ANNUAL REPORT 2009
VITA 34 INTERNATIONAL AG

VITA 34

KEY GROUP FIGURES

		2009	2008	2007
STEM CELL PREPARATIONS				
Umbilical cord blood storages	Number	10,816	11,020	10,458
PROFIT / LOSS				
Revenues	EUR k	15,097	14,957	15,426
Gross profit	EUR k	10,139	9,808	10,394
EBIT	EUR k	162	-2,270	-832
Period result	EUR k	596	-1,712	-1,185
BALANCE SHEET / CASH FLOW				
Total assets	EUR k	31,150	30,308	32,259
Equity	EUR k	18,873	18,105	19,729
Equity ratio	%	60.6	59.7	61.2
Liquid funds	EUR k	8,055	7,250	10,953
Capital expenditures *	EUR k	726	1,073	1,124
Depreciation *	EUR k	577	444	404
Cash flow from operating activities	EUR k	1,149	-2,939	-1,664
EMPLOYEES				
Employees (as of December 31)	Number	101	111	110
Personnel expenditures	EUR k	5,340	5,684	5,004

** Information for tangible and intangible assets*

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Year	Patient	Umbilical Cord Blood	Place of Treatment
2004	Girl	Own	Oak Lawn, Illinois, USA
2005	Boy	Sibling	Hanover
2005	Boy	Own	Hamburg
2008	Boy	Own	Madrid, Spanien
2009	Boy	Own	Bochum
2009	Girl	Own	Munich
2009	Boy	Sibling	Frankfurt/Main
2009	Boy	Own	Bochum
2009	Boy	Own	Munich
2009	Girl	Sibling	Ulm
2009	Boy	Own	Munich

11 TREATMENTS WITH UMBILICAL CORD BLOOD STEM CELLS STORED AT VITA 34

Since it has only been possible to store umbilical cord in Germany for a few years now, the children who have their own stem cell depot are still very young. Fortunately, emergencies in which the umbilical cord blood has to be used for small children are relatively rare. Nonetheless, VITA 34 has already contributed to making it possible for several ill children to be treated with umbilical cord blood stem cells.

The actual potential of the umbilical cord blood stem cells will only be realized in the later years of their lives, when the rapidly advancing field of regenerative medicine will be dependent on the body's own, ideal stem cells for renewing worn tissue.

Status December 31, 2009
Source: VITA 34 AG

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders and Friends of VITA 34,

2009 was for us a year highlighted by therapies with umbilical cord blood from the VITA 34 cryo-storage facility. In the past year, a total of seven transplantations were performed with umbilical cord blood stored at VITA 34 – the patient's own umbilical cord blood was used five times, and the cryo-preserved blood from a sibling twice. Two additional autologous transplantations were already announced for the beginning of 2010. Thus, VITA 34 can look back on a total of eleven successful cases of application. With all ambivalence of feeling for the ill children, we are very proud of this success that shows us we are doing the right thing and that we are achieving the right thing with regard to high quality and safety for our customers.

Thanks to the efforts of the governments of leading economic nations, the effects of the economic crisis did not hit the end consumers in 2009 as severely as feared at the beginning of the year. The labor market and consumer behavior remained stable for the most part, which surely contributed somewhat to the fact that VITA 34 was mainly able to achieve its annual targets. VITA 34 achieved the most important objective for the year 2009, a return to profitability, an important milestone after the planned losses in the two past years (2008 and 2007). Our 2009 profit, with an EBIT of EUR +162,000 turned out better than expected, a "black zero" had been planned. An optimization of processes and costs in the company initiated on a timely basis made an important contribution to this. The restructuring and streamlining in the Supervisory Board, the Management Board and amongst the employees have led to more effective structures and an extraordinarily motivated team. The effects will take full effect in 2010.

With regard to revenues, the EUR 15.1 million we achieved was within the range we had communicated as a revenue target. There are different reasons why the budgeted number of storages was not attained.
VITA 34 is by far the largest private umbilical cord blood bank in the German-speaking countries. Although the market for private storage has grown slightly, the market entry of a provider with discount prices in 2009 presumably led to a loss of market share. VITA 34 will adapt to the changed market conditions and communicate its clear competitive advantages. Ultimately, we produce an umbilical cord blood preparation that can be life-saving when needed, as our transplantations have shown. Here, no compromises in the quality of the transplant itself nor in the financial security and stability of the company are acceptable. The sustainability of the VITA 34 business model is unquestioned.
In the coming year we expect revenues comparable to those in 2009, despite altered market conditions. The focus in 2010 is being able to post a stable, positive result following the return to profitability last year. The trend in the profit development after the planned loss in 2008 and the slightly positive EBIT in the amount of EUR 0.2 million shall continue in 2010 and beyond.

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

VITA 34 offers three products as of last year: The autologous storage of umbilical cord blood (our classic item), the allogenic (unpaid) donation, as well as a mixed form, the VITAplusSpende product [VITAplusDonation]. Allogenic donation is done in conjunction with NKR (North German Bone Marrow and Stem Cell Donor Registry) and was offered in 200 clinics (of the approximately 860 clinics in Germany) already in 2009. Approximately 350 allogenic preparations were registered in the NKR donation registry by the end of 2009. For the next year we have set 500 allogenic preparations as a goal. VITA 34 is the only private umbilical cord blood bank in Germany that has its own marketing authorization for allogenic umbilical cord blood preparations. Thus, we are Germany's only complete provider with its own laboratory in the field of umbilical cord blood banking. This approach is meeting with very positive reactions from parents, as well as physicians and other opinion leaders.

Our total of 10,816 storages in the past fiscal year was slightly below the prior year's total storages. These storages come from our core German-speaking market (Germany, Austria, and Switzerland) as well as Spain and more recently Slovenia and Italy.

The continually growing success of VITA 34 abroad is based on more than twelve years of experience and a high level of quality and credibility "Made in Germany." The Slovenian market entry took place at the beginning of the year. VITA 34 has also been present in Italy since the middle of 2009. Existing European cooperative efforts will continue to be expanded. Additional international activities in the medium-term plans are intended to contribute to improving results.

We will conduct the expansion of business in Germany in parallel with this. Here, we would like to open up new sales channels. The idea is to enter into cooperative arrangements with large, convincing partners who, per se, have an extensive base of potential VITA 34 customers.

These solid projects are additionally supported by the fact that VITA 34 will define itself even more than before as an innovative company in the field of regenerative medicine through existing and additional cooperative research efforts.
The existing cooperation with the Technical University Munich for the clinical testing of VITA 34 umbilical cord blood in newly manifested Type 1 diabetes is an example of this. In the past year three children were already treated with their own umbilical cord blood within the context of these clinical studies.

VITA 34 AG glass laboratory at Bio City in Leipzig

VITA 34 will continue to concentrate on research projects for diseases that are of significance in childhood and adolescence. 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 both our own transplantations and the increasing numbers for the use of privately stored umbilical cord blood for therapeutic purposes worldwide confirm our beliefs, that the preventative care service we offer with VITA 34 is continually growing in significance.

This knowledge will continue to be an important impetus towards achieving our goals in the coming year. Although we know that the economic conditions in 2010 will also not be easy, we are optimistic that we will be successful with our 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, February 1, 2010
Management Board of VITA 34 International AG

Dr. med. Eberhard F. Lampeter
CEO

Jörg Ulbrich
CFO

THE MANAGEMENT BOARD

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

Dr. med. Eberhard F. Lampeter,
Management Board Chairman of VITA 34 International AG and VITA 34 AG
Responsible on the Management Board for Strategy, Production, Research and Development, Marketing and Sales as well as Investor Relations.
Born in 1955, 2 children.

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

Dipl.-Wirtschaftsingenieur (FH) Jörg Ulbrich,
Finance Director of VITA 34 International AG and VITA 34 AG
Responsible on the Management Board for Finance and Controlling, Administration and IT.
Born in 1971, 1 child.

Jörg Ulbrich has been a member of the VITA 34 Management Board since November 1, 2009. Before that he was Commercial Director with procura power at VITA 34 AG for many years. He has worked for the company since 1997 and was significantly involved in building VITA 34. After his studies in Business and Engineering he was a commercial employee at a project management and general contracting firm.

SUPERVISORY BOARD REPORT

Dear Shareholders,

The Supervisory Board has dealt with the situation and the prospects for the company, as well as special topics extensively over the course of the last fiscal year. Likewise, the Supervisory Board monitored and provided advice on the work of the Management Board in fiscal year 2009. 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. The Supervisory Board was involved in all decisions of major significance.

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

A reduction in the number of members of the Supervisory Board from six to three was resolved at the 2009 Annual General Meeting. The reason for this decision was the desire to streamline structures.
It was possible for the work to be continued well by two prior Supervisory Board members and a new member. The Supervisory Board would like to thank the departing Supervisory Board members for their constructive and knowledgeable contributions, in additional to the many years of trusted cooperation.

The Supervisory Board met for five regular meetings in 2009. In addition, several resolutions were passed in writing and within the context of telephone conferences. In all of the Supervisory Board meetings, the Management Board informed the Supervisory Board about the commercial and financial development of the company, including the risk situation. No member of the Supervisory Board participated in less than half of the meetings.

Emphasis of the Consultations in the Supervisory Board
Apart from the overarching topics, the board dealt with specific topics in individual areas and, when necessary, passed necessary resolutions.
Clear points of emphasis in the work of the Supervisory Board in the reporting year were questions in the area of Marketing and Sales. An additional focus was in the expansion of international activities. A personnel change in the Management Board took place in the autumn, which the Supervisory Board attended to.

Committee Work
The Supervisory Board has formed three committees, the Audit Committee, the Personnel Committee and the Nominating Committee, which performed the activities envisioned in the first half year of 2009.
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 management report and the group management report. The auditor reported in detail on his audit activities.

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

The Nominating Committee met for two meetings. The requirement profile of candidates for new election to the Supervisory Board was dealt with at the 2009 Annual General Meeting. The Personnel Committee did not meet in the reporting year.
The committees have not existed since the reduction in the number of members of the Supervisory Board. The duties delegated to the committees were assumed by all three members.

Corporate Governance
The Supervisory Board dealt with the further development of Corporate Governance principles in the company, thereby taking the changes to the German Corporate Governance Code dated June 18 into consideration. In February 2010, the Management Board and the Supervisory Board issued a new Declaration of Compliance, which is printed on page 19 of the annual report, in the “Corporate Governance” chapter, and has also been published on the homepage of the company.

Annual and Group Financial Statements, Audit
The auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft GmbH 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 VITA 34 observed the rules of the German Commercial Code and the International Financial Reporting Standards. The annual financial statements and consolidated statements received an unqualified certification. The financial statement documents were thoroughly discussed in the Review 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 reviewed the annual financial statements, the management report as well as the consolidated annual financial statements and the consolidated management report. There were no objections. The Supervisory Board approved the results of the audit after its own review, accepted the annual financial statements and acknowledged the consolidated financial statements. Thus, the annual financial statements prepared by the Management Board have been accepted. We agree with the management report and, in particular, the evaluation of the further development of the company.

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

For the Supervisory Board

Richard J. Neeson
Chairman

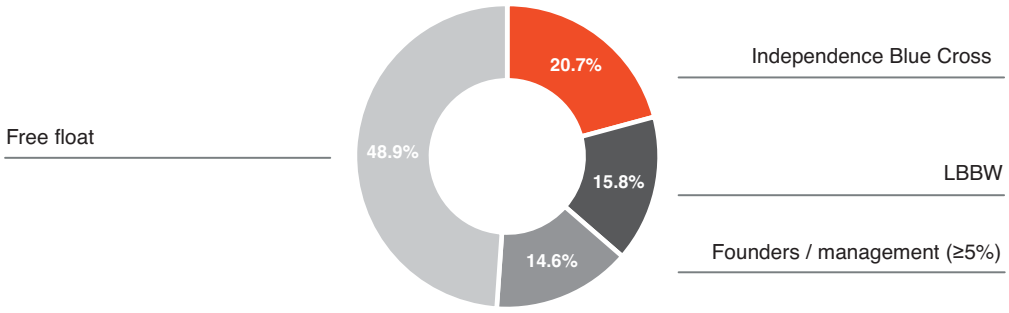
THE VITA SHARES

VITA 34 International AG has been listed on the Prime Standard segment of the regulated market of the Frankfurt Stock Exchange for nearly 3 years. Thus, the shares have been listed in the segment that has the strictest requirements, among other things on the transparency of the company, since March 27, 2007. VITA 34 considers itself and with regard to its end customers to be bound to open communication with the capital markets. All shareholders and interest groups are treated equally when publishing information which pertains to the company and is significant for evaluating the development of the company. The consolidated financial statements are published two months after the end of the fiscal year. Interim reports are published less than 45 days following the end of the respective quarter. All publications of the company directed towards the capital markets are published in German and English.

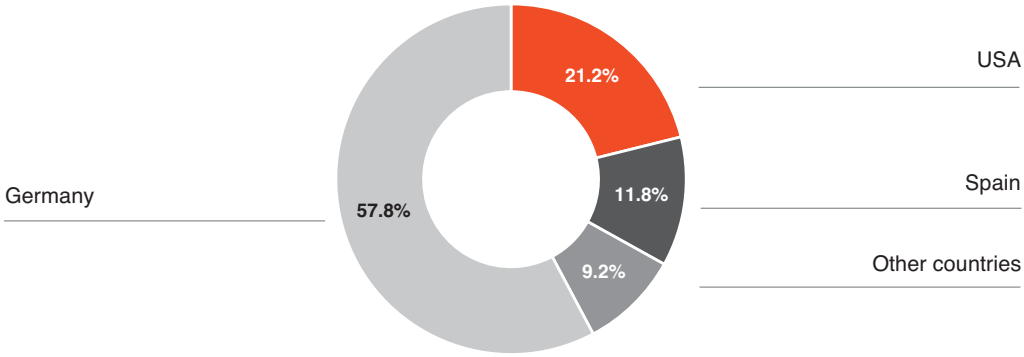
Blue Cross remains largest shareholder

As in past years, 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 has held 15.8 percent of VITA 34 International AG througth the subsidiaries CFH Beteiligungsgesellschaft mbH (9.15.percent) and SBF Sächsische Beteiligungsfonts GmbH (6.8 percent) since taking over Sachsen LB-Gruppe. The founders and management are significant shareholders of VITA shares, with holdings of 14.6 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 48.9 percent and, therefore, is of a magnitude that also appeals to institutional investors. The current shareholder structure is as follows:

Shareholder Structure as of December 31, 2009



Regional Distribution of Shareholders as of December 31, 2009



ICF Kursmakler AG assumed the role of Designated Sponsor. It ensured tight bid-ask spreads in trading on the exchanges and liquidity of the shares. The goal in doing so is to increase the attractiveness of the shares for investors. Principally, however, the VITA shares are among those companies with the lowest trading volume in the Prime Standard segment. Approximately 2,900 shares were traded per trading day in 2009.

INFORMATION AND KEY FIGURES ON THE SHARES AS OF DECEMBER 31, 2009

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

Opening / High / Low / Closing Price 2009 (XETRA)	EUR 3.20 / EUR 5.88 / EUR 2.11 / EUR 4.55
Number of shares issued	2,646,500
Free float as of December 31, 2009	48.9%
Market capitalization as of December 31, 2009	EUR 12.0 million

Designated Sponsor	ICF Kursmakler AG

In the 2009 trading year there was a bit of relief on the stock markets after one of the worst trading years (2008) of the last decades. Although there was reserved optimism and growth again in 2009, the year was also marked by negative announcements in the financial and economic sectors. The German Stock Index DAX, which represents the largest publicly traded German companies, lost some 40 percent of its value in 2008, yet was able to recover again with a growth of about 24 percent.

