CONSOLIDATED NOTES

1 INFORMATION ON THE PARENT AND THE GROUP

The parent VITA 34 International AG (the "Company") domiciled in Leipzig (Germany), at Deutscher Platz 5, and filed in the register court of the Leipzig district court under HRB 20339 is a pure holding company and carries out management and financing functions for its subsidiaries. Its subsidiaries (together with the Company referred to as the "Group") operate in the field of cord blood storage. Their business purpose is to collect, process and store stem cells from cord blood and to develop cell therapeutics.

The declaration of compliance with the German Corporate Governance Code required by Sec. 161 AktG has been issued and made available to the shareholders on our website.

The consolidated financial statements of VITA 34 International AG for the fiscal year ended December 31, 2008 were authorized for issue by the Management Board on January 30, 2009. VITA 34 International AG was incorporated in Germany as a limited liability stock corporation domiciled in Germany, whose shares are admitted for public trading.

2 ACCOUNTING AND VALUATION PRINCIPLES

2.1 Basis of preparation

The consolidated financial statements of VITA 34 International AG were prepared in accordance with IFRSs as adopted by the European Union and applicable as of the balance sheet date, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code]. All IFRSs applicable for the fiscal year 2008 and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) were adopted to the extent that these have been endorsed by the European Union.

The consolidated financial statements of VITA 34 International AG are generally prepared in euro on an amortized cost basis. This does not apply to financial assets held for trading and available-for-sale financial assets, which are measured at fair value. Unless indicated otherwise, all amounts have been rounded to thousands of euros (EURk).

Consolidation principles

The consolidated financial statements include the financial statements of VITA 34 International 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.

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

sacquisition, being the date on which the Group obtains control, and are deconsolidated as soon as the parent loses control over the subsidiary.

The following wholly owned subsidiaries were included in the consolidated Group:

:: VITA 34 AG, Leipzig, Germany
:: CorCell, Inc., Philadelphia, USA

CorCell, Inc. is a non-operating company.
Please refer to our comments in note 6.

2.2 Changes in accounting policies

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

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

:: Amendments to IAS 39 and IFRS 7: Reclassification of Financial Assets

:: IFRS 8: Operating Segments

:: IFRIC 11: IFRS 2 – Group and Treasury Share Transactions

The Group early adopted IFRS 8 "Operating Segments" with effect as of January 1, 2008. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. Under this definition, the Group has only one operating segment at present subject to reporting requirements. IFRS 8 disclosures are shown in note 3, including the related revised comparative information.

Adoption of these further interpretations did not have any significant effect on the net assets, financial position and results of operations or cash flows of VITA 34 International AG because they are not relevant to the Company's situation.

2.3 Significant accounting judgments and estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date 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 from business combinations was allocated to the cash-generating unit "Europe" for impairment testing.

The recoverable amount of the "Europe" cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. On account of the economic development in fiscal 2008 and lower expectations of future growth – especially on the German market – cash flow projections for the planning period had to be reduced considerably compared to the prior year. The discount rate applied to the cash flow projections is 8.5 percent before tax. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cashinflows. The underlying assumptions for calculating the recoverable amount including a sensitivity analysis are explained in more detail in note 10.

Treatment of unused tax losses and deferred tax assets

During the tax field audit performed at VITA 34 AG, covering assessment periods up to 2002, the tax authorities did not agree with the opinion of VITA 34 AG concerning the tax treatment of deferred income from prepaid storage fees.

The assessment differed from the data stated by VITA 34 AG in its tax returns and led to a reduction of the unused tax loss as of December 31, 2002. VITA 34 AG has filed a protest against these assessments. There is uncertainty concerning the outcome of these appeal proceedings. When calculating whether and to what extent unused tax losses exist at the cut-off dates December 31, 2007 and 2008, management assumes that amounts pursuant to the current assessments of VITA AG's modified tax returns should be used to calculate deferred income for tax purposes for the fiscal years up until and including 2002.

The income tax payables recognized as of the balance sheet date were calculated on this basis and management does not believe further provisions to be necessary.

Based on this calculation, deferred tax assets were recognized as of the balance sheet date for the full amount of unused tax losses as well as differences between the tax balance sheet and balance sheet prepared in accordance with IFRS. This is because it is deemed likely that the unused tax losses will be utilized in full within the planning period or sufficient taxable income will be available. The likelihood of there being future taxable income is based on current planning statements. Losses recognized by VITA 34 AG in fiscal 2007 and 2008 are primarily attributable to investments in marketing and sales. Optimization measures launched in these areas in 2008 will start to bear fruit in 2009 along with further cost-cutting that was implemented. Thanks to international activities and research collaboration, VITA AG expects a moderate overall rise in revenue and a positive EBIT in 2009 despite sluggish growth in Germany.

However, no deferred tax assets were recognized on unused tax losses of the parent because, with its present function of a pure holding company, the Company is not expected to have sufficient taxable income in the future if no targeted tax law measures are taken.

Impairment of available for sale financial assets
The Group classifies certain assets as available for sale and recognizes changes in their fair value directly in equity. If the fair value decreases, management makes estimates relating to the impairment in order to determine whether it is an impairment that has to be recognized immediately in profit or loss. As of December 31, 2008, impairment losses of EUR 208 k were recognized on available-for-sale financial assets in profit or loss (2007: EUR 1,375 k). The carrying amount of available-for-sale financial assets amounts to EUR 29 k (2007: EUR 238 k).

Share-based payments
Within the Group, the cost from the issue of equity instruments to employees are measured at the fair value of the equity instruments on the date they are issued.

An appropriate measurement method must be determined to estimate the fair value for the issue of equity instruments; this depends on the conditions of issue.

It is also necessary to determine appropriate input data used in this measurement method, including in particular the expected option life, the volatility and the dividend yield as well as related assumptions. The assumptions and methods applied are disclosed in note 26 to the consolidated financial statements.

2.4 Summary of significant accounting policies

Foreign currency translation
The consolidated financial statements are presented in euro, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded at the spot rate applicable between the functional currency and the foreign currency on the date of the transaction. Monetary assets and liabilities in foreign currency are translated to the functional currency using the closing rate. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of CorCell, Inc. is the US dollar. As of the balance sheet date, the assets and liabilities of this subsidiary are translated into euro at the closing rate. Income and expenses are translated at the weighted average exchange rate in the quarters of the fiscal year. Exchange differences arising on translation to the presentation currency are taken directly to a separate component of equity.

Goodwill
Business combinations are accounted for using the purchase method. Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity.

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

As of December 31, 2008, there was only one cash-generating unit, i.e. "Europe".

Intangible assets
Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less total accumulated amortization and total accumulated impairment losses. Intangible assets with a finite useful life are amortized over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each fiscal year at the latest.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with a finite life is recognized in the income statement in the expenses category consistent with the function of the intangible asset.

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

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

ACCOUNTING POLICIES APPLIED TO THE GROUP'S INTANGIBLE ASSETS

	PATENTS	SOFTWARE
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.
Method used	Amortization is charged over the expected useful life using the straight-line method. The Company does not have any patents with an indefinite useful life.	Amortization is charged over the useful life using the straight-line method.
Internally generated or acquired	All patents were purchased for a consideration.	All software was purchased for a consideration.
Impairment testing / recoverable amount testing	An impairment test is carried out annually or more frequently where an indication of impairment exists.	An impairment test is carried out annually or more frequently where an indication of impairment exists.