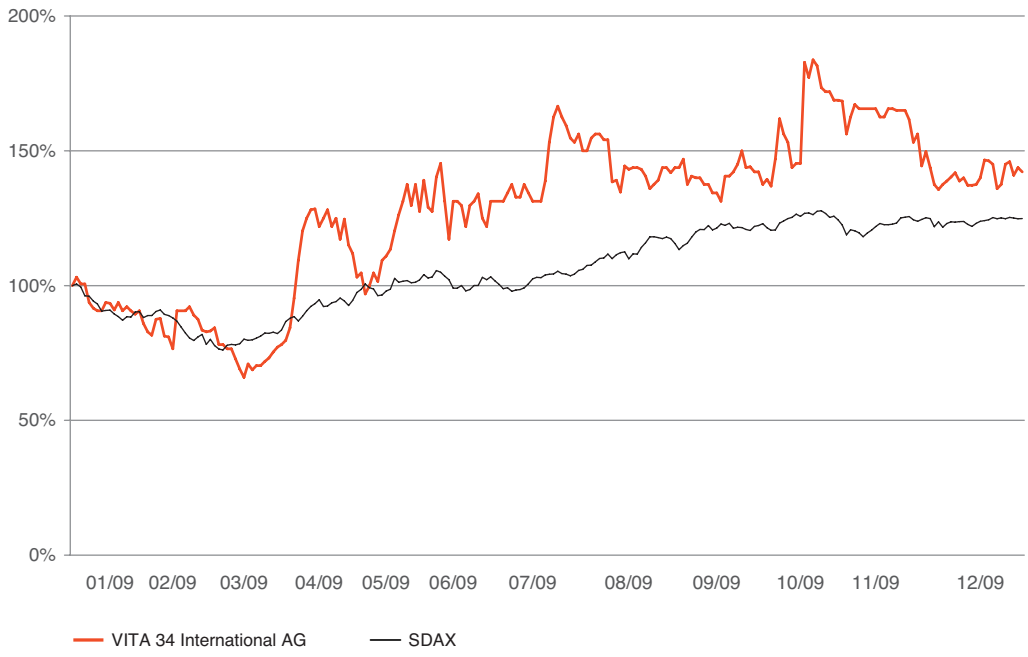
The initial quotation of VITA shares took place on March 27, 2007

The German small cap index SDAX, the selective index for 50 smaller companies, lost a total of 46 percent in an annual comparison of 2007 to 2008. From 2008 to 2009 there was growth of 27 percent, comparable with the DAX, however, underlying this was greater fluctuation. Generally, equities not represented in the SDAX were subject to even greater fluctuations and lost even more value or showed greater growth.

Unsatisfactory share price

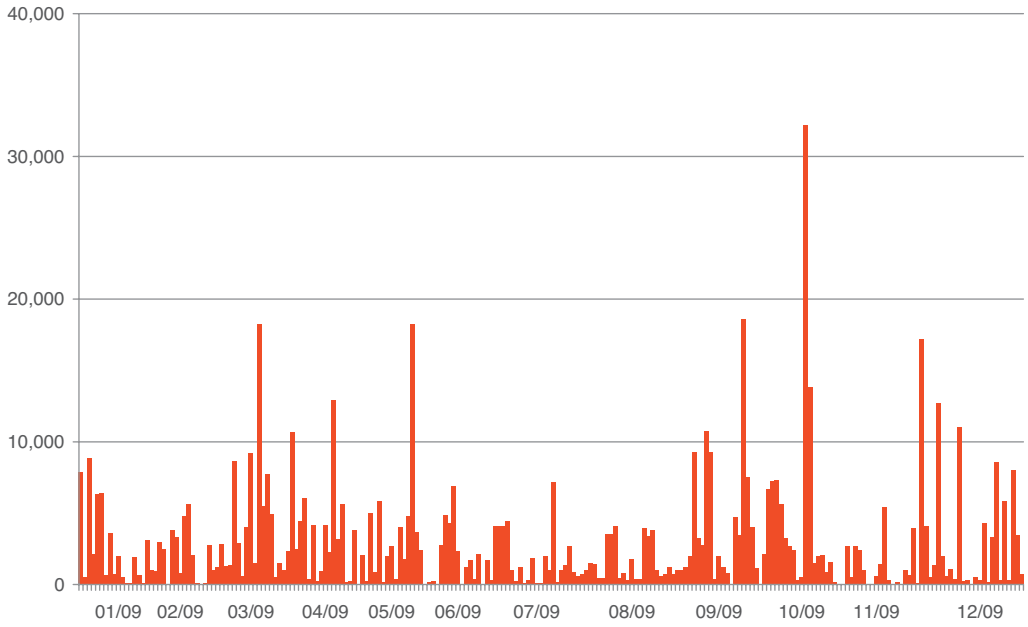
The shareholders of VITA 34 experienced this. From 2007 to the end of 2008, VITA shares lost nearly 76 percent and were listed at EUR 3.00. At the end of 2009 shares were at EUR 4.55 and were able to post growth of 52 percent. The development of the share price was constant in 2009, however, there were periods of fluctuation that in the opinion of management did not reflect the positive development of the financial figures, but instead could be explained by external factors and low trading volume. Even if the share price of VITA stock showed stable development, on the whole the level must be considered unsatisfactory. The continued positive profit development of VITA 34 and active communication with the financial markets should attract new shareholders and increase the trading volume and value of the VITA shares.

Xetra Share Price History 2009



The highest share price in the 2009 fiscal year of EUR 5.88 was attained on the Xetra electronic trading platform on October 16th. The share had its low point early on March 16th with a price of EUR 2.11, EUR 0.11 above the low point of 2008. An average of 2,900 shares per day were traded on all german exchanges in 2009. Xetra was the most liquid stock exchange.

Average Trading Volume on all German Exchanges 2009 in units



Focus on increased corporate communication

In the case of investors and the press, this innovative company continues to find active interest for a second-line stock. Most recently, First Berlin published studies on VITA 34. Here, First Berlin gave a “Buy” recommendation in October 2009. The analysts have set the fair price for VITA shares as EUR 7.80. In 2009 VITA 34 presented itself at a journalists’ conference organized for this purpose and the German Equity Capital Forum. In these activities, VITA 34 always communicates with the capital market, the public and the media in a transparent fashion. The corporate communication targeted towards the financial markets will be focused on more strongly in 2010.

The internet presence to date was rated as very informative by users after optimization at the end of 2008. Investors and interested parties can find in depth information on business developments on the company’s homepage, www.vita34.de, under “Investor Relations”. VITA 34 is always available for investor questions at ir@vita34.com.

Successful Annual General Meeting

The third Annual General Meeting as a publicly traded company took place on July 15, 2009 in Leipzig. The shareholders of VITA International AG approved all agenda items with more than 99 percent of the votes. Altogether up to 69 percent of the capital was represented at the Annual General Meeting.

CORPORATE GOVERNANCE REPORT

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

Shareholders and Annual General Meeting
All VITA 34 International AG shareholders have the same rights, each share is entitled to one vote, as a rule. The shareholders have the option of exercising their voting rights at the Annual General 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 General 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 General Meeting as a body of the company.

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

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

The company has taken out a directors and officers insurance policy for the Management Board and Supervisory Board. No special deductible has been agreed upon with the Management Board and the Supervisory Board to date, since we are not of the opinion that the care and responsibility that the members of the Management Board and Supervisory Board exercise in fulfilling their duties could be further enhanced by agreeing to a deductible. However, an adaptation to the legal requirements will be made.

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, an additional member is Mr. Jörg Ulbrich. The Management Board leads VITA 34 International AG under its own responsibility, thereby orienting itself on a continuous increase in company value.

The work of the Management Board in general is regulated by rules of operation. The rules of operation 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
The Supervisory Board of VITA 34 International AG has been comprised of three members since the regular 2009 Annual General Meeting. It supervises and advises the Management Board regarding management of the business. To this end, the Supervisory Board regularly discusses the development of business, as well as planning, strategy and its implementation. It approves the annually plan prepared by the Management Board, accepts the annual financial statements and acknowledges the consolidated financial statements.

The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, directs the meetings and handles the external affairs of the Supervisory Board.

The members of the Supervisory Board are independent in their decisions and are not bound to specifications or instructions from third parties. In addition, consulting, service and certain other contracts between a) VITA 34 International AG and its subsidiaries, and b) the Supervisory Board members must be approved by the Supervisory Board.

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

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

Supervisory Board compensation is regulated in Sec. 18 of the by-laws.
The Supervisory Board members at VITA 34 International AG receive a fixed compensation. Performance-based compensation is not provided for.
Additional details on the compensation of the Management and Supervisory Boards can be found in the consolidated notes under text number 28.

Transparency
The Management Board publishes insider information that pertains to VITA 34 International AG immediately, to the extent that 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.de.

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 2009, and were also published on the company's website. Publication documentation, as well as the corresponding announcements, was sent to the German Federal Agency for Financial Services Supervision.

The shares held by the Management and Supervisory Board members are greater than 1 percent, whereby Director Dr. med. Eberhard F. Lampeter held 8.96 percent and Supervisory Board member Dr. Uwe Marx held 1.03 percent as of December 31, 2009.

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

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

The Supervisory Board has entrusted Ernst & Young Wirtschaftsprüfungsgesellschaft Leipzig with the audit of the consolidated financial statements of VITA 34 International AG, as well as the individual financial statements of VITA AG and VITA 34 International AG. The basis for appointing the auditors was their selection by the Annual General Meeting 2009. The Supervisory Board obtained an independence declaration in accordance with Title 7.2.1 of the Code from Ernst & Young. Therein, Ernst & Young confirmed that there are no professional, financial, personal or other relationships between the respective auditor, and its bodies and audit directors and the company and the members of its bodies. Moreover, it was agreed that the Chairman of the Supervisory Board would be immediately informed of exclusion or conflict of interest criteria that could arise during the audit.

Declaration of Compliance

The Management Board and Supervisory Board of a German stock corporation listed on a stock exchange are obligated in accordance with § 161 German Stock Act [AktG] to declare once annually whether the "Recommendations of the Government Commission on the German Corporate Governance Code" have been observed and will be observed, and 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:

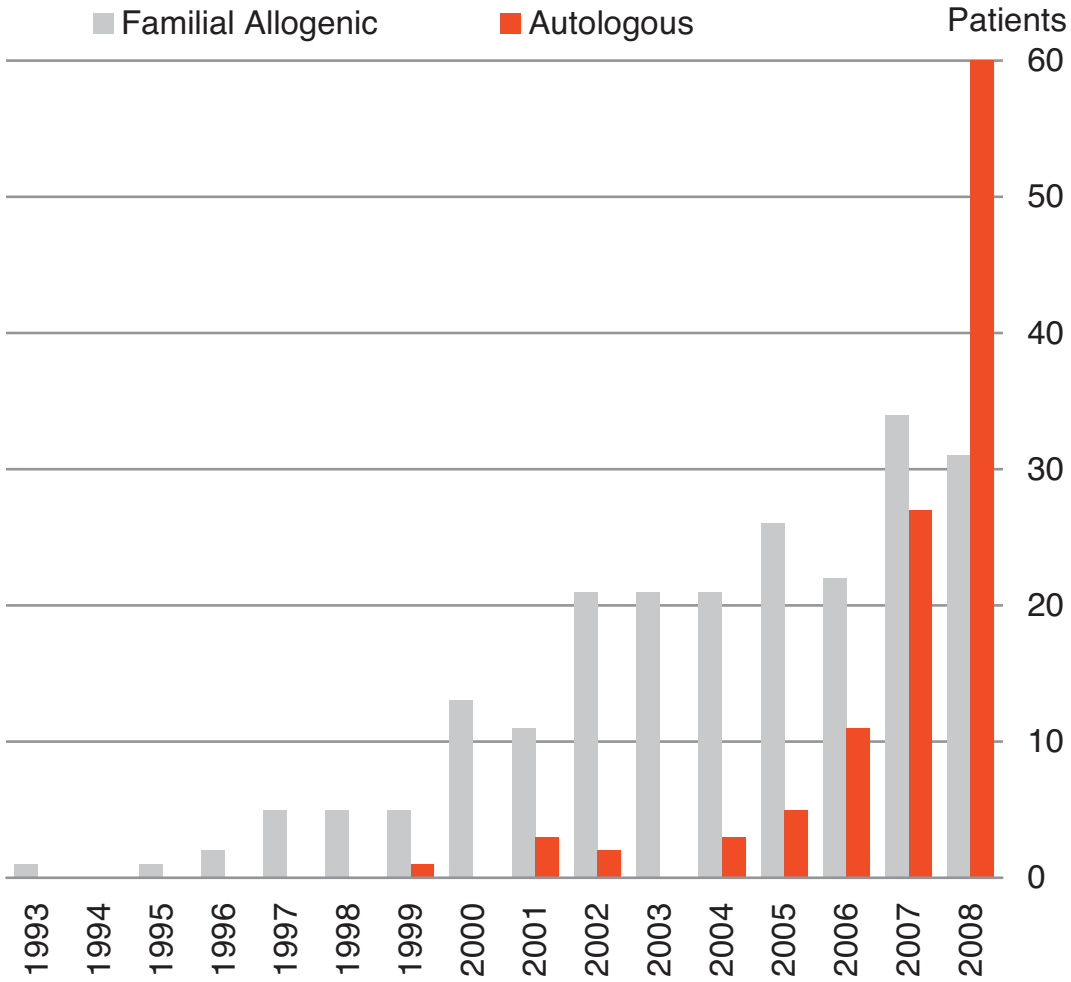
VITA 34 International AG fulfills and will fulfill all of the recommendations of the German Corporate Governance Code, June 18, 2009 Version, with the following exceptions:

:: The deductible agreed between the company and the D&O insurer is € 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. With regard to the D&O insurance for the Management Board, care was taken to observe Sec. 23 of the German Preamble to the Stock Corporation Act [EGAktG] (Transitional Regulations on the Act Regarding Reasonable Executive Compensation).

:: Sec. 5.1.2 Para. 2 Sentence 3 / 5.4.1 Sentence 2 DCGK: An age limit for Management and Supervisory Board members was not established. The determining factor for the capability of the members of these bodies is not age; therefore, we do not consider an age limit to be sensible.

:: Sections 5.3.2 and 5.3.3 of the Code: The establishment of an Audit Committee, a Personnel and a Nominating Committee is difficult to manage due to the resolution of the regular Annual General Meeting reducing the VITA 34 International AG Supervisory Board to only three board members. The increase in efficiency in auditing the accounting intended by the code with the establishment of an Audit Committee would not be achieved, since the Audit Committee would need to be filled with nearly all plenum members. Likewise, the Nominating Committee would need to be filled with nearly all plenum members which, however, would not lead to any improved preparation of the proposed resolutions of the Supervisory Board regarding the election proposals of the shareholders. The same applies to the Personnel Committee: Filling the committee with nearly all plenum members would not lead to any improvement in preparation with regard to the appointment of Management Board members.

:: Sec. 5.4.6 Para 2 DCGK: 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.


Familial Allogenic
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Increase in the Transplantation of Privately Stored Umbilical Cord Blood Worldwide

In the last years, the autologous use of privately stored umbilical cord blood has increased steadily. Since 1993, a total of 401 transplantations of privately stored umbilical cord blood, which have been conducted worldwide, have been registered.

Among other things, this increase is based on the fact that the first clinical studies are being conducted with autologous umbilical cord blood. VITA 34 umbilical cord blood as been approved as a test preparation and is being used in Germany in a study regarding Type 1 diabetes being conducted by the Technical University Munich and VITA 34.

Status December 31, 2009
Source: Internal research

BECAUSE HEALTH IS INVOLVED: STEM CELL STORAGE WITH MAXIMUM QUALITY AND SAFETY AT VITA 34

On December 22, 2009, VITA 34 brought the eleventh umbilical cord blood preparation for therapeutic use to a clinic with a special transport, and there handed it over to the attending physicians. This sounds like a simple, uncomplicated procedure. However, there is something that is hardly public knowledge: Before it could come this far, many levels of quality and safety requirements need to be fulfilled. Ultimately, the life of the patient is at risk. Compromises in the quality of the umbilical cord preparation could have fatal results, and for this reason a detailed check is made by quality control at VITA 34 as well as the user in the clinic, to ensure that all required quality parameters have really been fulfilled.

Quality Requirements Prior to Collecting Umbilical Cord Blood

Even before sending the collection kit to a pregnant woman, physicians at VITA 34 check the eligibility of the woman as a donor, as required by the guidelines of the German Federal Chamber of Physicians, the Blood Workgroup of the German Federal Ministry of Health and other health authorities. A four-page anamnesis questionnaire is structured in such a manner that possible risks that could influence the quality of the umbilical cord blood are detected in a timely fashion and, where applicable, can be ruled out via additional tests. The colleagues of the medical consultation service at VITA 34 clarify difficult questions and help the pregnant women, who are usually non-medical persons, with filling out the anamnesis questionnaire. The information in the motherhood passport concerning laboratory tests conducted and any anomalies detected is incorporated here. Therefore, a copy of this document is also stored at VITA 34. If a medical review of the anamnesis reveals an exclusion criterion, a detailed explanation is given to the women as to why the storage of umbilical cord blood does not make sense in this case.

If, as is mostly the case, everything is in order, a written medical notice is sent from VITA 34 to the maternity facility. This notice, which also contains the consent of the pregnant woman for collecting umbilical cord blood and for special laboratory examinations of the mother's blood, is placed in the patient's file at the maternity facility.

Permit Issuance and Qualification of the Maternity Facility for Collecting Umbilical Cord Blood

Before umbilical cord blood can be collected in the maternity facility, a manufacturing authorization must be present based on the German Pharmaceuticals Act. The issuance of this permit by the responsible health authorities is bound to certain prerequisites. Thus, the umbilical cord blood bank must enter into a contract with the maternity facility, the latter agrees to perform the collection of the umbilical cord blood precisely in accordance with standard operating procedures. The umbilical cord blood bank must train the medical personnel in the maternity facility so that a consistently high level of quality is ensured. It is obligated to examine and confirm the suitability of the rooms foreseen for umbilical cord collection within the context of an audit. This includes a review of the quality management system established at the maternity facility. The umbilical cord blood bank then submits the contract, written documentation of training, and audit reports to the authorities along with an application for issuance of a production permit for the corresponding birthing clinic for collecting umbilical cord blood. The authorities subsequently inspect the maternity facility and issue the permit if all of the prerequisites are fulfilled.

A laboratory worker preparing umbilical cord blood

VITA 34 played a trailblazing role in this regard in Germany, and, together with the authorities, developed a practical and effective quality management system, which today is considered the standard. Currently, 860 maternity facilities in throughout Germany have an official permit to collect umbilical cord blood for VITA 34. VITA 34 has taken out a commercial liability insurance policy for all of these facilities, such that VITA 34 partner facilities not only have security under pharmaceutical law, but under liability law as well.

Apart from the proper collection of the umbilical cord blood and a sample of the mother's blood in the maternity facility, a special courier from VITA 34 quickly brings the valuable freight to the VITA 34 lab in Leipzig. Since the ambient temperature can influence the quality of the umbilical cord blood preparation, the entire transportation of the umbilical cord blood is temperature-monitored electronically.

VITA 34 Laboratory Certified According to the Highest GMP Quality Standard

All services are performed by a single source at VITA 34. Our own laboratory for the processing of umbilical cord blood and low temperature preservation ensures that VITA 34 customers will have an ideal process for lifelong storage of the valuable umbilical cord blood that is based on many years of experience. For this, VITA 34 not only has a manufacturing authorization from the responsible health authorities, but also a special permit from the higher federal authority for the collection, processing, storage and dispensing of umbilical cord blood for third parties. Thus, VITA 34 is the only private umbilical cord blood bank with the permission to store and dispense umbilical cord blood donations, as well. This allows the customers of VITA 34 to choose a combination of private storage and umbilical cord blood donation for those with life-threatening diseases in the form of VITAplusSpende [Vita plus donation]. As a service provider for the German Umbilical Cord Blood Bank of the North German Bone Marrow and Stem Cell Donor Registry (NKR) in Hanover, VITA 34 also stores purely donated umbilical cord blood as well.

VITA 34 has a GMP certificate. It states that all operating procedures comply with the highest international medical quality standard (GMP: Good Manufacturing Practice, a collection of binding quality prerequisites). All of the collection and laboratory materials used in the production of the umbilical cord blood preparation are also checked for quality prior to use, in order to exclude negative influences on the umbilical cord blood preparation from the very beginning. The processing of the umbilical cord blood takes place in the highest class clean rooms.

Every two years the regional health authorities and the higher federal authority check whether the highest quality standards exist for the extension of the certificate within the context of comprehensive inspections. VITA 34 has been able to continuously demonstrate this high standard of quality since its founding 12 years ago.

Laboratory Tests for Infection Markers are an Additional High Safety Hurdle

Once the umbilical cord blood and the mother's blood have arrived at VITA 34, a portion is used for extensive laboratory tests. These tests must all be conducted and evaluated before the preparation can be released.

First, the recording of the temperature is reviewed and a check is made using the collection report as to whether the collection has been performed by personnel trained by VITA 34 as specified.

Then the number of nucleated cells is determined for each umbilical cord blood preparation as an important parameter relevant to transplantation.

Since a transmission of viruses, bacteria and fungi can have devastating consequences for the recipient within the context of an umbilical cord blood transplantation, VITA 34 conducts extensive tests, both of the mother's blood as well as the umbilical cord blood, for pathogens. The test panel even goes beyond the tests called for in the guidelines, in order to ensure the highest possible level of safety for customers in the case of use. The cryo-preserved umbilical cord blood preparation remains in quarantine until the tests have been completed. The table shows which lab tests are performed.

Quality Measures and Laboratory Tests of the Mother's Blood and the Umbilical Cord Blood at VITA 34

Preparation and Testing
- Extensive anamnesis (donor eligibility)
- Temperature monitoring during transport
- Clean room preparation as a whole blood preparation
- Determination of the number of nucleated cells
- Determination of the portion of erythroblasts

Testing of the Mother's Blood
- Hepatitis B s antigen, Hepatitis B c antibodies
- HCV antibodies
- HIV 1 /2 antibodies, p24 antigen
- Treponema pallidum antibodies
- HTLV I /II antibodies
- Irregular antibodies (allogenic)

Direct Proof of Pathogens in the Umbilical Cord Blood
- Bacterial and fungi
- Hepatitis C virus genome
- HIV 1 virus genome
- Cytomegalovirus genome
- Hepatitis B virus genome
- Parvovirus B19 genome

Further Tests of the Umbilical Cord Blood
- Microscopic differential haemogram
- Small haemogram using an automatic haemogram device
- Blood type (AB0, Rh)
- Rh formula (allogenic)
- Vitality and ability to divide after freezing
- Check of the donor-recipient-compatibility: Genetic fingerprint, HLA characteristics

Since the pharmaceutically ineffective components of the umbilical cord blood preparation can also cause undesired side effects in the recipient, VITA 34 determines the percentage these components in each umbilical cord blood preparation. The influence of these components on the human organism is evaluated precisely in the medical opinion prepared especially for this.

If all lab tests demonstrate the suitability of the umbilical cord preparation, it is released. The parents then receive a corresponding quality certificate. VITA 34 does not generate an invoice for the services rendered until this certificate has been issued.

Quality and Safety Hurdles Before the Release

Upon request by the administering physician, the cells' vitality and ability to divide is tested prior to each umbilical cord blood preparation being dispensed by VITA. Here, different vitality tests as well as an extensive cell culture are used. In addition, the number of CD34+ cells are determined which allows the estimation of the portion of blood-building cells.

These tests make sense shortly before the use of the frozen umbilical cord preparation, since the specimen tubes used for the test remain frozen with the umbilical cord blood at this point and, thus, any negative influences that may have arisen up to this point during the freezing process, the storage time, as well as the thawing process can be excluded.

VITA 34 makes a special thawing device available on-site, because the umbilical cord blood preparation is transported to the place of application in a special container (cryo-shipper) at -190 degrees Celsius. The VITA 34 transplantation team provides support with thawing the frozen cord blood and, if necessary, washing the cells in a so-called Sepax device to remove the antifreeze and free haemoglobin.

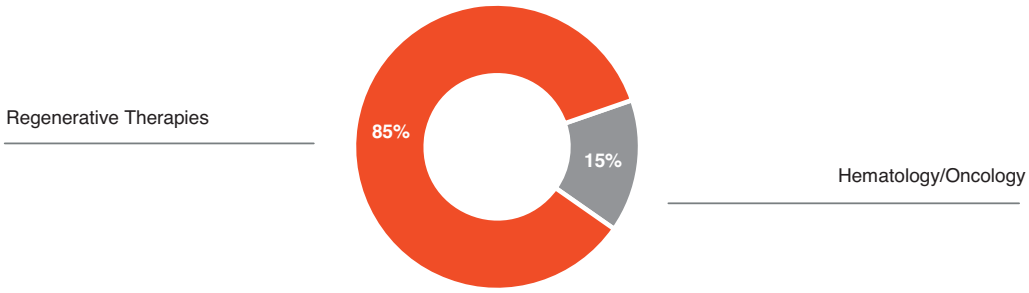
Before the umbilical cord blood preparation is used, it must also be ensured that the umbilical cord blood matches the recipient. Prior to an allogenic use (e.g. in the case of an ill sibling) the umbilical cord blood is subjected to molecular biological tests for matching certain tissue characteristics (HLA-A, B, C, DRB1, DQB1). Prior to an autologous use (i.e. the patient's own umbilical cord blood) it is important to once again exclude any mix-up. In this case, however, it is more reliable to determine the identity between the umbilical cord blood and the human from which the umbilical cord blood comes using a so-called genetic fingerprint. In this test, not only are the 5 HLA tissue characteristics tested, rather the identity is ensured by testing a total of 16 unequivocal and personally specific characteristics.

In the preparation of the umbilical cord blood collection, the production and the testing for autologous umbilical cord blood preparations (private storage) and for allogenic umbilical cord blood preparations (intra-family use, public donations) highest quality and safety standards are always used. In this way, we can guarantee that which our slogan promises: VITA 34 – Umbilical Cord Blood Storage with Quality and Safety!

REPROGRAMMING OF UMBILICAL CORD BLOOD CELLS PROVIDES NEW CELL THERAPIES FOR REGENERATIVE MEDICINE

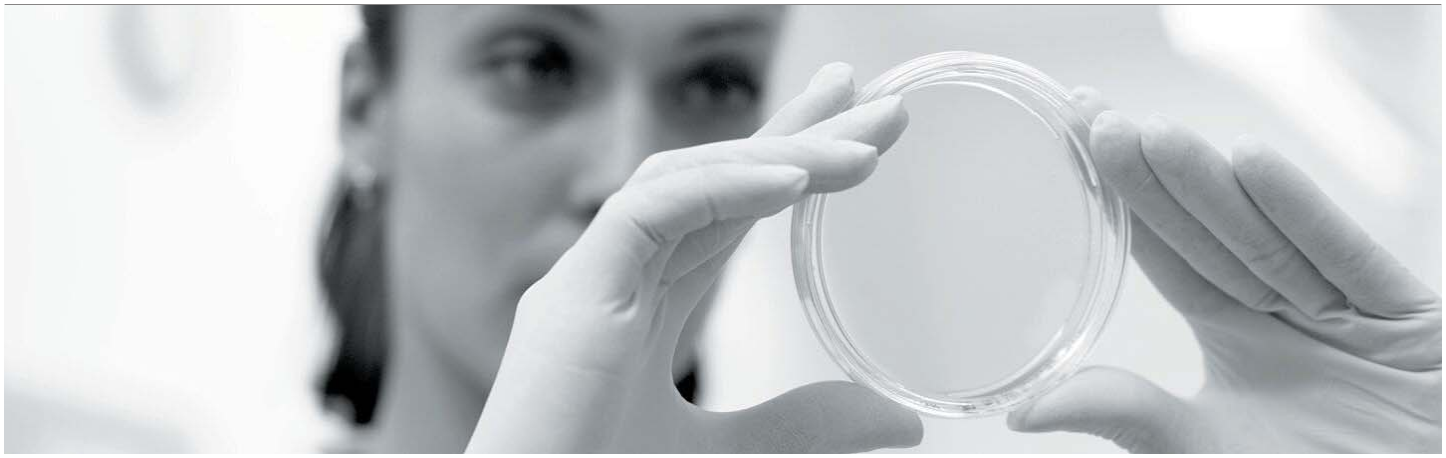
The first private umbilical cord blood bank was founded in the USA in 1992 (CBR), and in Europe in 1997 (VITA 34). Although most children whose umbilical cord blood has been stored as a private health provision are still preschoolers, as of December 2009 there were already 401 documented therapeutic applications – of them 229 intra-family allogenic ones (donor ≠ recipient), 172 autologous (donor = recipient); 15 percent of the applications took place in the area of hematology/oncology, 85 percent were regenerative therapies. The average age of the patients was 62.7 months (73.8 intra-family; 32.2 autologous). The average storage time until use was 27.5 months, the maximum was 132 months (Source: statistics from private umbilical cord blood banks; www.nabelschnurblut.de/nabelschnurblut/anwendungen.shtml).

Applications areas for umbilical cord blood privately stored up to December 2009



If one takes approximately 800,000 stored umbilical cord blood units in the banks involved as a basis, there is currently already an application frequency of approximately 1:2,000, which will continue to rise over entire lifetimes.

The international trend is also reflected at VITA 34. Of the eleven umbilical cord blood units therapeutically used to date, only four were used in hematological/oncological diseases.



A laboratory worker checking a sedimentation plate

Hematological/oncological diseases and stem cell source:
• Acute lymphatic leukemia, autologous
• Acute lymphatic leukemia, sibling
• Aplastic anemia, sibling
• Thalasseima, sibling

Regenerative therapy and stem cell source:
• Four hypoxic/ischemic brain diseases, autologous
• Three cases of Type 1 diabetes, autologous

The parents of the children involved are, of course, glad that they made provisions in advance and that the right, in part life-saving, umbilical blood cord preparation was available in a serious medical situation. Yet one circumstance is still of concern: Today umbilical cord blood is nearly completely used up in the first therapeutic use, and is no longer available for future use. Yet it is the long-term prospects of providing children with an ideal, living cell pool of their own young and unencumbered umbilical cord blood stem cells for tissue generation in the future within the context of regenerative medicine, that contributes to the decision to store umbilical cord blood.

Two different approaches could lead the way out of this dilemma:

Process for multiplying umbilical cord blood cells developed

For several years now there have been intensive research efforts for the ex vivo expansion (i.e. multiplication outside of the body, in the lab) of stem cells from umbilical cord blood. An Israeli company has developed a process for multiplying umbilical cord blood cells that increases the CD34+ cells by a factor of 200. The corresponding product is primarily targeted towards making a sufficient quantity of blood-building stem cells available for the treatment of hematological/oncological diseases. It is currently in Phase II/III clinical trials and should be ready for the market, according to the company, as of 2011. In this way, umbilical cord blood preparations with a relatively low cell count could be sufficiently expanded and used therapeutically.

A second approach that is much more extensive in its possibilities, consists in the reprogramming of adult body or stem cells into so-called pluripotent stem cells (iPS). iPS cells are characterized by their capability of multiplying like embryonic stem cells and developing into many different body tissue cells, for example into heart muscle cells. As opposed to the production of human embryonic stem cells, no embryo is needed or terminated here.