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 income statement when the asset is derecognized.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the useful life of the assets.

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

USEFUL LIVES OF THE ASSETS		
	2008	2007
Laboratory equipment	5–14 years	5–14 years
Cryo tanks and accessories	40 years	40 years
Other equipment, furniture and fixtures	3–13 years	3–13 years

Property, plant and equipment are derecognized upon disposal or when no further economic benefits are expected from their continued use or sale. Any gain or loss arising on derecognition of the asset – calculated as the difference between the net realizable value and the carrying amount of the asset – is recognized in profit or loss in the period in which the asset is derecognized.

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

Borrowing costs
Borrowing costs are recognized as an expense when incurred.

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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or 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 time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses attributable to continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

With the exception of goodwill, the Group assesses at each balance sheet date 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 balance sheet date 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. Any impairment loss recognized on goodwill is not reversed in a subsequent period.

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

Regular way purchases and sales of financial assets are recognized as of the trading date, i.e. the date on which an asset is delivered to or by the Group. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

:: **Financial assets at fair value through profit or loss**
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 income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

:: **Available-for-sale financial assets**
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 at fair value through profit or loss
:: 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 market bid prices quoted on the stock exchange at the close of business on the balance sheet date.

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

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

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

Trade and other receivables
Trade receivables and other receivables are recognized at cost.

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

Receivables are written off as soon as they become uncollectible.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet com-

prise cash at bank and in hand and short-term deposits with an original maturity of no more than three months.

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

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

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 balance sheet date whether a financial asset or group of financial assets is impaired. Please refer to the section above for details of trade receivables.

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

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

Share-based payments
Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

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

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

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

:: **The Group as a lessee**
Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Operating leases were entered into for the offices rented in Leipzig, for vehicles and for photocopiers and a telecommunications 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:

:: **The rendering of services**
The Company renders a service comprising the processing and storage of umbilical cord blood. Agreements concluded with customers can either govern an arrangement where a fee is paid for processing followed by an annual fee for storage or agreements for a service comprising processing and storage for a fixed period of time. In the case of the former, revenue from processing cord blood is recognized when the processing has been finished. If a lump sum has been agreed with the customer for processing and storage, revenue is recognized proportionate to processing costs in the first year and storage costs thereafter. Revenue from storing cord blood is recognized on a straight-line basis over the term of storage. Any prepaid storage fees received are disclosed as deferred income.

:: **Interest received**
Revenue is recognized as interest accrues.

:: **Rental income**
Income from subletting under operating leases is recognized on a straight-line basis over the term of the sublet agreement.

Government grants
Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grants relate to an expense item, they are recognized as income over the period necessary to match the grants on a systematic basis to the costs that they are intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement 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 balance sheet date.

:: **Deferred tax assets**
Deferred tax is recognized using the liability method on all temporary differences as of the balance sheet date between the carrying amounts of assets and liabilities in the balance sheet and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward 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 carryforward of unused tax credits and unused tax losses can be utilized except:

:: where the deferred income tax asset relating to the deductible temporary difference arises from the 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 the 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 a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

:: **VAT**
Revenue, expenses and assets are recognized net of VAT, except:

:: where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of the asset or as part of the expense item as applicable.

:: when 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 balance sheet.

2.5 NEW ACCOUNTING POLICIES

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued new standards, interpretations and revised standards which are not yet effective for the fiscal year 2008 and which were not applied in the accompanying consolidated financial statements.

:: Changes to IFRS 1 and IAS 27, "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" (not yet adopted by the EU). The amendments were issued in May 2008 and become effective for financial years beginning on or after January 1, 2009. They primarily relate to first-time application of IFRS. Since not relevant for the Group, these amendments will not affect its net assets, financial position and results of operations or cash flows.

:: Changes to IFRS 2, "Share-based Payment". The amendment to IFRS 2 was issued in January 2008 and becomes effective for financial years beginning on or after January 1, 2009. The amendments relate to the definition of vesting conditions and the accounting treatment of cancellations relating to share-based payment. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

:: Changes to IFRS 3, "Business Combinations" (not yet adopted by the EU). The revised IFRS 3 was issued in January 2008 and is effective for the fiscal years beginning on or after July 1, 2009. Some of the main amendments in the revised IFRS 3 concern the cost of business combinations, the adjustment of the cost of a business combination depending on future events, the determination of the amount of goodwill and the treatment of business combinations achieved in stages. Previous business combinations are not affected.

:: Changes to IAS 1, "Presentation of Financial Statements", was issued in September 2007 and becomes effective for financial years beginning on or after January 1, 2009. The amendments primarily concern the presentation of financial statements and comparative information. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

:: Changes to IAS 23, "Borrowing Costs". The revised standard IAS 23 was issued in March 2007 and becomes effective for the first time in fiscal years beginning on or after January 1, 2009. The standard requires entities to capitalize borrowing costs attributable to a qualifying asset. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

:: Changes to IFRS 27, "Consolidated and Separate Financial Statements" (not yet adopted by the EU). The revised standard was issued in January 2008 and is effective for fiscal years beginning on or after July 1, 2009. The amendments stem from the revision of IFRS 3 Business Combinations. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

:: Changes to IAS 32 and IAS 1, "Puttable Financial Instruments and Obligations Arising on Liquidation". The revised standards were published in February 2008 and become effective for the first time in the fiscal years beginning on or after January 1, 2009. The changes mainly relate to the classification of certain types of financial instruments as equity or liabilities. Additional information on financial instruments affected must also be disclosed in the notes to the financial statements according to the new regulation. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

:: Changes to IAS 39, "Financial Instruments: Recognition and Measurement – Eligible Hedged Items" (not yet adopted by the EU). The revised IAS 39 was issued in July 2008 and is effective for the first time for fiscal years beginning on or after July 1, 2009. The amendment clarifies how the principles of hedge accounting should be applied in two particular situations – the designation of inflation as a hedged risk and the designation of a one-sided risk in a hedged item. Since it is not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: IFRIC 12, "Service Concession Arrangements" (not yet adopted by the EU). IFRIC 12 was issued in November 2006 and is effective for the first time for fiscal years beginning on or after January 1, 2008. Since the Group does not have any licenses to provide public services to private customers, this interpretation does not affect the Group.