As early as August 2006 Japanese researchers Shinya Yamanaka and Kazutoshi Takahashi reported that they had re-programmed the tail cells of mice back to a quasi embryonic state with the aid of control genes (Oct4, Klf4, Sox2, C- myc). They coined the term induced pluripotent stem cells. The control genes introduced with the aid of viruses were, however, partially oncogenes, which increase the risk of cancer in a later medical use. The reprogramming of human skin cells was successful then one year later.

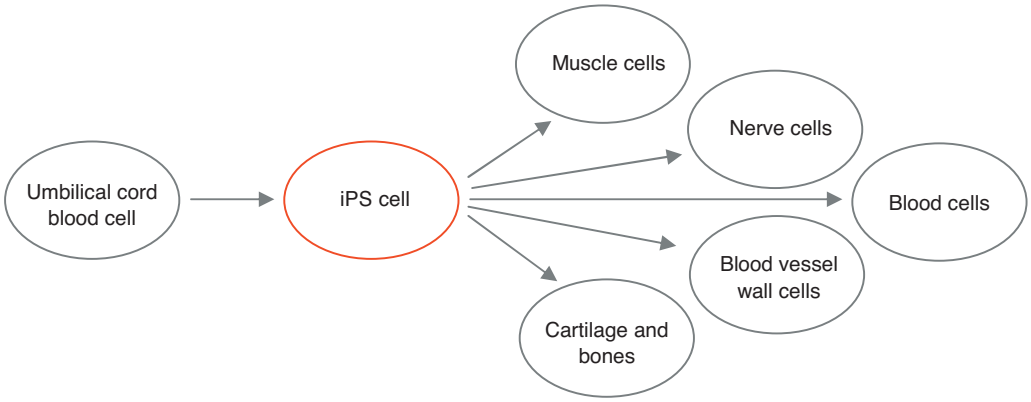
iPS research made enormous advances in 2009. Hans Schöler, a stem cell researcher from Münster, was successful in producing iPS cells from mice with the aid of only one control gene from nerve stem cells. Only a month later two research groups reported that they had created iPS cells that no longer had any foreign control genes in their genetic material. The control gene introduced into the genetic material of human skin cells was cut out of the genome again after reprogramming of the cells. At the end of April 2009, it was possible for a US research team led by Sheng Ding and supported by Prof. Hans Schöler to reprogram the skin cells of mice entirely without genes. The team only used proteins for the reprogramming. In this way, the additional risk of cancer that usually exists when using foreign genes was avoided.

In principle, then, the path is free for adult human body cells to become all types of cells via reprogramming into iPS cells, which is required for the regeneration of damaged tissue. However, there is now an additional problem. DNA damage accumulates in human genetic material over the course of a lifetime that severely impairs the quality of the cells. The reprogramming of such cells, however, does not eliminate this DNA damage, such that the subsequent conversion into specific tissue cells entails the risk of degeneration of the cells or the development of cancer.

Umbilical cord blood cells
Ideal starter cells for iPS cells

As opposed to the cells of older people, which probably represent the group that will most frequently be dependent on regenerative medicine, this problem does not exist with umbilical cord blood cells. Umbilical cord blood cells demonstrate a high biological quality. Thanks to special protection in the womb, they are usually free of viruses and have had no contact with environmental toxins. They are extraordinarily capable of cell division and are very versatile in their composition. Thus, they lend themselves as ideal autologous (the body's own) starter cells for the production of iPS cells.

Further development of iPS cells



Heart muscles cells grown from iPS cells

Two research teams, from Barcelona and Hanover, achieved corresponding scientific success independently of one another at the beginning of October 2009. They were able to show that ethically inoffensive iPS cells can be produced from umbilical cord blood, which can develop further into nearly all types of body cells. The group surrounding Prof. Dr. Ulrich Martin in Hanover was, for example, successful in growing heart muscles cells from such cells. This success nourishes the expectation that iPS cells generated from umbilical cord blood will be suitable for the treatment of cardiovascular diseases, especially myocardial infarctions and for the production of replacement tissues in orthopedics. Given the rate of current developments, the Hanover researchers estimate that the first clinical trials can begin in five years.

Umbilical cord blood cells as living raw material strongly underestimated up to now

The cryo-preservation of umbilical cord blood, such as offered by VITA 34, stops the aging process of the cells. In accordance with current knowledge, it can be expected that the umbilical cord blood can be safely stored over the lifetime of a human being. If it is possible with the aid of iPS technology to develop umbilical cord blood cells into the tissues required for regenerative medicine, there is no longer any obstacle to the multiple and universal use of the body's own umbilical cord blood.
Current knowledge leads to the conclusion that the value of umbilical cord blood cells as a living raw material for autologous and intra-family therapies has obviously been strongly underestimated up to now.

VITA 34 SUPPORTS UMBILICAL CORD BLOOD DONATIONS

At the beginning of 2008, VITA 34 was the first umbilical cord blood bank in Europe to initiate a new offer for umbilical cord blood storage: With VITAplusSpende [VITAplusDonation] expecting parents can for the first time store the umbilical cord blood for their own child, and in the case of need, allow it to benefit other people. After two years a relevant number of parents have already opted for this offer.

Here, VITA 34 is cooperating with the North German Bone Marrow and Stem Cell Donor Registry (NKR) in Hanover. To do this, parents first store the umbilical cord blood for their own child at their own cost at VITA 34. At the same time, the data of the umbilical cord blood is made available to physicians worldwide via the NKR. If a patient requires stem cells, the parents can release the blood for donation and receive their money back with interest. Within the context of VITAplusSpende the donation of umbilical cord blood is, thus, possible in each of the 860 maternity facilities that cooperate with VITA 34.

Being the third largest charitable stem cell donor registry in Germany, NKR has been searching for bone marrow transplants for severely ill patients since 1996. Since January 2008, NKR has additionally been building an umbilical cord blood bank for the donation of umbilical cord blood.

Donated stem cells are used preferably to the patient's own stem cells in particular in the case of leukemia. In some cases an eligible stem cell donor can be found within the family, but not always. Then a donor must be searched for throughout Germany and internationally. Umbilical cord blood stem cells have the advantage compared to the stem cells of adult donors that they are available more quickly and are better tolerated.

NKR is taking a new direction in the implementation of umbilical cord blood donation: Instead of building their own, expensive infrastructure, NKR is cooperating with VITA 34. "Due to the many years of experience in storing umbilical cord blood, the high quality standards and a comprehensive clinic and partner network, VITA 34 has proven themselves to be the ideal partner for us," according to Dr. Marlena Robin-Winn, Director and General Manager of NKR.

VITA 34 prepares the donated umbilical cord blood and stores the preparations by order of NKR. As early as October 2006, VITA 34 received a marketing authorization from the Paul-Ehrlich Institute, the prerequisite for the storage and dispensing of donated blood to patients. Together with NKR, VITA 34 is winning over hospitals throughout Germany to the idea of donations and is training the clinic personnel on site in the proper collection of the blood. NKR coordinates the donor search, places the anonymized data of the umbilical cord blood in a central donor register and, if needed, intermediates placing them worldwide with transplanting physicians.

Removing a cassette with umbilical cord blood from the storage tank

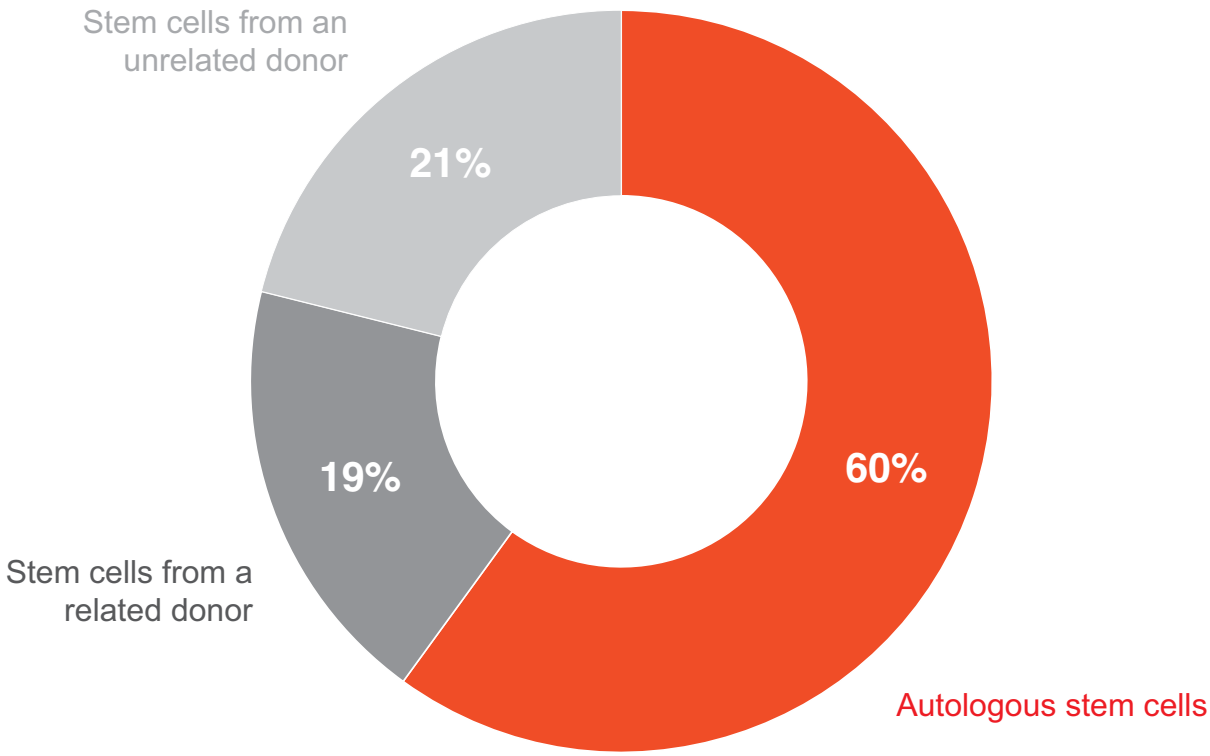
In the meantime some 200 clinics are supporting umbilical cord blood donation at NKR and offer the collection of umbilical cord blood solely as a donation, as well. In this way, the number of donating clinics in Germany has nearly doubled within a year.

Thus, some 350 donated preparations have been successfully stored at VITA 34 and placed in the NKR register since the start of the cooperation. The demand among pregnant women was significantly greater. In the case of umbilical cord blood donation, an average of only some 30 percent of the preparations can be stored. The most common exclusion criterion is the low umbilical cord blood volume, since a high cell count is needed for leukemia applications. Preparations with a lower volume, however, are not simply disposed of. NKR makes this blood available to cooperating research groups for their research purposes.

“Since an increasing number of clinics offer storage for one’s own child as well as the donation of umbilical cord blood, umbilical cord blood can now finally advance in the treatment of severe diseases in Germany. Despite the enormous potential, the use of umbilical cord blood as a stem cell source is still in its infancy in Germany in international comparison. Together, we want to ensure that this valuable resource is not lost and to promote its use,” according to Dr. Marlena Robin-Winn, General Manager of NKR.

Additional Information
NKR German Umbilical Cord Blood Bank has opened an information hotline for free donations under 0800/8988880. Additional information is available on the internet at www.deutsche-nabelschnurblutbank.de.

Parents who store umbilical cord for their own child within the scope of VITAplusSpende, yet want to keep the options of a donation open in the case of need, can find additional information at **www.vita34.com** or by calling toll-free **08000-34 00 00**.


Stem cells from an unrelated donor
21%
19%
60%
Stem cells from a related donor
Autologous stem cells

STEM CELLS USED IN TRANSPLANTS AND THEIR AREAS OF APPLICATION

:: Leukemias
:: Haematopoietic disorders
:: Genetic diseases

:: Lymphomas
:: Tumors
:: Auto-immune diseases
:: Regenerative medicine
:: Cardiovascular diseases

:: Leukemias
:: Haematopoietic disorders
:: Genetic diseases

Status December 31, 2009
Source: Internal research

GROUP MANAGEMENT REPORT

BUSINESS DEVELOPMENT AND ECONOMIC ENVIRONMENT

Company profile and business activities

VITA 34 is the oldest private cord blood bank in the German-speaking market, and with approximately 67,000 storages in total it is also the largest. VITA 34 International AG serves as the Group's holding company. The operating business is conducted by the wholly owned subsidiary VITA 34 AG.

The number of applications is increasing continously around the world

Umbilical cord blood contains the youngest adult stem cells that have been least affected by environmental influences. The stem cell transplants stored by VITA 34 are thus of especially high quality. They are available to the owners 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 risen steadily. By 2009, 172 autologous transplants and 229 transplants of allogenic cord blood (of siblings) had been performed. VITA 34 alone was able to supply the cord blood stem cells of eleven seriously ill children to clinics for treatment by the end of 2009. The potential of stem cell medicine and thus the range of application of umbilical cord blood are steadily being expanded by these clinical applications and further research.

First 'single-source provider' for cord blood banking

VITA 34 offers parents-to-be the extraction, processing and storage of their child's umbilical cord cells. For years we have been the first 'single-source provider' for cord blood banking, as we have our own laboratory. Our customers can now choose between autologous storage of cord blood, allogenic (free-of-charge) donation and a mix of both – the VITAplusSpende product. The fees for autologous storage as a private 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 thus 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 2009.

VITA 34 organizes the storage of allogenic (donated) cord blood on behalf of NKR ["Norddeutsche Knochenmark- und Stammzellspender-Register": North German Bone Marrow and Stem Cell Donor Register] and receives remuneration from NKR for this service.

Cord blood cells can be extracted for VITA 34 at some 860 of the total of about 1,000 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 its numbers of cooperation agreements and production permits pursuant to AMG ["Arzneimittelgesetz": German Pharmaceuticals Act] as of December 31, 2009. In addition, VITA 34 attaches great importance to doctors and midwives in the cooperation clinics receiving direct and personal training in agreement with AMG. This ensures that the cord blood cells are extracted on a high-quality level, as ultimately extraction is the first step in creating a potentially life-saving stem cell transplant.

Almost 67,000 customers

Umbilical cord blood samples of almost 67,000 children had been stored by VITA 34 in the GMP laboratory at Bio City, Leipzig, as of the end of 2009.

VITA 34 is a single-source provider for the production (processing 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

In order to communicate the reason and logic behind individual cord blood storage, it is important to tap further potential uses in addition to the cord blood transplants already carried out as part of cancer treatment. Research results which reinforce the huge potential of own (autologous) stem cells while opening up new areas of application are thus 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 renowned partners. The projects managed by partners from the scientific community are subsidized so that VITA 34 is not exposed to financial risk.

In the past year, intensive work was carried out on the research project to examine the influence of the age of the stem cells and the receiving organism on the efficiency of a stem-cell-based therapy for stroke patients. This project is run in cooperation between the Fraunhofer Institute for cell therapy and immunology in Leipzig (IZI) and VITA 34, and is being subsidized over a period of three years by the Free State of Saxony.

New research cooperation

Since January 2009, VITA 34 has been supporting a project to examine the significance of what are known as Very Small Embryonic Like stem cells (VSEL) for regenerative medicine, which is being carried out at the Translational Centre for Regenerative Medicine (TRM) at Leipzig University. These highly potent cells appear to have a major influence on the effectiveness of cell replacement therapies (regenerative medicine). As the cells are very small, they are discarded in traditional separation techniques. Only the full blood storage method that we have been implementing for years guarantees that they will be preserved.

In 2009, VITA 34 and the Munich University of Technology commenced implementation of a clinical study for the treatment of type 1 diabetes using patients' own stem cells from umbilical cord blood. Three patients have already been treated, but it will not be possible to gauge the success of the treatment for another couple of months.

Production

Highest number of uses of "VITA 34 cord blood"

The year 2009 saw the highest number of uses of "VITA 34 cord blood" in the Company's history. A total of seven transplants were carried out, five of which used autologous cord blood (own blood, for the child itself) while two used allogenic cord blood (not own blood, for siblings in these cases). A team of four technical assistants was put together and trained to master these tasks professionally.

With its glass laboratory in Bio City, Leipzig, VITA 34 has its own, state-accredited GMP (Good Manufacturing Practice) laboratory for the production of stem cell transplants from umbilical cord blood. In total, the laboratory covers an area of approximately 1,300 square meters. It is possible to expand this area.

By the end of 2009 the number of cryo tanks was increased to 61 (prior year: 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 in the long term.
The capacity of the laboratory can be extended to around 100 storages per day without any major investments in the infrastructure. Necessary capital expenditures mainly pertain to cryo tanks, since it makes sense to increase this capacity only as needed.

Numerous cord bloods were preserved for public donation

Together with the German cord blood bank of NKR, numerous cord bloods were preserved for public donation this year. For public cord blood donation, VITA 34 uses the methods prescribed in the approval granted by the Paul-Ehrlich-Institute for preparing the extraction, testing and manufacture of the sample. Top quality and safety standards are guaranteed for autologous cord blood samples (private storage) and for allogenic cord blood samples (use within the family).

Economies of scale from rising unit figures and further internal process optimization measures are expected to result in falling unit costs in production. This has already been realized in 2009.

Marketing and sales
As in prior years, VITA 34 AG markets and sells its services directly on the German-speaking market. In Spain these activities are performed by the partner Secuvita, S.L., while in Slovenia and Italy it is Izvorna Celica d.o.o. and Sorgente S.r.l. respectively that are responsible.

In Germany, the sales and marketing division primarily comprises the consulting team in the VITA 34 AG call center and the field staff. The call center is primarily geared towards end users, i.e., potential and existing customers of VITA 34. The field staff uses events to target multipliers such as gynecologists, clinics and midwives as well as parent groups directly. The principles of comprehensive customer service from VITA 34 are shaped decisively in the two main sales areas that have an external impact. In the coming year, VITA 34 will continue to step up its full-service support for its customers in addition to its position as a single-source provider and a pioneer in the field of cord blood.

VITA 34 has gained lasting customer confidence thanks to its skill, reliability and appropriate action, and this will be supported even more in future through its sales activities and through production. The Company will win and retain customer confidence by using transparent processes and providing comprehensive information on the product and the topic of stem cells.

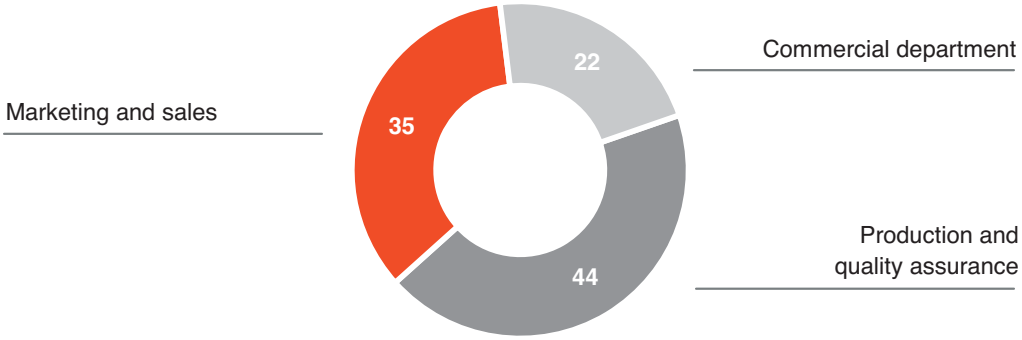
Employees

VITA 34 employed an annual average of 98 employees in 2009

VITA 34 employed an annual average of 98 employees (full time including management board members and without trainees and contract workers) in 2009 after a figure of 110 in 2008.

This reflects a headcount adjustment by VITA 34 in line with the current market situation. At the end of October 2009 the management board was reduced in size from three to two members.

Number of employees by business unit as of December 31, 2009



As of December 31, 2009, VITA 34 had 101 employees and five trainees.

The number of employees in the marketing and sales division totaled 35. This figure is down 20 on the prior year. Internal restructuring meant that 10 staff members were reallocated from marketing and sales to production and quality assurance at the beginning of the year.

The production and quality assurance division employed 44 people at the end of 2009, up from 34 in the prior year. This increase stems from the aforementioned internal restructuring measure.

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.

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 on 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 12 to 18 months from March 27, 2007, the date of initial listing.

Main shareholders

Independence Blue Cross holds 20.7 percent of the shares

By voting right announcement as per December 31, 2009, VITA 34 International AG has been officially notified of the following direct or indirect equity investments 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 ["Aktiengesetz": German Stock Corporation Act] contain provisions concerning the dismissal of members of the management board. The provisions contained in Art. 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

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, 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

Pursuant to Art. 7 (3) of the articles of incorporation and bylaws of VITA 34 International AG, the Company's capital stock can be contingently increased by a nominal amount of up to EUR 40,000 by issue of up to 40,000 new registered shares. The contingent 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. 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 or 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% 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 takeover bid
The Company has not entered into any significant agreements subject to a change in control as a result of a takeover bid, nor has the Company entered into compensation agreements with the members of the management board or employees in the event of a takeover 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 Codex.

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 revenue and earnings before interest and taxes (EBIT). Furthermore, individual performance targets are taken into account. These targets are agreed by the supervisory board and the management board member at the start of each fiscal year.

Remuneration of the supervisory board
The supervisory board of VITA 34 International AG has three members since the 2009 annual general meeting. 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.

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

ECONOMIC ENVIRONMENT

German economy remains dependent on effects

In 2009 the German economy gradually recovered from the severe recession with the support of the economic stimulus packages by the European governments. There were signs of increased demand and production in industry, while services remained relatively stable. There were no unpleasant surprises in the price development in any of the sales stages either. Consumer prices were on or around the prior-year level. Both the labor market and private spending proved to be remarkably stable in the course of the year. Companies' intensive use of reduced working hours as well as flexible working time arrangements relieved the burden substantially.
Nevertheless, the German economy remains dependent on effects that will stabilize the economic environment. Also, the crisis on the financial markets is not over yet. The risk of rising unemployment and the resulting fall in purchasing power will persist in the coming year.

The study on purchasing power published in December 2009 by GfK-Geomarketing currently expects a marginal drop in purchasing power in Germany in 2010.

VITA 34 therefore cannot rule out the possibility that the storage of umbilical cord blood as a preventative service rendered for a consideration may be affected by the development on the labor market and in consumer behavior. The data does not indicate a direct correlation between absolute purchasing power and storage figures, but there is no information available at present as to the effects of a sudden change in purchasing levels.

VITA 34 offers customers additional services

This is why VITA 34 continues to offer solutions involving lower initial financial commitments for customers. Our customers can also book additional services in connection with the storage of cord blood. Interest in such additional services is likely to be influenced by the economic situation and by how well the parents are informed. The price of VITA 34's standard product, storage of cord blood, 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.

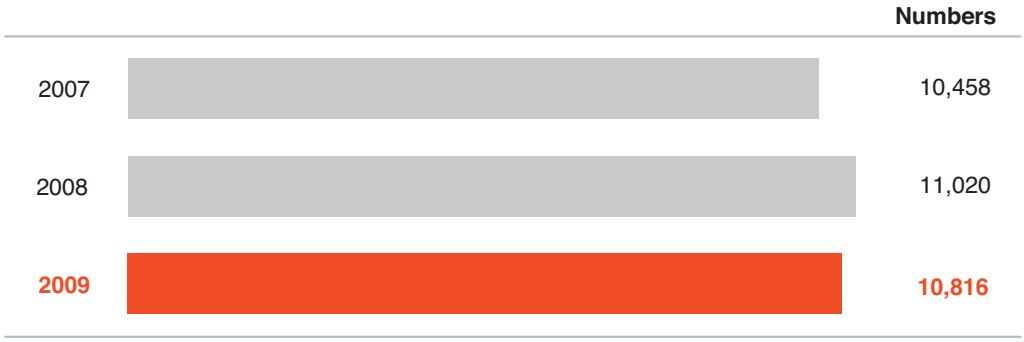
In the same way that the labor market developments affect the purchasing behavior of end consumers in the German market, developments on the labor markets abroad can impact the purchasing behavior of the end consumers there. There was a slight move sideways in orders in 2009, and negative effects are therefore possible in future.

OVERVIEW OF BUSINESS DEVELOPMENT

Percentage of storages from abroad increased

At 10,816, the number of samples stored in 2009 dropped marginally in a year-on-year comparison. Regrettably, the drop in the number of storages was recorded in the German market. It seems likely that the entry of a low-cost provider onto the market led to a loss of market share in Germany.
The percentage of storages from abroad was on the increase.

Development of the number of storages



In 2009, VITA 34 also offered additional services in connection with the storage of cord blood, such as the “VITA 34 max” product that offers preventative screening of umbilical cord blood, among other things. We also offered this preventative screening to existing customers of VITA 34 last year.

Preparations were underway in 2009 to develop new and more efficient sales channels. This is particularly important in light of the changed competitive environment.

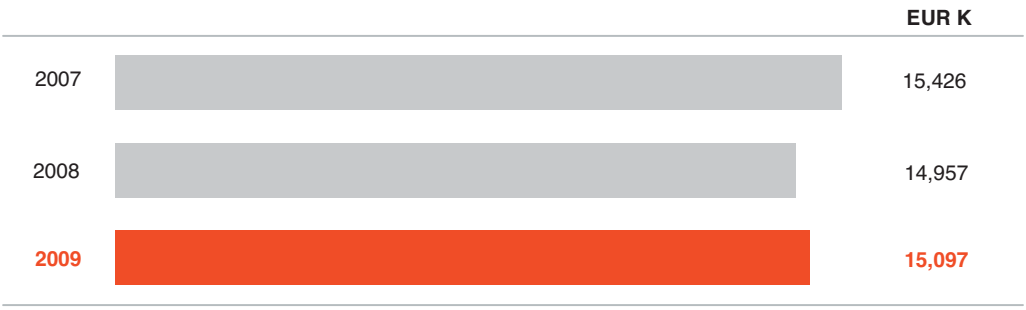
RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Results of operations

Number of storages stagnating

The fiscal year 2009 was a difficult year for VITA 34. At 10,816, the number of new stem cell samples stored at the company headquarters in Leipzig was slightly in decline. We recorded a 1.9 percent decrease compared with the prior year, i.e., there is no real growth in the number of storages.

Development of revenue in EUR k



Revenues of some EUR 15.1 million

The development for **revenue** diverged from that of storage numbers, with a marginal improvement of 1 percent to EUR 15.1 million. This means that VITA 34 is in line with the revised forecast published in 2009. Revenue comprises an increased share of storages from abroad, which have a lower gross margin than storages in the German-speaking countries. The average gross revenue per storage has been increased for storages in the German core markets using product variants such as VITA 34 max. VITA 34 also recorded further revenue for the storage of donated samples for the NKR [“Norddeutsche Knochenmark- und Stammzellspenderregister”: North German Bone Marrow and Stem Cell Donor Register].

EUR K	2009	2008
Revenues	15,097	14,957
Cost of sales	-4,958	-5,149
Gross profit	**10,139**	**9,808**
Selling expenses	-7,629	-9,637
General administrative expenses	-2,763	-2,938
Other operating expenses/income	415	497
Operating result/EBIT	**162**	**-2,270**
Interest paid/received	257	102
Income tax expense/income	-62	417
Adjusted net profit/loss for the year	**357**	**-1,751**
Income/Write-downs on proceeds from sale of US business	239	-209
Discontinued operation	0	248
Net profit/loss for the year	**596**	**-1,712**

Gross margin at 67.2 percent

Gross profit rose from EUR 9.8 million to EUR 10.1 million in the reporting period. This is mainly due to the changes in the revenue mix. The **gross margin** for the fiscal year stood at 67.2 percent.

EBIT had a better development than budgeted

Selling expenses fell sharply as planned. At EUR 7.6 million, they were EUR 2.0 million lower than in the prior year. The optimization measures in marketing and sales that commenced in 2008 were continued in 2009 and had a noticeable effect in the fourth quarter. In this period EUR 1.8 million was spent on marketing and sales activities. In each of the other quarters of 2009 average spending amounted to EUR 1.9 million.

General administrative expenses totaled EUR 2.8 million in 2009, roughly matching the prior-year level of EUR 2.9 million. Net **other operating income and expenses** did not change compared to the prior year and resulted in a positive figure of EUR 0.5 million. This item chiefly comprises research subsidies received and reversals of provisions.

At EUR 0.2 million, **EBIT (Earnings Before Interest and Taxes)** was better than planned. In accordance with the earnings forecasts adjusted during the year, EBIT is well above zero. Despite the provision for severance payments for the management board members leaving the company, EBIT in the fourth quarter (EUR 0.1 million) was equally positive as in the second and third quarters.

The **financial result** was EUR 0.3 million in 2009 compared with EUR 0.1 million in the prior year. The main contribution to the financial result in 2009 was made by interest income. An income tax expense for deferred taxes of EUR -0.1 million was recognized pursuant to IFRS, whereas income of EUR 0.4 million had been recorded in the prior year.

The **adjusted net income for the year** was EUR 0.4 million in 2009. A loss of EUR -1.8 million was reported in the prior year. Income of EUR 0.2 million was also recorded from written-off loans in connection with the discontinued operations (prior year: EUR -0.2 million impairment). This effect led to **net income for the year** of VITA 34 of EUR 0.6 million compared with a loss of EUR -1.7 million in 2008.

Financial position

Cash of EUR 8.1 million

The VITA 34 Group recorded cash and cash equivalents of EUR 8.1 million as of December 31, 2009 compared to EUR 7.3 million the prior year.

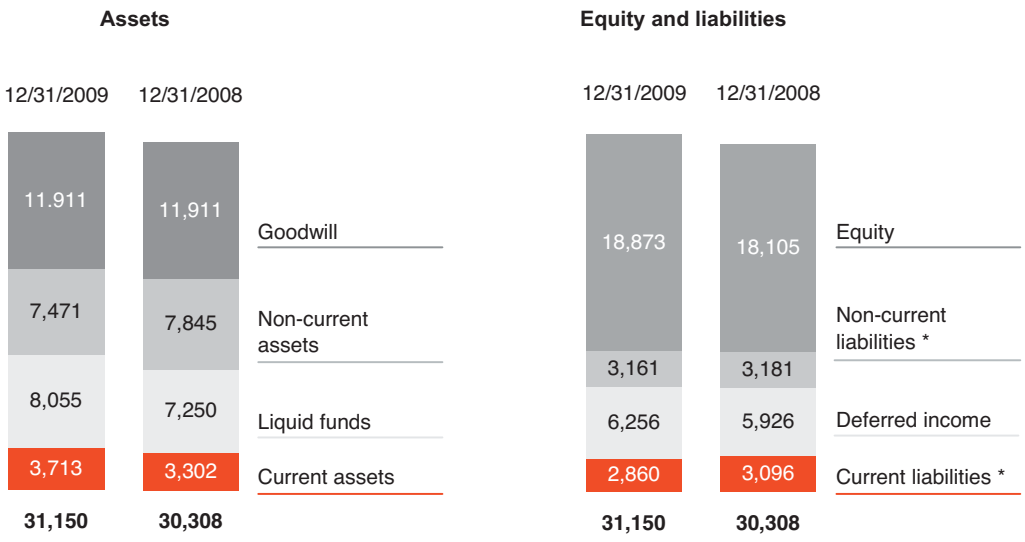
Cash flow from operating activities came to EUR 1.1 million in 2009 following EUR -2.9 million in the prior-year period. Process optimization measures in all areas led to a very positive cash flow.

Cash flow from investing activities amounted to EUR -1.4 million compared to EUR 0.3 million in the prior year. The main reason for this is the acquisition of current investments. A total of EUR 0.7 million was invested in intangible assets and property, plant and equipment in 2009. This figure was EUR 1.1 million in the prior year, 67 percent of which was spent on property, plant and equipment. Capital expenditures in property, plant and equipment were mainly investments in the enlargement of storage capacity for cord blood samples. An amount of EUR 0.3 million was invested in cryo tanks, which are necessary for storage. Investments in software dominated the investments in intangible assets of EUR 0.2 million.