:: IFRIC 13, "Customer Loyalty Programmes" was published in June 2007 and is effective for fiscal years beginning on or after January 1, 2009. IFRIC 13 addresses accounting by entities that offer award credits (loyalty points or flight miles) to customers when they purchase goods or services. Since the Group does not offer comparable award credits, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: IFRIC 14, "The Limit on a Defined Asset, Minimum Funding Requirements and their Interaction". IFRIC 14 was issued in July 2007 and becomes effective for the first time in fiscal years beginning on or after January 1, 2009. IFRIC 14 provides general guidelines for determining the upper limit of a defined benefit asset recognized pursuant to IAS 19. Since it is not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: IFRIC 15, "Agreements for the Construction of Real Estate" (not yet adopted by the EU). IFRIC 15 was issued in July 2008 and is effective for the first time for fiscal years beginning on or after January 1, 2009. IFRIC 15 addresses the accounting treatment for the sale of real estate where an agreement is reached with a purchaser before the construction work is completed. Since it is not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" (not yet adopted by the EU). IFRIC 16 was issued in July 2008 and is effective for the first time for fiscal years beginning on or after October 1, 2008. IFRIC 16 provides guidance on identifying the risks that qualify for hedge accounting in the hedge of a net investment and on where within the group the hedging instruments can be held in the hedge of a net investment. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

:: Improvements to IFRS in 2008 (not yet adopted by the EU). The omnibus of amendments was issued in May 2008 and is effective for the first time for fiscal years beginning on or after January 1, 2009. It contains small changes to 20 IFRS standards which can affect the presentation, recognition or measurement, as well as editorial or terminological changes. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

3 SEGMENT REPORTING

The Company has only one reportable segment because the Group's operations only concern the storage of umbilical cord blood.

3.1 Information on geographical areas

The Company generates revenue exclusively in Europe. The regional segment comprising Germany, Austria and Switzerland generated income of EUR 12,742 k (2007: EUR 14,443 k) and the Spanish segment EUR 2,215 k (2007: EUR 983 k).

Income is allocated to geographical areas taking into account the revenue generated in the individual countries.

3.2 Information on important customers

One external customer accounts for more than 10 percent of the Group's total income. It is disclosed under total income for the Group and totaled EUR 2,215 k for the period from January 1 to December 31, 2008 (2007: EUR 983 k).

4 REVENUE, OTHER INCOME AND EXPENSES

4.1 Revenue

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

REVENUE	2008 EUR K	2007 EUR K
Revenue		
From processing	14,484	15,028
From storage	473	398
	14,957	**15,426**

4.2 Cost of sales

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

COST OF SALES	2008 EUR K	2007 EUR K
Cost of materials	779	744
Personnel expenses	1,181	1,065
Amortization, depreciation and write-downs	211	228
Third-party services	2,356	2,458
Rent and rent incidentals	172	154
Other expenses	450	383
	5,149	**5,032**

4.3 Other operating income

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

OTHER OPERATING INCOME	2008 EUR K	2007 EUR K
Government grants	230	143
Income from the derecognition of accruals	403	74
Sundry other income	97	63
	730	**280**

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

Income from the derecognition of accruals mainly comprise the reversal of provisions for employee bonuses set up in the prior year which were not paid out in 2008.

4.4 Selling expenses

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

SELLING EXPENSES	2008 EUR K	2007 EUR K
Personnel expenses	3,135	2,590
Amortization, depreciation and write-downs	96	76
Marketing expenses	5,577	5,194
Other expenses	829	569
	9,637	**8,429**

4.5 Administrative expenses

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

ADMINISTRATIVE EXPENSES	2008 EUR K	2007 EUR K
Personnel expenses	1,368	1,349
Amortization, depreciation and write-downs	153	142
Operating lease expenses	384	280
Legal, consulting and audit fees	817	717
Other expenses	216	328
	2,938	**2,816**

4.6 Other operating expenses

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

OTHER OPERATING EXPENSES	2008 EUR K	2007 EUR K
Donations	3	115
Research and development costs	220	88
Bad debts	1	34
Sundry other expenses	9	24
	233	**261**

4.7 Finance costs

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

FINANCE COSTS	2008 EUR K	2007 EUR K
Bank loans and overdrafts	124	113
Charges for silent partnerships	103	72
Impairments of financial instruments	208	1,560
Value adjustments of short-term financial instruments	141	96
	576	**1,841**

The impairment of financial instruments concerns the shares in Cord Blood America Inc. (EUR 187 k; 2007: EUR 1,245 k), and loans (EUR 21 k; 2007: EUR 185 k) received from Cord Blood America Inc. as consideration for the sale of the business operation of CorCell, Inc. We refer to our comments under note 6.

4.8 Finance revenue

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

FINANCE REVENUE	2008 EUR K	2007 EUR K
Value adjustment of short-term investments	66	109
Interest income	392	323
Income from written-off receivables	11	109
	469	**541**

4.9 Employee benefits expense

The expenses for employee benefits break down as follows:

EMPLOYEE BENEFIT EXPENSES	2008 EUR K	2007 EUR K
Wages and salaries	4,964	4,475
Social security costs	708	527
Pension cost	12	2
	5,684	**5,004**

The employer's contributions to statutory pension insurance of EUR 387 k (2007: EUR 292 k) are classified as payments under a defined contribution plan and are recognized in full in profit or loss accordingly.

EMPLOYEES (ANNUAL AVERAGE)	2008 EUR K	2007 EUR K
Employees	110	87
Temporary employees	6	0
Trainees / interns	3	2
	119	**89**

5 INCOME TAXES

Major components of income tax expense for the fiscal years 2008 and 2007 are as follows:

MAJOR COMPONENTS OF THE INCOME TAX INCOME/ INCOME TAX EXPENSE CONSOLIDATED INCOME STATEMENT	2008 EUR K	2007 EUR K
Current income tax		
Current income tax expense	97	2
Deferred income tax		
Origination and reversal of temporary differences	–106	170
on unused tax losses	–408	–74
Income tax income / income tax expense	**–417**	**98**

Income tax liabilities disclosed in the balance sheet relate to trade tax for the fiscal year 2006 as well as trade tax back payments resulting from a tax field audit.

The actual income tax expense for 2008 disclosed in the income statement relates to income tax expenses for other periods resulting from the tax field audit carried out at the Company.

The tax rate used to calculate deferred taxes was reduced from 40 to 30 percent taking into account the corporate tax reform act passed by the upper house of German parliament on July 6, 2007. Deferred tax assets decreased by EUR 55 k in the prior year due to the reduction of the tax rate.

A reconciliation between income tax expense and the product of accounting profit multiplied by the Group's applicable tax rate for the fiscal years 2008 and 2007 is as follows:

RECONCILIATION		
	2008 EUR k	**2007 EUR k**
Accounting profit before tax from continuing operations	–2,377	–2,132
Profit / loss before tax from a discontinued operation	248	1,045
Earnings before income tax	**–2,129**	**–1,087**
Income tax income / expense at the eurozone tax rate of 30 % (2006: 40 %)	639	435
Adjustment because profits / loss of Corcell and VITA 34 International AG do not give rise to an income tax refund / expense	–123	–462
Effect of changes in tax rate	0	–55
Adjustment due to tax-free income	24	33
Adjustment due to non-deductible expenses	–15	–49
Current and deferred taxes from tax field audit	–108	0
Income tax income / expense at effective income tax rate of 30 % (2006: 40 %)	**417**	**–98**
Income tax expense / income reported in consolidated income statement	**417**	**–98**

Deferred income tax at balance sheet date relates to the following:

DEFERRED INCOME TAX				
	CONSOLIDATED BALANCE SHEET		CONSOLIDATED INCOME STATEMENT	
	2008 EUR K	2007 EUR K	2008 EUR K	2007 EUR K
Deferred income tax liabilities				
Accelerated depreciation for tax purposes	–164	–171	7	–1
Tax-allowed valuation allowance	–13	–10	–3	–5
Revaluations of available-for-sale investments to fair value	0	–4	4	–4
Diverging fair value of financial instruments	0	0	0	47
	–177	**–185**		
Deferred income tax assets				
Adjustment of inventories	0	0	0	–95
Difference of other receivables	23	0	23	0
Difference of share-based payments	32	10	22	10
Difference of provisions	303	36	267	–1
Deferred income	46	260	–214	–120
Unused tax losses	509	101	408	74
	913	**407**		
	736	**222**		
Deferred tax income / expense			**514**	**–96**

The Group has unused tax losses at the subsidiary VITA 34 AG in Germany of EUR 1,752 k for corporate income tax purposes (2007: EUR 665 k) and of EUR 1,642 k for trade tax purposes (2007: EUR 195 k) that are available indefinitely for offsetting against future taxable profits of that entity. Deferred tax assets have been recognized in respect of these losses as they may be used to offset taxable profits of VITA 34 AG.

Tax losses (corporate income tax and trade tax) of [EUR 5,426 k] (2007: EUR 4,991 k) were incurred at VITA 34 International AG that are available in the Group for offsetting against future taxable income of VITA 34 International AG. However, deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in a holding company that does not usually generate taxable profits. They can only be used under certain conditions which are currently not likely to occur.

6 DISCONTINUED OPERATION

The closely related value-added stages of the new business "collection and processing stem cells from cord blood" (for short "processing") and the subsequent "storage" business for the US market that had been handled exclusively by the subsidiary CorCell, Inc. was sold by CorCell, Inc. under an agreement dated October 10, 2006 (asset purchase agreement and existing samples purchase agreement) to Cord Blood America Inc., Los Angeles, USA, in the course of an asset deal.

The sales price came to EUR 3,028 k (USD 3,998 k). EUR 1,136 k (USD 1,500 k) of the sales price was paid in cash and EUR 1,541 k (USD 2,035 k) in shares in the buying entity (18,498,715 shares with a market price as at the date of the transaction of EUR 0.08 per share). Loans were granted to the buyer for EUR 351 k (USD 463 k) of the sales price. This partial transaction was concluded on February 28, 2007.

In 2007, a gain on disposal of EUR 1,253 k resulted from goodwill of EUR 2,215 k and additional assets sold amounting to EUR 249 k and assigned liabilities of EUR 689 k in the USA segment.

CorCell, Inc. remains in the VITA 34 International AG Group as a subsidiary, even after the sale of the business operations.

With respect to the shares and loans received as compensation for the sale of the business operations of CorCell, Inc., these were written down by EUR 208 k in fiscal 2008 due to permanent impairment (2007: EUR 1,560 k).

THE RESULTS OF CORCELL, INC. FOR THE YEAR ARE PRESENTED BELOW		
	2008 EUR k	**2007 EUR k**
Revenue	0	136
Expenses	0	–136
Adjustment of provision	248	–208
Gross profit on sales	**248**	**–289**
Gain before tax from a discontinued operation	0	1,253
Profit/loss before tax from a discontinued operation	248	1,045
Gain for the year from a discontinued operation (after tax)	**248**	**1,045**

Provisions were adjusted primarily to reflect the early transfer of an onerous rent agreement to a subsequent lessee.

The net cash flows of CorCell, Inc. with respect to the discontinued operation break down as follows:

CASH FLOWS OF CORCELL, INC.		
	2008 EUR K	2007 EUR K
Operating activities	0	–206
Investing activities	0	1,245
Financing activities	0	0
Net cash inflow / outflow	**0**	**1,039**
Earnings per share:		
Basic / diluted from discontinued operations	0.09	0.39

7 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:

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

Potential ordinary shares were not taken into account in the calculation of the diluted earning per share because the loss for the period per share does not increase if the potential ordinary shares are taken into account.

BASIC/DILUTED EARNINGS PER SHARE		
	2008 EUR K	2007 EUR K
Net profit attributable to ordinary equity holders of the parent from continuing operations	–1,960	–2,230
Loss attributable to equity holders from discontinued operations	248	1,045
Net profit / loss attributable to ordinary equity holders of the parent	**–1,712**	**–1,185**
Number of shares outstanding (weighted average)	2,646,500	2,501,500
Earnings per share pursuant to IFRS (EUR)	**–0.65**	**–0.47**

8 GOODWILL, INTANGIBLE ASSETS

Intangible assets developed as follows:

INTANGIBLE ASSETS AS OF DECEMBER 31, 2008			
	PATENTS AND LICENCES	GOODWILL	TOTAL
	EUR K	EUR K	EUR K
Cost as of January 1, 2008	1,331	11,911	13,242
Additions	393	0	393
Cost as of December 31, 2008	**1,724**	**11,911**	**13,635**
Accumulated depreciation and impairment as of January 1, 2008	591	0	591
Amortization charge for the year	203	0	203
Accumulated amortization and impairments as of December 31, 2008	**794**	**0**	**794**
Carrying amount as of January 1, 2008	740	11,911	12,651
Carrying amount as of December 31, 2008	930	11,911	12,841

INTANGIBLE ASSETS AS OF DECEMBER 31, 2007			
	PATENTS AND LICENCES	GOODWILL	TOTAL
	EUR K	EUR K	EUR K
Cost as of January 1, 2007	976	11,911	12,887
Additions	355	0	355
Cost as of December 31, 2007	**1,331**	**11,911**	**13,242**
Accumulated amortization and impairments as of January 1, 2007	443	0	443
Amortization charge for the year	148	0	148
Accumulated amortization and impairments as of December 31, 2007	**591**	**0**	**591**
Carrying amount as of January 1, 2007	533	11,911	12,444
Carrying amount as of December 31, 2007	740	11,911	12,651

9 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment developed as follows:

PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2008			
	TECHNICAL EQUIPMENT	FURNITURE AND FIXTURES	TOTAL
	EUR K	EUR K	EUR K
Cost as of January 1, 2008	2,494	1,150	3,644
Additions	525	154	679
Disposals	–12	–5	–17
Cost as of December 31, 2008	**3,007**	**1,299**	**4,306**
Accumulated amortization and impairments as of January 1, 2008	505	517	1,022
Amortization charge for the year	94	147	241
Disposals	–9	–2	–11
Accumulated amortization and impairments as of December 31, 2008	**590**	**662**	**1,252**
Carrying amount as of January 1, 2008	1,989	633	2,622
Carrying amount as of December 31, 2008	2,417	637	3,054

PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2007			
	TECHNICAL EQUIPMENT	FURNITURE AND FIXTURES	TOTAL
	EUR K	EUR K	EUR K
Cost as of January 1, 2007	2,158	994	3,152
Additions	415	354	769
Disposals	–79	–198	–277
Cost as of December 31, 2007	**2,494**	**1,150**	**3,644**
Accumulated amortization and impairments as of January 1, 2007	451	519	970
Amortization charge for the year	94	162	256
Disposals	–40	–164	–204
Accumulated amortization and impairments as of December 31, 2007	**505**	**517**	**1,022**
Carrying amount as of January 1, 2007	1,707	475	2,182
Carrying amount as of December 31, 2007	1,989	633	2,622

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

The goodwill acquired from business combinations was allocated to the cash-generating unit "Europe" for impairment testing.