At EUR -0.1 million, **cash flow from financing activities** as of December 31, 2009 was on a par with the prior-year level (EUR -26k).

Discontinued operation did not significantly influence the financial position in 2009.

Net assets



** excluding deferred income*

Equity ratio at 61 percent

VITA 34 has a solid structure in its statement of financial position. As of year-end 2009 the equity ratio stood at 61 percent, and hardly changed compared to 60 percent in the prior year. **Total assets** increased slightly to EUR 31.2 million, following EUR 30.3 million in the prior year.

Non-current assets were the largest line item on the asset side of the statement of financial position, totaling EUR 19.4 million. They are 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 drop in non-current assets can be attributable to the fact that the restricted cash fell by EUR 0.4 million and was added to cash and cash equivalents.

Liquid funds amounted to EUR 8.1 million at the end of 2009 (prior year: EUR 7.3 million). At the end of 2009, they break down into cash on hand and at banks of EUR 6.1 million and current investments of EUR 2.0 million. Restricted cash of EUR 0.7 million is not included under liquid funds.

Current assets increased from EUR 3.3 million to EUR 3.7 million due to increased receivables.

With regard to equity and liabilities, **equity** increased from EUR 18.1 million in the prior year to EUR 18.9 million due to the net income for the year. At the end of 2009 capital stock remained unchanged at EUR 2.65 million.

Non-current liabilities were around the prior-year level, amounting to EUR 3.2 million.

A significant item is **deferred income** of EUR 6.3 million. This item includes storage fees paid by customers in advance. These are then released on a straight-line basis over the terms of the agreed storage of the cord blood samples. In fiscal 2009 this item rose slightly by EUR 0.4 million.

Current liabilities decreased slightly to EUR 2.9 million as of December 31, 2009, compared to EUR 3.1 million in the prior year.

SUBSEQUENT EVENTS

There were no events after the end of the reporting period which had a material impact on the net assets, financial position and results of operations.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND RISK REPORT

As a publicly traded company as defined by Sec. 264d HGB, we are obliged pursuant to Sec. 315 (2) No. 5 HGB to describe the main features of the internal control and risk management system with regard to the financial reporting process.

VITA 34 practices internal risk management

VITA 34 has had an internal risk management system for several years now. The system identifies risks and subsequently evaluates and prioritizes them within risk areas. The risk management system also involves controlling, documenting and communicating risks as well as monitoring related activities. To control the risks, the internal control system constitutes an integral part of the risk management system with regard to the financial reporting process. This is why these two systems are combined for presentation. Management and the operative level are involved in the process of risk management. The management board is responsible for designing the scope and the approach of the systems in place based on the company-specific requirements. Despite appropriate and functioning systems, there is no absolute certainty that risks will be identified and controlled.
When co-identified risks are contained, e.g., with the aid of external specialist, and their influence on the company processes and the consolidated financial statements is assessed. As part of the accounting-related internal control system, controls are implemented to guarantee with reasonable assurance that the company processes and the preparation of the annual and consolidated financial statements are ensured despite the risks identified.

Controlling carries out an annual risk inventory in order to analyze, assess and supplement risk types identified in cooperation with the executives responsible and the management board. The risks are discussed regularly at management level in quarterly meetings. In addition, potential risks can be passed on to controlling at any times for analysis and assessment by the persons responsible. Changes in risks and corresponding KPIs are reported to the management and supervisory boards every month. The risk management system is documented and the individual risks are described in the risk management manual and the risk information sheets.

Company procedures and other company guidelines also set out various procedures. Significant transactions are subject to the principle of dual control in all areas of the Company, i.e., two signatures are always needed for implementation. The access for each employee (reader and author rights) is set out in the IT system.

Two external service providers assist in preparing the financial statements. Allocation of the tasks involved in preparing the financial statements has been regulated.

In addition to regular process-related risks, risks within projects are analyzed separately and recorded by the risk management system, also in the event of special occurrences.
The risks analyzed comprise strategic, financial, personnel-related and legal risks, product, capital market and management risks, risks related to marketing and sales as well as competitive and market risks, infrastructural risks and general entrepreneurial risks.

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

:: **Risks from future alternatives to the storage of umbilical cord blood:** Future research may prove that stem cells from other sources (e.g., from the bone marrow or peripheral blood or tissue) are an alternative to stem cells from cord blood for therapeutic use and that these can be obtained at any time. A risk could result if research with bone marrow and peripheral stem cells advances more quickly, because illnesses treated with autologous stem cells primarily occur later in life, but these patients do not yet have any autologous cord blood deposits. This is only autologous bone marrow stem cells are used to treat heart attack at present, although research carried out on animals has shown that cord blood stem cells are more effective.
The development of what are known as iPS cells (induced pluripotent stem cells) could, based on nucleated body cells of a patient, also lead to an alternative source of stem cells for different regenerative therapies. Renowned scientists have been able to prove that cord blood is better suited for this technology than other older somatic cells (e.g., skin cells). VITA 34 is endeavoring to develop research cooperation in this area at an early stage in order to establish cord blood as a cell source for iPS technologies. Thanks to the benefits of cord blood compared with other cell sources, the increasing use of the latter does not constitute a fundamental risk jeopardizing the Company's continued existence from the perspective of management, but contributes to broadening the uses for cord blood stem cells.

:: **Risks from reports in the media:** Potential customers may be influenced by negative, subjective or incorrect media reports on cord blood storage or the use of stem cells, and this could lead to revenue losses.

:: **Market risks:** There is a risk that the market expansion at national or international level will be slower or less pronounced than expected. A potentially limiting factor in this context could be the financial resources available to VITA 34. This could affect the tapping of international markets. 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. There is also a risk that ongoing cooperations will be ended and that falls in revenue and earnings will follow.

:: **Legal risks:** Legal risks can result from the wide range of regulations and laws 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. Legal disputes relating to competition law can also influence or limit VITA 34's business activities.

:: **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. In addition, VITA 34 will not compromise quality for cost reasons.

:: **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 performance of the economy as a whole will have a negative impact on the consumption patterns of end users and thus on the development of revenue and earnings at VITA 34. VITA 34 will take account of the slight drop in purchasing power forecast by the market researchers in its planning in 2010.

:: **Competitive risks:** 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 development of revenue and earnings at VITA 34 than expected.

A review of the risk position as of the end of the reporting period on December 31, 2009 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.

OUTLOOK

Focus on consolidating in 2010

In 2010 VITA 34 will focus heavily on consolidating its business activities and internal processes. The primary objective is to safeguard the Company's long-term profitability and to close 2010 and the following years with a clearly positive EBIT. After EUR -1.8 million in 2008 and a slightly positive EBIT of EUR 0.2 million in 2009, we want to continue this upward trend. Although VITA 34 will take all sensible measures to ensure that revenue develops positively, we are not interested in boosting revenue at any cost. Consolidating business activities will be linked to assessing the efficiency of sales and marketing measures. This is also intended to set the course for growth beyond the year 2010.
The purchasing power study published by GfK Geomarketing in December 2009 predicts a slight drop in purchasing power for 2010. As wages are not expected to rise and unemployment is likely to increase, this will lead to a cautious approach to spending. This means that the future development of the labor market will have the strongest influence on private consumption by households and the customers of VITA 34.

We also assume that end customers' consumption patterns will hinge on the development on the local labor markets on the international markets too. The Spanish market is currently experiencing an unemployment rate of roughly 20 percent, but is not subject to the major seasonal fluctuations in the German market.

Development of growth potential by present and planned research cooperation

Present and planned research cooperation is to make a further contribution to the development of growth potential. However, the decisive growth spurt will stem from the increasing number of uses and therapies with stem cells from cord blood in future. We expect that a more intensive spread of successful treatments will mark a leap forward on the German and international markets. Storage on the German market in particular, however, is developing more slowly than expected in recent years. The detailed impact for 2010 and subsequent years 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 years after 2010 to be marked by a moderate increase in sales. We expect acceptance by multipliers to increase further thanks to more documented successful treatments. VITA 34 will make a decisive contribution to this in the coming years.

Existing activities in the field of internationalization will be continued. New European markets are to generate additional revenue and contribute to a rise in earnings in the medium-term planning. Only markets that promise a fast and convincing market presence will be targeted. The decisive factor will be how VITA 34 can position itself with its products and its high quality requirements. As is the case at national level, there will be no quality or safety compromises on the international markets. Further decisive factors for entering international markets include, for example, the extent of private expenditure on health in the respective country, which is a conclusive indicator for the level of acceptance of private medical preventative services as offered by VITA 34, as well as the respective national regulatory requirements. Both conditions must allow for a positive implementation of the market entry. The logistic concepts for a smooth process must also be in place. Finally, competition in such markets should not be too fierce. However, even with increasing internationalization the business development will continue to be subject to cyclical fluctuations.

Markets can 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.

As already described above, VITA 34 continues to aim in 2010 to develop the German 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. The main priority is still to confer basic knowledge about private umbilical cord blood banking in a trustworthy and professional manner. 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. As already reported last year, the Company's product VITAplusSpende is a good example. Parents may register the product in a public donor index. If somewhere in the world a patient should need these stem cells, parents may then decide whether to donate them or whether they should remain stored for personal usage. This option is used by a sizeable number of customers.

Professional storage of stem cell transplants for the NKR will be a very important component in connection with positioning the Company as a single-source provider and developing a more established reputation with multipliers. In 2010 and the following year VITA 34 will significantly increase the number of samples added to the public register and thus contribute to the supply of donor samples.

Extension of the cooperation with partners

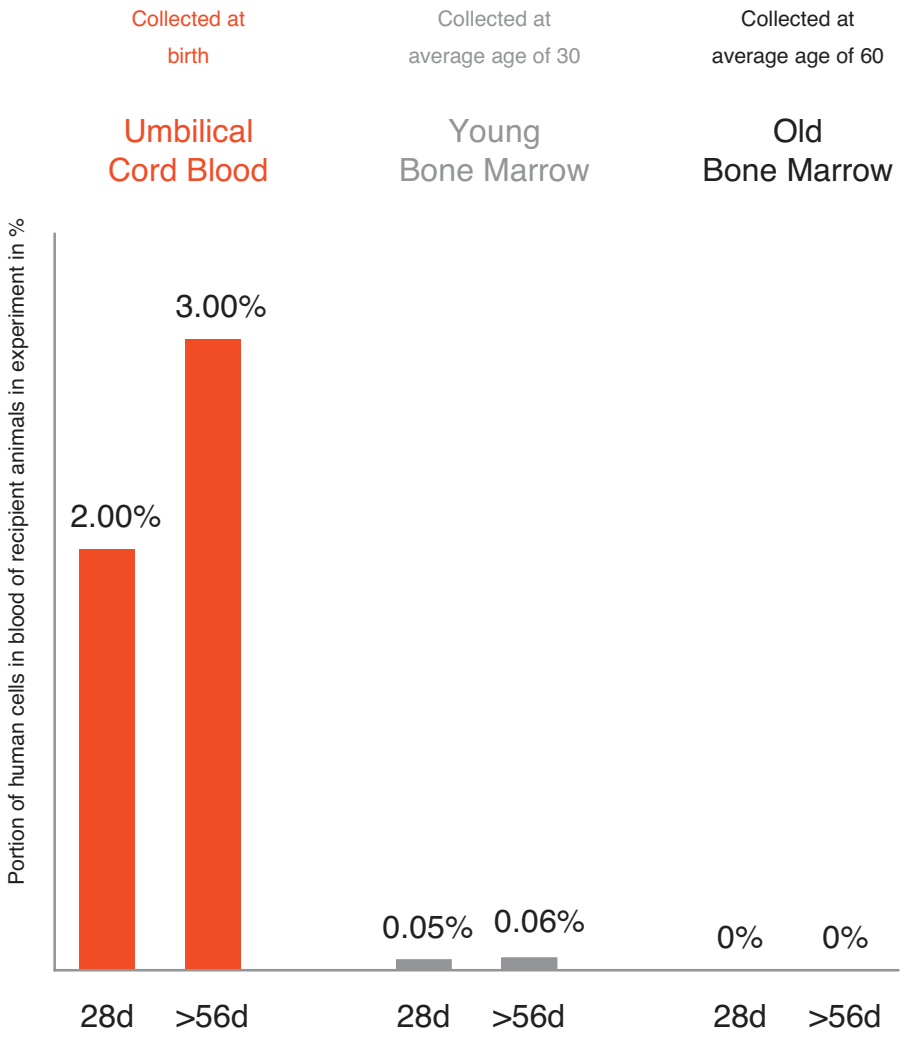
VITA 34 will also extend its work with health insurers and cooperation partners in 2010, developing further models and sales modules in the coming years. VITA 34 also examines on an ongoing basis further preventative products as useful complement to existing products, not only for parents-to-be.
VITA 34 will continue to use the challenging market environment to establish itself even more strongly than before as a single-source provider with years of experience. This will strengthen the VITA 34 brand on both a national and international level.

By consolidating business activities and further improving efficiency, we will achieve sustained profitability as planned in 2010 and the following years. With almost 67,000 customers and a level of market penetration that is constantly increasing, VITA 34 is well equipped to expand its business activities continuously in the coming years.

Leipzig, January 29, 2010
Management Board of VITA 34 International AG

Dr. med. Eberhard F. Lampeter
CEO

Jörg Ulbrich
CFO


Collected at birth
Collected at average age of 30
Collected at average age of 60
Umbilical Cord Blood
Young Bone Marrow
Old Bone Marrow
Portion of human cells in blood of recipient animals in experiment in %
2.00%
3.00%
0.05%
0.06%
0%
0%
28d
>56d
28d
>56d
28d
>56d

AGE-DEPENDENCY OF STEM CELL SOURCES: STEM CELLS FROM UMBILICAL CORD BLOOD ARE BETTER THAN OLDER STEM CELLS

In a direct comparison of stem cells from umbilical cord blood, stem cells from the bone marrow of a young donor and stem cells from the bone marrow of an older donor, it has been demonstrated that the stem cells from umbilical cord blood grow significantly better in a recipient organism (mouse) than the older sources.

The illustration shows the portion of human cells in the recipient organism 28 and more than 56 days after transplantation. More than 56 days after transplantation 3.00 percent of the stem cells from umbilical cord blood could be found in the blood, whereas only 0.06 percent of the stem cells from young bone marrow were present. The bone marrow of older donors could not be found in the blood either 28 or more than 56 days later.
Moreover, the recipient animals lived significantly longer when they received stem cells from umbilical cord blood.