The recoverable amount of the "Europe" cash-generating unit has been determined based on a value in use calculation using cash flow projections updated from the prior year and based on financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 8.5 percent (prior year: 15 percent). Cash flows beyond the five-year period are extrapolated using a 0.5 percent growth rate.

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

CARRYING AMOUNTS	2008 EUR K	2007 EUR K
Carrying amount of goodwill	11,911	11,911

Key assumptions used in value in use calculation of the units as of December 31, 2008 and December 31, 2007
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. Owing to the fact that the German market developed at a much slower pace than anticipated in the prior year, the total cash flow is expected to be down considerably on the prior year in the planning period and over the next five years.

Discount rates – The discount rates reflect the estimates of management concerning the specific risks attributable to each cash-generating unit. This is the benchmark used by management to assess the operating performance and evaluate future investment projects. The market-based discount rate is derived based on the weighted average cost of capital, which is adjusted accordingly. The reduction of the discount rate compared to the prior year is essentially attributable to application of the Company's capital market beta factor (2008: 0.7). In the prior year, the lack of available capital market history yielded a significantly higher estimated beta factor (2007: 2.0).

Sensitivity of the assumptions made – Management believes that possible changes to the key assumptions could increase the carrying amount of the cash-generating unit beyond its recoverable amount. The value in use would fall below the carrying value particularly in the event that the expected number of new samples for storage is not reached in the planning period, even though this has already been reduced significantly on the prior year. A reduction in the annual free cash flow in the planning period and beyond by some 25 percent p.a. (starting at EUR 370 k) would lead to a reduction in the value in use to carrying amount of the cash-generating unit. The realizable value of the cash-generating unit exceeds the carrying amount by approx. EUR 4,800 k.

11 EQUITY INVESTMENTS

The shares in Cord Blood America Inc., Los Angeles, USA, received in connection with the sale of the business operations of the USA segment (see note 6) were classified as available-for-sale financial assets. They were measured at the quoted market price as of the balance sheet date.

The shares are classified as non-current assets because they have trading restrictions attaching to them.

In fiscal 2008, the shares in Cord Blood America Inc., Los Angeles, USA, were written down by EUR 187 k (2007: EUR 1,245 k) due to a fall in the quoted price that was expected to be permanent. The write-down was disclosed in the consolidated income statement under finance costs.

INVESTMENTS	2008 EUR K	2007 EUR K
Shares in Cord Blood America Inc., Los Angeles, USA	26	214
	26	**214**

12 INVENTORIES

Inventories break down as follows:

INVENTORIES	2008 EUR K	2007 EUR K
Materials and supplies (measured at costs of purchase)	136	129
Work in progress (at cost of conversion)	448	443
	584	**572**

Inventories were not written down.

13 TRADE RECEIVABLES

Trade receivables break down as follows:

RECEIVABLES	2008 EUR K	2007 EUR K
Non-current trade receivables	1,996	1,459
Current trade receivables	1,600	1,254
	3,596	**2,713**

The additional non-current trade receivables that originated in the reporting year were discounted using an interest rate of 4.9 percent based on their terms to maturity. The outstanding non-current receivables from the prior year were discounted using an interest rate of 4.5 percent (2006: 4.0 percent). Non-current receivables were disclosed under non-current assets.

IMPAIRED RECEIVABLES						
			THEREOF: NOT IMPAIRED AS OF BALANCE SHEET DATE BUT PAST DUE IN THE FOLLOWING PERIODS			
	CARRYING AMOUNT EUR K	THEREOF: IMPAIRED AS OF THE BALANCE SHEET DATE PAST DUE	LESS THAN 60 DAYS	BETWEEN 60 AND 180 DAYS	BETWEEN 180 AND 360 DAYS	MORE THAN 360 DAYS
Trade receivables as of December 31, 2008	3,596	3,226	306	0	0	0
Trade receivables as of December 31, 2007	2,713	2,423	235	0	0	0

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

Provisions for impairment of trade receivables break down as follows:

VALUATION ALLOWANCES	2008 EUR K	2007 EUR K
Valuation allowances as of January 1	96	63
Increases (expenses for valuation allowances)	0	33
Reversal	–2	0
Valuation allowances as of December 31	94	96

The following table presents the expense from the write-off of trade receivables and the income from payments received from bad debts that had been written off:

EXPENSES/INCOME FROM DERECOGNIZED RECEIVABLES	2008 EUR K	2007 EUR K
Expenses for the complete derecognition of receivables	1	2

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

14 SHORT-TERM INVESTMENTS

SHORT-TERM INVESTMENTS	2008 EUR K	2007 EUR K
Bonds	876	1,951

As of the balance sheet date, the short-term investments only contain short-term bonds purchased in fiscal 2007. They are measured at the quoted market price as of the balance sheet date.

15 OTHER RECEIVABLES AND ASSETS

OTHER RECEIVABLES AND ASSETS	12/31/2008		12/31/2007	
	TOTAL	THEREOF: CURRENT	TOTAL	THEREOF: CURRENT
Financial receivables and assets				
– Loans	3	3	24	24
– Other financial receivables and assets	253	253	281	281
– Other financial receivables and assets	35	0	35	0
	291	**256**	**340**	**305**
Deferred expenses	486	486	519	519
Investment grants	376	376	387	387
	862	**862**	**906**	**906**
	1,153	**1,118**	**1,246**	**1,211**

The following table presents income from the recognition of loans and other receivables that had been written off as well as write-downs on loans and other receivables:

WRITE-DOWNS/INCOME FROM DERECOGNIZED RECEIVABLES	2008 EUR k	2007 EUR k
Valuation allowances on loans and other receivables	21	130
Income from receivables and other assets that have already been written off	11	109
Expenses for the derecognition of receivables and other assets	0	185

The loans extended in the course of the sale of the new business “collection and processing stem cells from cord blood” and the subsequent “storage” business for the US market (see note 6) to Cord Blood America Inc. were impaired due to the buyer’s potential payment difficulties. In 2008, a loan that is convertible into shares in Cord Blood America Inc. was written down to the fair value of the shares that would be received if the conversion option were exercised (quoted market price as of December 31, 2008). The impairment loss totaling EUR 21 k (2007: EUR 315 k) was recognized in the consolidated income statement under finance costs.

Income from the repayment of the non-convertible loans to Cord Blood America Inc. which had already been written off in full in the second quarter of 2007 is disclosed under income from receivables written off. The disclosure in the consolidated income statement was made under finance income.

16 CASH AND CASH EQUIVALENTS, RESTRICTED CASH

CASH AND CASH EQUIVALENTS, RESTRICTED CASH		
	2008 EUR K	2007 EUR K
Restricted cash	1,068	1,066
Cash: cash at banks and in hand	6,374	9,002
	7,442	**10,068**

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

An amount of EUR 1,068 k has been provided as collateral for the loans disclosed in the balance sheet and is not available to the Company. To improve clarity and reflect the long-term nature of the secured loans, restricted cash was allocated to non-current assets in contrast to the prior year.

17 ISSUED CAPITAL AND RESERVES

ISSUED CAPITAL AND RESERVES		
ISSUED CAPITAL	2008	2007
Ordinary shares of EUR 1 each (all fully paid in)	2,646,500	2,646,500
COMPOSITION OF EQUITY	**EUR K**	**EUR K**
Issued capital	2,647	2,647
Capital reserve	23,192	23,116
Revenue reserves	–7,734	–6,022
Other reserves	0	–12
	18,105	**19,729**

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

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

Revenue reserves contain the retained earnings including the net result for the current year.

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

Contingent capital
The capital stock was increased contingently by a nominal amount of up to EUR 40,000 by issuing up to 40,000 no-par-value registered shares in 2007. The conditional capital increase serves to cover the stock options, the issue of which was adopted by resolution of the Annual General Meeting on July 31, 2007. The contingent capital increase is only carried out to the extent that holders of options exercise them.

Authorized capital
In accordance with Art. 7 of the articles of incorporation and bylaws of VITA 34 International AG, the Company has authorized capital. By resolution of the Annual General Meeting, the Management Board is authorized to increase the capital stock of the Company with the approval of the Supervisory Board by up to EUR 500,000.00, once or several times over a period of five years from the date of registration of the amendment of the articles of incorporation and bylaws, by issue of up to 500,000 new registered no-par-value ordinary shares in return for contributions in cash or in kind.

18 INTEREST-BEARING LOANS

18.1 Current

SHORT-TERM LOANS AND SHORT-TERM LIABILITIES TO BANKS	INTEREST RATE %	2008 EUR K	2007 EUR K
IKB loan	6.42	0	14
IKB loan	6.42	0	2
KFW loan EUR 900 k	4.55	112	177
KFW loan EUR 100 k	4.55	13	20
		125	**213**

18.2 Non-current

NON-CURRENT LOANS	EFFECTIVE INTEREST RATE %	MATURITY	2008 EUR K	2007 EUR K
IKB loan	6.42	2013	900	900
IKB loan	6.42	2013	100	100
KFW loan EUR 900 k	4.55	2006–2013	450	563
KFW loan EUR 100 k	4.55	2006–2013	50	62
			1,500	**1,625**

EUR 1,068 k has been provided as collateral for the loans disclosed in the balance sheet and is not available to the Company. No collateral has been provided for the other loans disclosed in the balance sheet.

19 SILENT PARTNERS' INTERESTS

SILENT PARTNERSHIP	2008 EUR K	2007 EUR K
Silent partnership MBG	940	940
Silent partnership tbg	497	477
	1,437	1,417

Mittelständische Beteiligungsgesellschaft Sachsen mbH, Dresden (MBG) receives a fixed fee of 6 percent p.a. on the contribution of EUR 940 k it has made to VITA 34 AG; the fee is payable quarterly for the preceding quarter as of March 15, June 15, September 15 and December 15 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 1 percent p.a. of the contribution made, whichever is lower. The basis for calculating the profit-based fee is the net loss 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.

On the contribution it has made to VITA 34 AG of EUR 350 k, tbg Technologie-Beteiligungs-Gesellschaft mbH of Deutsche Ausgleichsbank (tbg), Bonn, receives a minimum fee of 5 percent p.a., which is not linked to the profit or loss for the year of VITA 34 AG and is payable every six months for the preceding six months as of April 30, and October 31 of each year. tbg also receives 8 percent p.a. of the net profit for the year generated from the date when the contributions are called, or 6 percent p.a. of the contribution actually made, whichever is lower. The basis for calculating the profit-based fee is adjusted net profit for the year of VITA 34 AG.

Upon expiry of the partnership, tbg is entitled to demand one-time remuneration of 30 percent of the investment amount plus 6 percent of the investment amount for each year after the end of the fifth full year of investment (final remuneration). Any profit shares paid by then are deducted from the final remuneration. The profit shares are not refunded if they exceed the final remuneration. tbg does not participate in losses of the Company. The silent partnership with tbg ends on December 31, 2009.

20 PROVISIONS

PROVISIONS	INDEMNIFICATION PAYMENTS EUR K	ONEROUS CONTRACTS EUR K	TOTAL EUR K
As of January 1, 2008	103	411	514
Addition	5	0	5
Utilization	–3	–222	–225
Unused amounts reversed	0	–189	–189
As of December 31, 2008	**105**	**0**	**105**
Current provisions 2008	105	0	105
Non-current provisions 2008	0	0	0
	105	**0**	**105**
Current provisions 2007	103	112	215
Non-current provisions 2007	0	299	299
	103	**411**	**514**

In fiscal 2008, an onerous rent agreement was transferred to a subsequent lessee in return for a compensation payment of EUR 208 k. Rent expenses of EUR 14 k were also paid in addition. The remainder of the provision for the onerous rent agreement was fully reversed.

It is still deemed likely that the provision for damages will be utilized even though the other party has not as yet made a claim.

21 DEFERRED GRANTS

Investment grants recognized under grants developed as follows:

GRANTS	2008 EUR K	2007 EUR K
As of January 1	757	505
Received during the fiscal year	145	333
Released to the income statement	–80	–81
As of December 31	**822**	**757**
Current	81	81
Non-current	741	676
	822	**757**

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

22 DEFERRED INCOME

DEFERRED INCOME	2008 EUR K	2007 EUR K
Current	521	423
Non-current	5,405	5,154
	5,926	**5,577**

Deferred income contains storage fees collected from customers in advance, which are recognized as income on a straight-line basis over the term of storage.

23 TRADE PAYABLES AND OTHER LIABILITIES

LIABILITIES	2008 EUR K	2007 EUR K
Financial liabilities		
– Current trade payables	1,087	884
– Long-term trade payables	0	61
– Other liabilities	447	470
	1,534	**1,415**
Non-financial liabilities		
– Employee benefits	546	900
	546	**900**
	2,080	**2,315**

Terms and conditions of the above financial liabilities:

:: Trade payables are non-interest bearing and are normally settled within 30 days.

:: Other liabilities are non-interest bearing and have an average term of 30 days. Non-financial liabilities mainly pertain to amounts accrued for short-term employee benefits.

:: Interest payable is normally settled monthly or quarterly throughout the fiscal year.