Status December 31, 2009
Source: Dr. Manja Kamprad; Fraunhofer Institute for Cell Therapy and Immunology

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF INCOME

EUR K	NOTE	01/01-12/31/2009	01/01-12/31/2008
Continuing operations			
Revenue	4.1	15,097	14,957
Cost of sales	4.2	-4,958	-5,149
Gross profit on sales		**10,139**	**9,808**
Other operating income	4.3	554	730
Selling expenses	4.4	-7,629	-9,637
Administrative expenses	4.5	-2,763	-2,938
Other operating expenses	4.6	-139	-233
Net operating profit/loss		**162**	**-2,270**
Finance revenue	4.8	661	469
Finance costs	4.7	-165	-576
Earnings before taxes		**658**	**-2,377**
Income tax expense/income	5	-62	417
Profit/loss for the year from continuing operations		**596**	**-1,960**
Discontinued operation			
Profit from discontinued operation	6	0	248
Net profit/loss for the year		**596**	**-1,712**
Earnings per share (EUR) Basic and diluted, for profit or loss for the year attributable to ordinary equity holders of the parent (EUR)	7	0.23	-0.65
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)		0.23	-0.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR K	NOTE	12/31/2009	12/31/2008
Net profit/loss for the year		586	-1,712
Changes recognized in other comprehensive income		-1	12
Difference from currency translation		**-1**	**12**
Changes recognized in other comprehensive income		129	-188
Changes recognized in profit or loss		0	188
Gains/losses on available-for-sale financial assets		**129**	**0**
Total comprehensive income for the year after tax		**714**	**-1,700**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ASSETS)

EUR K	NOTE	12/31/2009	12/31/2008
Non-current assets			
Goodwill	8	11,911	11,911
Intangible assets	8	795	930
Property, plant and equipment	9	3,319	3,054
Investments	11	155	26
Other financial assets	15	35	35
Deferred tax assets	5	667	736
Non-current trade receivables	13	1,805	1,996
Restricted cash	16	695	1,068
		19,382	**19,756**
Current assets			
Inventories	12	554	584
Trade receivables	13	2,334	1,600
Other receivables and assets	15	825	1,118
Short-term investments	14	2,000	876
Cash and cash equivalents	16	6,055	6,374
		11,768	**10,552**
		31,150	**30,308**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EQUITY AND LIABILITIES)

EUR K	NOTE	12/31/2009	12/31/2008
Equity			
Issued capital	17	2,647	2,647
Capital reserves	17	23,236	23,192
Revenue reserves	17	-7,138	-7,734
Other reserves	17	128	0
		18,873	**18,105**
Non-current liabilities and deferred income			
Interest-bearing loans	18.2	1,375	1,500
Silent partners' interests	19	940	940
Deferred grants	21	846	741
Deferred income	22	5,616	5,405
		8,777	**8,586**
Current liabilities and deferred income			
Trade payables	23	813	1087
Silent partners' interests	19	0	497
Provisions	20	363	105
Income tax payable	5	195	208
Interest-bearing loans	18.1	125	125
Deferred grants	21	50	81
Other liabilities	23	1,314	993
Deferred income	22	640	521
		3,500	**3,617**
		31,150	**30,308**

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

EUR K	ISSUED CAPITAL	CAPITAL RESERVES	REVENUE RESERVE	OTHER COMPREHENSIVE INCOME		TOTAL EQUITY
				TRANSLATION RESERVE	AVAILABLE-FOR-SALE ASSETS	
NOTE	**17**	**17**	**17**			
Balance as of January 1, 2008	**2,647**	**23,116**	**-6,022**	**-12**	**0**	**19,729**
Difference arising from foreign currency translation				12		12
Share-based compensation		76				76
Net loss for the year			-1,712			-1,712
Comprehensive income	0	76	-1,712	12	0	-1,624
Balance as of December 31, 2008	**2,647**	**23,192**	**-7,734**	**0**	**0**	**18,105**
Balance as of January 1, 2009	**2,647**	**23,192**	**-7,734**	**0**	**0**	**18,105**
Available-for-sale shares					129	129
Difference arising from foreign currency translation				-1		-1
Share-based compensation		44				44
Net profit for the year			596			596
Comprehensive income	0	44	596	-1	129	768
Balance as of December 31, 2009	**2,647**	**23,236**	**-7,138**	**-1**	**129**	**18,873**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR K	NOTE	01/01-12/31/2009	01/01-12/31/2008
Cash flow from operating activities			
Earnings before taxes		658	-2,377
Adjusted for:			
Amortization and depreciation	8, 9	577	444
Gains/losses from the disposal of non-current assets		19	6
Other non-cash expenses/income		-64	-80
Exchange rate differences		0	5
Share-based payments expense	26	44	76
Finance revenue	4.8	-661	-469
Finance costs	4.7	165	576
Working capital adjustments:			
+/- Receivables and other assets		-173	-834
+/- Inventories		30	-12
+/- Liabilities		137	-176
+/- Provisions		258	-220
+/- Deferred income		330	349
Interest paid		-165	-226
Income taxes paid		-6	-1
Cash flow from operating activities		**1,149**	**-2,939**
Cash flow from investing activities			
Purchase of intangible assets	8	-185	-394
Purchase of property, plant and equipment	9	-541	-679
Repayment of borrowing		242	11
Purchase of short-term investments		-1,000	0
Cash received from the sale of short-term investments	14	0	1,000
Interest received		128	392
Cash flow from investing activities		**-1,356**	**330**
Cash flow from financing activities			
Changes in restricted cash		373	0
Changes in silent partnerships	19	-484	20
Cash received from investment grants	21	124	167
Changes in loans	18	-125	-213
Cash flow from financing activities		**-112**	**-26**
Net change in cash and cash equivalents		-319	-2,635
Cash and cash equivalents at the beginning of the reporting period	16	6,374	9,002
Exchange rate related change in cash and cash equivalents		0	7
Cash and cash equivalents at the end of the reporting period	**16**	**6,055**	**6,374**
Short-term investments	14	2,000	876
Liquid funds		**8,055**	**7,250**

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 5a, and filed in the register court of the Leipzig district court under HRB 20339 is a pure holding company and carries out management and financing functions for its subsidiaries. Its subsidiaries (together with the Company referred to as the “Group”) operate in the field of cord blood storage. 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 [“Aktiengesetz”: German Stock Corporation Act] has been issued and made available to the shareholders on our website www.vita34.de.

The consolidated financial statements of VITA 34 International AG for the fiscal year ended December 31, 2009 were authorized for issue by the management board on January 30, 2010. 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 MEASUREMENT 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 end of the reporting period, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code]. All IFRSs applicable for the fiscal year 2009 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 euro (EUR k).

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.

Subsidiaries are fully consolidated from the date of acquisition, 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.

2.2 Changes in accounting policies

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

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

:: Amendments to IFRS 1 and IAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
:: Amendments to IFRS 2: Share-based Payment
:: Amendments to IFRS 4: Insurance Contracts
:: Amendments to IFRS 7: Financial Instruments: Disclosures
:: Amendments to IAS 1: Presentation of Financial Statements
:: Amendment to IAS 23: Borrowing Costs
:: Amendments to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation
:: Amendments to IAS 39 and IFRS 9: Reassessment of Embedded Derivatives
:: IFRIC 13: Customer Loyalty Programmes
:: IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
:: Improvements to the 2008 IFRSs (to the extent that these are subject to mandatory adoption for the fiscal year 2009)

Adoption of the aforementioned standards and interpretations is mandatory from January 1, 2009. The new or amended standards and interpretations did not have any significant effect on the net assets, financial position and results of operations or cash flows of VITA 34 International AG. They did however give rise to additional disclosures.

2.3 Significant accounting judgments and estimates

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

Impairment testing of goodwill

The goodwill acquired 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. Because of the negative economic developments stemming from the crisis on the financial markets and in the economy as a whole, combined with intensified competition since the prior year, the cash flow projections for the planning period were adjusted compared with the prior year on the German market. The discount rate used is 6.9 percent before taxes. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. The underlying assumptions for calculating the recoverable amount including a sensitivity analysis are explained in more detail in note 10.

Treatment of unused tax losses and deferred tax assets
During the tax field audit performed at VITA 34 AG, covering assessment periods up to 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 tax return of VITA 34 AG and led in effect to a reduction of the unused tax loss as of December 31, 2002. VITA 34 AG has filed an objection to these assessments. There is uncertainty concerning the outcome of these proceedings. When calculating whether and to what extent unused tax losses exist at the cut-off dates December 31, 2008 and 2009, management assumes that amounts pursuant to the current assessments of VITA AG's adjusted tax returns should be used to calculate the deferred income for tax purposes for the fiscal years up until and including 2002.

The income tax payables recognized as of the end of the reporting period were calculated on this basis and management does not believe further provisions to be necessary. Deferred tax assets were recognized as of the end of the reporting period for the full amount of unused tax losses thus calculated, since it is probable that the unused tax losses will be fully utilized by 2011 according to the corresponding planning statement. In addition, deferred tax assets were recognized for differences between the tax statement of financial position and statement of financial position prepared in accordance with IFRS for VITA 34 AG, because it is also deemed likely that taxable income will be available.

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 tax law measures to this effect are taken.

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 end of the reporting period, 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 being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

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, 2009, 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 statement of income in the expenses category consistent with the function of the intangible asset.

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

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

ACCOUNTING POLICIES APPLIED TO THE GROUP'S INTANGIBLE ASSETS		
	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 statement of income 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		
	2009	**2008**
Laboratory equipment	5-14 years	5-14 years
Cryotanks and accessories	40 years	40 years
Other equipment, furniture and fixtures	3 to 13 years	3 to 13 years

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

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

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If there is any indication of impairment or if an annual impairment test is required, the Group estimates the recoverable amount of the asset. 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 statement of income in those expense categories consistent with the function of the impaired asset.

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

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

The Group determines at each end of the reporting period whether there is evidence that goodwill is impaired. Goodwill is tested for impairment at least once a year. Impairment tests are also conducted if events or circumstances indicate that the carrying amount may be impaired. Any impairment loss recognized on goodwill is not reversed in a subsequent period.

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

Regular way purchases and sales of financial assets are recognized as of the trading date, i.e., the date on which an asset is delivered to or by the entity. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within the period generally established by regulation or convention in the marketplace.

:: **Financial assets 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 statement of income 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 bid prices quoted on the stock exchange at the close of business on the end of the reporting period.

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

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

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

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

Trade receivables due in less than twelve months are reported under current assets. In some cases the Company offers its customers financing options. Receivables can then have a term of up to 20 years, thus significantly longer than the business cycle of twelve months assumed by the Company. Due to the long payment term of some receivables, trade receivables due in more than twelve months are reported separately under non-current assets.

Discernible individual risks have been taken into account by bad debt allowances. The allowances are staggered in accordance with the group of similar receivables to which an individual receivable belongs.
Receivables are written off as soon as they become uncollectible.

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

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

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

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 or loss.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is only recognized as a separate asset when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the 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 received remuneration in the form of share-based payment transactions in prior years, whereby employees receive equity instruments in return for work performed (“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 ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income or expense recognized under total income and expense for the year corresponds to the development of the cumulative expenses recognized at the beginning and at the end of the reporting period.

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

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

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

:: **The rendering of services**
Revenue from processing cord blood is recognized when the processing has been finished. If a total amount has been agreed with the customer as compensation for the processing and storage, the total revenue generated by the product is used as a basis to determine the revenue share attributable to the storage in proportion to the costs of processing and storage. Revenue from storing cord blood is recognized on a straight-line basis over the term of storage. Any prepaid storage fees received are disclosed as deferred income.

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

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

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

Taxation

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, 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 tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss

:: in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profit will be available against which the temporary differences can be utilized

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

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

:: **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

:: receivables and payables that are stated with the amount of VAT included

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

2.5 New accounting policies

:: The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) has issued new standards, interpretations and amended standards which are not yet effective for the fiscal year 2009 and which were not applied in the accompanying consolidated financial statements:

:: Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”: The amendments were issued in November 2008 and become effective for the first time for fiscal years beginning on or after December 31, 2009. Since not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: Amendments to IFRS 1, additional exemptions for first-time adopters (not yet adopted by the EU): The amendments were issued in July 1, 2009 and are expected to become effective for the first time for fiscal years beginning on or after January 1, 2010. Additional exemptions for first-time adopters of IFRS are codified in these amendments. Since not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: Amendments to IFRS 1, amendments to disclosure requirements under IFRS 7 for prior years (not yet adopted by the EU): The amendment was issued in January 2010 and is expected to become effective for the first time from July 1, 2010. Certain disclosure requirements included in IFRS 7 since 2009 are generally not required for prior years. The amendment to IFRS 1 extends this exemption to first-time adopters. The amendment does not affect the Group.

:: Amendments to IFRS 2 “Share-based Payment” (not yet adopted by the EU): The amendments were issued in June 2009 and are expected to become effective for the first time for fiscal years beginning on or after January 1, 2010. The amendments clarify the accounting of share-based payments with cash compensation within the Group in the separate financial statements of a subsidiary. Since not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: Amendments to IFRS 3 “Business Combinations”: The revised standard IFRS 3 was issued in January 2008 and becomes effective for 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.

:: IFRS 9 “Financial Instruments” (not yet adopted by the EU): The standard was issued in November 2009 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2013. IFRS 9 marks the completion of the first phase of a three-phase project to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The rules for the classification and measurement of financial assets will be changed. This is likely to affect the Group’s net assets, financial position and results of operations or cash flows and to result in more disclosures in the notes.

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

:: Amendments to IAS 27 “Consolidated and Separate Financial Statements”: The revised standard was issued in January 2008 and becomes 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.

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

:: Amendments to IAS 39 “Financial Instruments: Recognition and Measurement – Eligible Hedged Items”: The revised standard IAS 39 was issued in July 2008 and becomes 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”: IFRIC 12 was published in March 2009 and becomes effective for the first time for fiscal years beginning on or after January 1, 2010. Since the Group does not have any licenses to provide public services to private customers, this interpretation does not affect the Group.

:: Amendments to IFRIC 14 “Prepayments of a Minimum Funding Requirement” (not yet adopted by the EU): This amendment was issued in November 2009 and is expected to be effective for the first time for fiscal years beginning on or after January 1, 2011. The amendment relates to the accounting for pension plans. Since it is not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: IFRIC 15 “Agreements for the Construction of Real Estate”: IFRIC 15 was issued in July 2008 and becomes effective for the first time for fiscal years beginning on or after January 1, 2010. 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”: IFRIC 16 was issued in July 2008 and becomes effective for the first time for fiscal years beginning on or after July 1, 2009. 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 to reduce this risk. The amendments are not currently expected to have any effect on the net assets, financial position and results of operations or cash flows.

:: IFRIC 17 “Distributions of Non-cash Assets to Owners”: IFRIC 17 was issued in November 2008 and become effective for the first time for fiscal years beginning on or after October 31, 2009. IFRIC 17 clarifies when non-cash distributions have to be recognized in the annual financial statements and how these must be measured. 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 18 “Transfers of Assets from Customers”: IFRIC 18 was published in January 2009 and becomes effective for the first time for fiscal years beginning after October 31, 2009. IFRIC 18 clarifies the treatment of assets that an entity receives from a customer and then has to use in order to connect the customer to a supply network or grant access to it on in the long term. Since not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (not yet adopted by the EU): IFRIC 19 was issued in November 2009 and is expected to be effective for the first time for fiscal years beginning on or after July 1, 2010. The interpretation deals with the case of the debtor issuing equity instruments to the creditor for the partial or full payment of its financial liabilities. Since not relevant for the Group, this interpretation will not affect its net assets, financial position and results of operations or cash flows.

:: Improvements to IFRS in 2008: The omnibus of amendments was issued in May 2008 and becomes effective in part for the first time for fiscal years beginning on or after July 1, 2009. It contains small changes to 20 IFRS standards 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.

:: Improvements to IFRS in 2009 (not yet adopted by the EU): The omnibus of amendments was issued in November 2008 and becomes effective for the first time for fiscal years beginning on or after July 1, 2009. It contains small changes to 10 IFRS standards and 2 interpretations 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 only has one reportable segment because the Group’s operations only concern the storage of umbilical cord blood.

3.1 Information on geographical segments

The Company generates income exclusively in Europe. The geographical segment comprising Germany, Austria and Switzerland generated income of EUR 12,834k (2008: EUR 12,742k) while the Spanish segment recorded a figure of EUR 2,263k (2008: EUR 2,215k).

Income is allocated to geographical segments based on the revenue generated in the individual countries.

3.2 Information on important customers

Only 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 2,263k for the period from January 1 to December 31, 2009 (2008: EUR 2,215k).