24 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

CARRYING AMOUNTS BY MEASUREMENT CATEGORY

		CARRYING AMOUNT IN BALANCE SHEET			
	CARRYING AMOUNT 12/31/2008	AMORTIZED COST	AT FAIR VALUE DIRECTLY IN EQUITY	AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE 12/31/2008
Assets					
Cash and cash equivalents	7,442	7,442			7,442
Trade receivables	3,596	3,596			3,574
Other financial assets	288	288			288
Other primary financial assets					
– Financial assets at fair value through profit or loss	876			876	876
– Available-for-sale financial assets	29			29	29
Liabilities					
Liabilities to banks	1,625	1,625			1,645
Shares in silent partners	1,437	1,437			1,536
Trade payables	1,087	1,087			1,087
Other not interest-bearing liabilities	447	447			447
Thereof combined by measurement category					
– Loans and receivables	11,326	11,326			11,304
– Financial assets at fair value through profit or loss	876			876	876
– Available-for-sale financial assets	29			29	29
– Financial liabilities measured at amortized cost (FLMaAC)	4,596	4,596			4,715

CARRYING AMOUNTS BY MEASUREMENT CATEGORY

		CARRYING AMOUNT IN BALANCE SHEET			
	CARRYING AMOUNT 12/31/2007	AMORTIZED COST	AT FAIR VALUE DIRECTLY IN EQUITY	AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE 12/31/2007
Assets					
Cash and cash equivalents	10,068	10,068			10,068
Trade receivables	2,713	2,713			2,702
Other financial assets	316	316			316
Other primary financial assets					
–Financial assets at fair value through profit or loss	1,951			1,951	1,951
–Available-for-sale financial assets	238			238	238
Liabilities					
Liabilities to banks	1,838	1,838			1,859
Shares in silent partners	1,417	1,417			1,516
Trade payables	945	945			945
Other not interest-bearing liabilities	470	470			470
Thereof combined by measurement category					
–Loans and receivables	13,097	13,097			13,086
–Financial assets at fair value through profit or loss	1,951			1,951	1,951
–Available-for-sale financial assets	238			238	238
–Financial liabilities measured at amortized cost (FLMaAC)	4,670	4,670			4,790

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 balance sheet date approximate their fair value.

The fair value of publicly listed shares, bonds and mutual funds correspond to their face values multiplied with the quoted price as of the balance sheet date.

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.

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 balance sheet at amortized cost was determined by discounting the expected future cash flows using a market interest rate.

The carrying amount of other financial instruments recognized in the consolidated financial statements corresponds to fair value.

24.2 Net result by measurement category

NET RESULT	2008 EUR K	2007 EUR K
Loans and receivables	178	245
Financial assets at fair value through profit or loss	–75	13
Available-for-sale financial assets	–208	–1,375
Financial liabilities measured at amortized cost (FLMaAC)	0	–185
Total	**–105**	**–1,302**

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 1 k (2007: EUR –2 k); these are instead disclosed under other operating expenses.

The net result by measurement category in fiscal 2008 primarily comprises impairment losses on financial assets of EUR 283 k (2007: EUR 1,560 k) and interest income / expenses of EUR 165 k (2007: EUR 138 k).

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	CARRYING AMOUNT 12/31/2008	FIXED REMUNERATION	VARIABLE COMPENSATION	REPAYMENT
CASH FLOW 2009				
Liabilities to banks	1,625	91	0	125
Shares in silent partners	1,437	74	147	350
Other non-interest-bearing liabilities	1,534	0	0	1,534
Total	**4,596**	**165**	**147**	**2,009**
CASH FLOW 2010				
Liabilities to banks	1,625	86	0	125
Shares in silent partners	1,437	56	9	0
Other non-interest-bearing liabilities	1,534	0	0	0
Total	**4,596**	**142**	**9**	**125**
CASH FLOW 2011 ET SEQ.				
Liabilities to banks	1,625	174	0	1,375
Shares in silent partners	1,437	451	75	940
Other non-interest-bearing liabilities	1,534	0	0	0
Total	**4,596**	**625**	**75**	**2,315**

All instruments in the portfolio as of December 31, 2008 and for which payments had already been contractually agreed were included. Budgeted figures for future new debt are not included.

The variable compensation from financial instruments, which is essentially calculated based on the net result generated for the year, was determined on the basis of VITA 34 AG's budget. All on-call financial liabilities are allocated to the earliest possible period in the table.

24.4 Credit risk

The Group mostly does business with private customers. Credit ratings are obtained from TEBA Kreditbank GmbH & Co. KG for contracts with installment payments. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum risk of default is limited to the carrying amount disclosed in note 13. There is no significant concentration of risk of default within the Group.

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

24.5 Interest rate risk

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

24.6 Foreign currency risk

As a consequence of the inclusion of CorCell, Inc., USA, in the Group, the consolidated balance sheet can be affected by movements in the USD / EUR exchange rate. No other major transactions are settled in USD or other foreign currencies.

Following the sale of the business operations of CorCell, Inc., USA, the potential effects of movements in the USD / EUR exchange rate on the balance sheet are not material.

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.

The Group has entered into a rent agreement for use of the premises in Bio City. The lease started in 2003 and ends on August 31, 2011.

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 balance sheet date are as follows:

MINIMUM LEASE PAYMENTS		
	2008 EUR K	**2007 EUR K**
Within one year	518	422
Between one and five years	559	823
	1,077	**1,245**

25.2 Capital commitments

As of the balance sheet date of December 31, 2008, the Group has no purchasing obligations for property, plant and equipment (2007: EUR 320 k).

25.3 Litigation

Patent infringement proceedings PharmaStem

PharmaStem Therapeutics, Inc. has filed an action for patent infringement against CorCell and other US cord blood banks (including the three largest cord blood banks in the US). The defendants are alleged to have infringed patents of PharmaStem concerning the collection, processing and storage of stem cells derived from umbilical cord blood and the therapeutic use of the stem cells derived from the cord blood. In July 2007, the U.S. Court of Appeals for the Federal Circuit ruled that the patents held by PharmaStem had not been infringed through the business models of the blood banks. PharmaStem had already brought action for the infringement of two patents in 2004. Both claims were rejected after examination by the U.S. Patent Office. It is expected that the remaining proceedings relating to these patents will be dismissed at the start of 2009.

No provision was made for these proceedings because no future expenses are expected to be incurred in this respect. They were reported nonetheless on account of the legal uncertainties.

25.4 Contingent liabilities

VITA 34 International AG does not have any contingent liabilities as of the balance sheet date.

26 SHARE-BASED PAYMENTS

The Group entered into an agreement dated August 2, 2007 granting stock options to a member of the Management Board of VITA 34 AG, an affiliate of VITA 34 International AG. The exercise price of the options corresponds to the market price of the shares as of the date of issue. The options expire if the appointment to the board or employment relationship of the holder ends before the expiry of the waiting period (August 2, 2009). In addition, a performance target was agreed under which the options can only be exercised if accumulated revenue for the fiscal years 2007 and 2008 and for the first and second quarter of 2009 exceeds EUR 34.4 million.

The contractual term of the options is five years. The options cannot be settled in cash.

As part of the agreement, the member of the Management Board of VITA 34 AG was granted 30,145 options to acquire shares in VITA 34 International AG at a price of EUR 14.65 each. The options expire at the end of August 2, 2012. The vesting period before exercising the options had not expired as of the balance sheet date (vesting period ends August 2, 2009).

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

27 RELATED-PARTY DISCLOSURES

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

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

EXPENSES TO RELATED PARTIES	2008 EUR K	2007 EUR K
A member of the Supervisory Board is Chairman of the U.S. law offices Dillworth Paxon. Law services were purchased from Dillworth Paxon for the following amounts:	16	107
– Liabilities to Dillworth Paxon as of the balance sheet date	0	0
There is an agreement with a member of the Management Board Concerning rights of use and sale relating to a patent application and two patents. The Management Board Concerning has surrendered the patents concerned and patent application permanently for use by VITA 34 AG.		
– No compensation was paid for the surrender for use in fiscal year 2007 and 2008.		
Compensation of key management personnel of the Group:		
Short-term benefits:		
– Remuneration of the Supervisory Board	30	29
– Management Board salaries	694	754
Other long-term benefits:		
– The Management Board of VITA 34 International AG	0	40
Share-based compensation:		
– The Management Board of VITA 34 International AG	76	32

The above remuneration of the Supervisory Board and Management Board salaries relate solely to short-term benefits. As of the balance sheet date, there were liabilities relating to Management Board remuneration of EUR 168 k (2007: EUR 266 k).

27.1 Other long-term benefits

In August 2007, a separate bonus agreement was concluded with a Management Board member of the subsidiary VITA 34 AG, Leipzig. Under the agreement, the Management Board receives a revenue performance bonus if revenue reaches at least EUR 25 million in fiscal 2009. The revenue performance bonus is paid out based on the revenue generated in 2009, taking into account the "intrinsic value" as of December 31, 2009 of the outstanding options. Given the projected revenue for 2009 and the expected intrinsic value of the options, there will not be a bonus. Therefore, no bonus was taken into account in the financial statements as of December 31, 2008.

27.2 Share-based compensation

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

28 REMUNERATION OF THE MANAGEMENT AND SUPERVISORY BOARDS PURSUANT TO SEC. 314 HGB

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

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

28.1 Structure of Management Board remuneration and review

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

28.2 Fixed remuneration, variable performance-based remuneration and other benefits

The fixed component is a contractually defined basic salary that is paid out in equal monthly amounts. The variable component is limited and is based on whether certain quantitative and qualitative targets set each year are met. More weight is given to the quantitative targets. These relate to sales and earnings before interest and taxes (EBIT). Furthermore, individual performance targets are taken into account. These targets are agreed by the Supervisory Board and the Management Board member at the start of each fiscal year.

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

28.3 Remuneration of the Management Board for fiscal year 2008

The remuneration of the members of the Management Board for their activities in fiscal 2008 totaled EUR 491 k (2007: EUR 557 k). The table below provides a breakdown of Management Board remuneration by person.

The variable component is disclosed at the maximum amount that the Management Board members could attain. When determining whether qualitative targets have been reached, a smaller portion of the variable remuneration can be paid at the discretion of the Supervisory Board.

REMUNERATION OF THE MANAGEMENT BOARD OF VITA 34 INTERNATIONAL AG FOR THE FISCAL YEAR 2008 IN EUR K:

	FIXED ANNUAL SALARY 2008	OTHER REMUNERATION IN 2008	VARIABLE COMPENSATION 2008	TOTAL
Dr. med. Eberhard F. Lampeter	180	25	63	268
Peter Boehnert	145	27	51	223
Total	**325**	**52**	**114**	**491**

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

28.4 Premature termination of the employment agreement

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

Restraints on competition for 24 months following termination of employment have been agreed with the Management Board members. The Company has undertaken to pay Dr. med. Lampeter compensation corresponding to his basic monthly salary each month for the duration of the restraint on competition. Mr. Boehnert receives 50 percent of his basic monthly salary for each month of his restraint on competition. The Company is entitled to waive the restraint on competition upon termination of the employment agreement. In this case, there is no obligation to pay compensation.

28.5 Share-based payments

The Management Board members of VITA 34 International AG do not receive any additional share-based compensation.

28.6 Remuneration of the Supervisory Board (remuneration report)

The Supervisory Board of VITA 34 International AG has six members at present.

Board remuneration of EUR 30 k was paid out in 2008 (2007: EUR 29 k).

The remuneration of the Supervisory Board members is determined pursuant to Art. 18 of the articles of incorporation and bylaws. The current version of the regulation is based on the resolution adopted by the Annual General Meeting on July 31, 2007. The remuneration is agreed as a fixed annual sum and is paid quarterly to members of the Supervisory Board. The roles of the Supervisory Board chairman and his deputy are taken into account separately.

SUPERVISORY BOARD REMUNERATION OF VITA 34 INTERNATIONAL AG

	FIXED AMOUNTS IN EUR
Richard Neeson (Chairman)	8.000
Hubertus Leonhardt (Deputy Chairman)	6.000
Dr. Uwe Marx	4.000
Joseph H. Jacovini	4.000
Prof. Dr. Christoph Hohbach	4.000
Steven Udvarhelyi	4.000

In fiscal year 2008, no other compensation was paid by the Company to members of the Supervisory Board and no other benefits were paid for services provided individually.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks which are summarized below.

29.1 Credit risk

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

29.2 Liquidity risk

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

29.3 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and methods as of December 31, 2008 and December 31, 2007. Capital comprises the equity disclosed in the balance sheet.

30 SUBSEQUENT EVENTS

There were no other events after the balance sheet date which would require reporting.

31 AUDITOR'S FEES AND SERVICES PURSUANT TO SEC. 314 HGB

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

AUDIT FEES	2008 EUR K	2007 EUR K
Audit fees	81	90
Fees for other attestation or valuation services	27	60
	108	**150**

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

Payment for other attestation or valuation services in the current fiscal year mainly pertain to fees for financial analyses. Fees for other attestation or valuation services in the prior year mainly related to payments for the review of interim financial statements Q1 / 2007 and services in connection with the IPO.

Leipzig, January 30, 2009
Management Board of VITA 34 International AG

Dr. med. Eberhard F. Lampeter
CEO

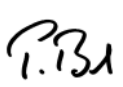
Peter Boehnert
CFO

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, January 30, 2009
Management Board of VITA 34 International AG

Dr. med. Eberhard F. Lampeter
CEO



Peter Boehnert
CFO

AUDIT CERTIFICATE

We have audited the consolidated financial statements prepared by VITA 34 International AG, Leipzig, comprising the balance sheet, the income statement, the statement of changes in group equity, the cash flow statement, and the notes to the consolidated financial statements, together with the Group Management Report for the fiscal year from January 1 to December 31, 2008. 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 is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and 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 the 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 and 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, February 2, 2009

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Mandler
Wirtschaftsprüfer
[German Public Auditor]

Schurk
Wirtschaftsprüfer
[German Public Auditor]

CONTACT INFORMATION

COMPANY CONTACT
Peter Boehnert
VITA 34 International AG
Deutscher Platz 5
04103 Leipzig

Telephone: +49 341 48792-40
Fax: +49 341 48792-39
E-mail: ir@vita34.com

COPY AND EDITING
edicto GmbH
www.edicto.de

CONCEPT AND DESIGN
knallrot. GmbH
www.knallrot.biz

This annual report was published on February 27, 2009
and is available for download on our website.

VITA 34 on the Internet: www.vita34.com

FINANCIAL CALENDAR

February 27, 2009	Publication of Annual Report 2008
April 15, 2009	Publication of Q1 Report
July 15, 2009	Annual General Meeting
July 14, 2009	Publication of Q2 Report
October 14, 2009	Publication of Q3 Report
November 2009	Analysts' conference

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

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

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

VITA 34 International AG
Deutscher Platz 5
04103 Leipzig

Telephone: +49 341 48792-40
Fax: +49 341 48792-39

Internet: www.vita34.com
E-mail: ir@vita34.com