4 REVENUE, OTHER INCOME AND EXPENSES

4.1 Revenue

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

REVENUE		
	2009	**2008**
	EUR K	**EUR K**
Revenue		
from processing	14,007	14,484
from storage	1,090	473
	15,097	**14,957**

4.2 Cost of sales

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

COST OF SALES		
	2009	**2008**
	EUR K	**EUR K**
Cost of materials	1,171	779
Personnel expenses	1,272	1,181
Amortisation, depreciation and write-downs	281	211
Third-party services	1,612	2,356
Rent and rent incidentals	168	172
Other expenses	454	450
	4,958	**5,149**

4.3 Other operating income

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

OTHER OPERATING INCOME	2009 EUR K	2008 EUR K
Government grants	149	230
Income from the derecognition of accruals	169	214
Income from the reversal of provisions	100	189
Sundry other income	136	97
	554	**730**

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 accruals for employee bonuses set up in the prior year which were not paid out in 2008 or 2009.

4.4 Selling expenses

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

SELLING EXPENSES	2009 EUR K	2008 EUR K
Personnel expenses	2,385	3,135
Amortisation, depreciation and write-downs	127	96
Marketing expenses	4,457	5,577
Other expenses	660	829
	7,629	**9,637**

4.5 Administrative expenses

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

ADMINISTRATIVE EXPENSES	2009 EUR K	2008 EUR K
Personnel expenses	1,683	1,368
Amortisation, depreciation and write-downs	176	153
Operating lease expenses	402	384
Legal, consulting and audit fees	391	817
Other expenses	111	216
	2,763	**2,938**

4.6 Other operating expenses

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

OTHER OPERATING EXPENSES	2009 EUR K	2008 EUR K
Donations	5	3
Research and development costs	70	220
Bad debts	60	1
Sundry other expenses	4	9
	139	**233**

4.7 Finance costs

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

FINANCE COSTS	2009 EUR K	2008 EUR K
Bank loans and overdrafts	91	124
Charges for silent partnerships	74	103
Impairments of financial instruments	0	208
Value adjustments of short-term financial instruments	0	141
	165	**576**

The impairment of financial instruments concerns the shares in Cord Blood America, Inc. of EUR 187k and loans of EUR 21k received from Cord Blood America, Inc. as consideration for the sale of the business operation of CorCell Inc. in 2008. We refer to our comments under note 6.

In the reporting year, there were no borrowing costs capitalized as part of the cost.

4.8 Finance revenue

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

FINANCE REVENUE		
	2009	**2008**
	EUR K	**EUR K**
Value adjustment of short-term investments	291	66
Interest income	131	392
Income from loans written off	239	11
	661	**469**

4.9 Employee benefits expense

The expense for employee benefits breaks down as follows:

EMPLOYEE BENEFIT EXPENSE		
	2009	**2008**
	EUR K	**EUR K**
Wages and salaries	4,678	4,964
Social security costs	651	708
Pension cost	11	12
	5,340	**5,684**

The employer's contributions to statutory pension insurance of EUR 321k (2008: EUR 387k) are classified as payments under a defined contribution plan and are recognized in full in profit or loss accordingly.

EMPLOYEES (ANNUAL AVERAGE)		
	2009	**2008**
	EUR K	**EUR K**
Employees	98	110
Temporary employees	2	6
Trainees/Interns	4	3
	104	**119**

5 INCOME TAXES

Major components of income tax expense for the fiscal years 2009 and 2008 are as follows:

MAJOR COMPONENTS OF THE INCOME TAX INCOME/EXPENSE		
CONSOLIDATED STATEMENT OF INCOME	**2009**	**2008**
	EUR K	**EUR K**
Current income tax		
Current income tax income/expense	-7	97
Deferred income tax		
Origination and reversal of temporary differences	56	-106
on unused tax losses	13	-408
Income tax expense/income	**62**	**-417**

Income tax liabilities disclosed in the statement of financial position 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 income for 2009 disclosed in the statement of income relates to income tax income for other periods resulting from the tax field audit carried out at the Company.

A reconciliation between income tax expense and the product of accounting profit multiplied by the Group's applicable tax rate for the fiscal years 2009 and 2008 is as follows:

RECONCILIATION		
	2009	**2008**
	EUR K	**EUR K**
Accounting profit before tax from continuing operations	658	-2,377
Profit/loss before tax from a discontinued operation	0	248
Earnings before income tax	**658**	**-2,129**
Income tax expense/income at the parent company's applicable tax rate of 32% (2008: 30%)	-210	639
Adjustment because profits/loss of Corcell and VITA 34 International AG do not give rise to an income tax refund/expense	11	-123
Effect of changes in tax rate	48	0
Adjustment due to tax-free income	16	24
Adjustment due to non-deductible expenses	-19	-15
Current and deferred taxes from tax field audit	92	-108
Income tax expense/income at effective income tax rate of 32% (2008: 30%)	**-62**	**417**
INCOME TAX EXPENSE/INCOME REPORTED IN CONSOLIDATED STATEMENT OF INCOME	**-62**	**417**

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

DEFERRED INCOME TAX				
	CONSOLIDATED STATEMENT OF FINANCIAL POSITION		CONSOLIDATED STATEMENT OF INCOME	
	2009 EUR K	2008 EUR K	2009 EUR K	2008 EUR K
Deferred income tax liabilities				
Accelerated depreciation for tax purposes	-164	-164	0	7
Tax-allowed valuation allowance	40	-13	53	-3
Revaluations of available-for-sale investments to fair value	0	0	0	4
	-124	**-177**		
Deferred income tax assets				
Difference of other receivables	0	23	-23	23
Difference of share-based payments	49	32	17	22
Difference of provisions	0	303	-303	267
Deferred income	246	46	200	-214
Unused tax losses	496	509	-13	408
	791	**913**		
Deferred tax assets	**667**	**736**		
Deferred tax expense/ (income)			**-79**	**514**

The Group has unused tax losses at the subsidiary VITA 34 AG in Germany of EUR 1,690k for corporate income tax purposes (2008: EUR 1,752k) and of EUR 1,416k for trade tax purposes (2008: EUR 1,642k) 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 5,450k (2008: EUR 5,426k) 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 3,028k (USD 3,998k). EUR 1,136k (USD 1,500k) of the sales price was paid in cash and EUR 1,541k (USD 2,035k) 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 351k (USD 463k) of the sales price. This part of the transaction was concluded on February 28, 2007.

In 2007 a gain on disposal of EUR 1,253k resulted from goodwill of EUR 2,215k and additional assets sold amounting to EUR 249k and assigned liabilities of EUR 689k 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 208k in fiscal 2008 due to permanent impairment.

THE RESULTS OF CORCELL, INC. FOR THE YEAR ARE PRESENTED BELOW:		
	2009	**2008**
	EUR K	**EUR K**
Adjustment of provisions	0	248
Gross profit on sales	**0**	**248**
Gain before tax from discontinued operation	**0**	**248**
Gain for the year from discontinued operation (after tax)	**0**	**248**

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

The provision was released to income without any cash outflow. The net cash flows of CorCell Inc. with respect to the discontinued operations amounted to EUR 0k in 2008.

EARNINGS PER SHARE		
	2009 EUR	2008 EUR
Basic / diluted from discontinued operation	0.00	0.09

7 EARNINGS PER SHARE

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

Basic / diluted earnings per share are calculated as follows:

BASIC / DILUTED EARNINGS PER SHARE		
	2009 EUR K	2008 EUR K
Net profit attributable to ordinary equity holders of the parent from continuing operations	596	-1,960
Loss attributable to equity holders from discontinued operations	0	248
Net profit/Loss attributable to ordinary equity holders of the parent	**596**	**-1,712**
Number of shares outstanding (weighted average)	2,646,500	2,646,500
Earnings per share pursuant to IFRS (EUR)	**0.23**	**-0.65**

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

Potential ordinary shares were not taken into account in the calculation of the diluted earnings per share in 2008 and 2009 because the average market price of the ordinary shares during the reporting period was lower than the strike price of the options.

8 GOODWILL, INTANGIBLE ASSETS

Intangible assets developed as follows:

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

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 amortization and impairments 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

9 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment developed as follows:

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

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 depreciation and impairments as of January 1, 2008	505	517	1,022
Amortization charge for the year	94	147	241
Disposals	-9	-2	-11
Accumulated depreciation 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

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 6.9 percent (prior year: 8.5 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		
	2009	2008
	EUR K	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, 2009 and December 31, 2008
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 has developed at a slower pace than in the prior year – also due to the financial markets crisis and the economic crisis as a whole – and to the changed competitive situation, revenue is expected to be down on the prior year in the planning period.

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 discount rate is derived from a risk-free interest rate, also taking a market risk premium and a company-specific beta factor into account. The reduction of the discount rate compared to the prior year is attributable to the decrease in the Company's capital market beta factor and to the fall in market interest rates.

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 could 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 on the prior year. A reduction in the annual free cash flow in the planning period and beyond by some 54 percent p.a. (starting at around EUR 750k) would lead to a reduction in the value in use to carrying amount of the cash-generating unit. If the discount factor were increased by 7.5 percent, the recoverable amount would correspond to the carrying amount.

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 end of the reporting period.

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

In fiscal 2008, the shares in Cord Blood America Inc., Los Angeles, USA were written down by EUR 188k due to a significant fall in the quoted price that was expected to be permanent. A write-up of EUR 129k was recorded in 2009 in response to a share price recovery. The write-up was recognized in equity. In 2008 the write-down was reported in the consolidated statement of income under finance costs.

INVESTMENTS		
	2009 EUR K	2008 EUR K
Shares in Cord Blood America Inc., Los Angeles, USA	155	26
	155	**26**

12 INVENTORIES

Inventories break down as follows:

INVENTORIES		
	2009 EUR K	2008 EUR K
Materials and supplies (measured at costs of purchases)	157	136
Work in progress (at cost of conversion)	397	448
	554	**584**

Inventories were not written down.

13 TRADE RECEIVABLES

Trade receivables break down as follows:

RECEIVABLES		
	2009 EUR K	2008 EUR K
Non-current trade receivables	1,805	1,996
Current trade receivables	2,334	1,600
	4,139	**3,596**

The additional non-current trade receivables that originated in the reporting year were discounted using an interest rate of 4.9 percent (2008: 4.9 percent) based on their terms to maturity. Due to the long term of some receivables (up to 20 years), trade receivables due in more than twelve months are reported separately under non-current assets.

NOT IMPAIRED RECEIVABLES						
			THEREOF: NOT IMPAIRED AS OF THE END OF THE REPORTING PERIOD BUT PAST DUE IN THE FOLLOWING PERIODS			
	CARRYING AMOUNT EUR K	THEREOF: IMPAIRED AS OF THE END OF THE REPORTING PERIOD PAST DUE	LESS THAN 60 DAYS	BETWEEN 60 AND 180 DAYS	BETWEEN 180 AND 360 DAYS	MORE THAN 360 DAYS
Trade receivables as of December 31, 2009	4,139	3,511	600	0	0	0
Trade receivables as of December 31, 2008	3,596	3,226	306	0	0	0

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

Provisions for impairment of trade receivables break down as follows:

VALUATION ALLOWANCES		
	2009 EUR K	2008 EUR K
Valuation allowances as of January 1	94	96
Increases (expenses for valuation allowances)	38	0
Reversal	0	-2
Valuation allowances as of December 31	**132**	**94**

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

EXPENSES / INCOME FROM DERECOGNIZED RECEIVABLES		
	2009 EUR K	2008 EUR K
Expenses for the complete derecognition of receivables	22	1

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

14 SHORT-TERM INVESTMENTS

SHORT-TERM RECEIVABLES		
	2009	2008
	EUR K	EUR K
Bonds	1,000	876
Time deposits	1,000	0
	2,000	**876**

As of the end of the reporting period, the short-term investments only contain short-term bonds purchased in fiscal 2007 and intended for sale in 2010, as well as time deposits with a total term of more than three months. The bonds are measured at the attributable value as of the end of the reporting period. The time deposits are measured at amortized cost.

The bonds included in short-term investments are assets classified as financial assets at fair value through profit or loss upon initial recognition. The time deposits are assets classified as loans and receivables.

15 OTHER RECEIVABLES AND ASSETS

OTHER RECEIVABLES AND ASSETS				
	12/31/2009		12/31/2008	
	TOTAL	THEREOF: CURRENT	TOTAL	THEREOF: CURRENT
Financial receivables and assets				
- Loans	0	0	3	3
- Other financial receivables and assets	87	87	253	253
- Other financial receivables and assets	35	0	35	0
	122	**87**	**291**	**256**
Deferred expenses	594	594	486	486
Investment grants	144	144	376	376
	738	**738**	**862**	**862**
	860	**825**	**1,153**	**1,118**

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:

EXPENSES / INCOME FROM DERECOGNIZED RECEIVABLES		
	2009 EUR K	2008 EUR K
Valuation allowances on loans and other receivables	0	21
Income from receivables and other assets that have already been derecognised	239	11
Expenses for the derecognition of receivables and other assets	0	0

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 at December 31, 2008). The impairment loss totaling EUR 21k in 2008 was recognized in the consolidated statement of income under finance costs. The loan was repaid in full in 2009. The income from the reversal of the impairment loss was recognized in the consolidated statement of income under finance revenue.

16 CASH AND CASH EQUIVALENTS, RESTRICTED CASH

CASH AND CASH EQUIVALENTS, RESTRICTED CASH		
	2009 EUR K	2008 EUR K
Restricted cash	695	1,068
Cash: Cash at banks and in hand	6,055	6,374
	6,750	**7,442**

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

An amount of EUR 695k is not available to the Company. EUR 500k thereof has been provided as collateral for the loans disclosed in the statement of financial position.

17 ISSUED CAPITAL AND RESERVES

ISSUED CAPITAL AND RESERVES		
Issued capital	**2009**	**2008**
Ordinary shares of EUR 1 each (all fully paid in)	2,646,500	2,646,500
Composition of equity	**EUR K**	**EUR K**
Issued capital	2,647	2,647
Capital reserve	23,236	23,192
Revenue reserves	-7,148	-7,734
Other reserves	128	0
	18,863	**18,105**

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 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 new no-par-value registered shares in 2007. The contingent 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, 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

CURRENT LOANS AND CURRENT LIABILITIES TO BANKS	INTEREST RATE AS A %	2009 EUR K	2008 EUR K
KFW loan 900 EUR k	4.55	112	112
KFW loan 100 EUR k	4.55	13	13
		125	**125**

18.2 Non-current

NON-CURRENT LOANS	EFFECTIVE INTEREST RATE AS A %	MATURITY	2009 EUR K	2008 EUR K
IKB loan	6.42	2013	900	900
IKB loan	6.42	2013	100	100
KFW loan 900 EUR k	4.55	2006-2013	388	450
KFW loan 100 EUR k	4.55	2006-2013	38	50
			1,375	**1,500**

EUR 500k (2008: EUR 1,068k) has been provided as collateral for the loans disclosed in the statement of financial position and is not available to the Company. No collateral has been provided for the other loans disclosed in the statement of financial position.

19 SILENT PARTNERS' INTERESTS

SILENT PARTNERSHIP	2009 EUR K	2008 EUR K
Silent partnership MBG	940	940
Silent partnership tbg	0	497
	940	**1,437**

Mittelständische Beteiligungsgesellschaft Sachsen mbH, Dresden (MBG) receives a fixed fee of 6 percent p.a. on the contribution of EUR 940k it has made to VITA 34 AG; the fee is payable quarterly for the preceding quarter as of 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 profit for the year under German commercial law, adjusted for certain income and expense items.
MBG does not participate in losses of VITA 34 AG. The term of the silent partnership ends on June 30, 2018.

The silent partnership with tbg Technologie-Beteiligungs-Gesellschaft mbH der Deutschen Ausgleichsbank (tbg) was limited until December 31, 2009. The contribution of EUR 350k paid was repaid and the agreed remuneration of EUR 134k was paid ahead of the deadline in the fourth quarter of 2009.

20 PROVISIONS

PROVISIONS	
	TOTAL EUR K
As of January 1, 2009	105
Addition	362
Utilization	-4
Unused amounts reversed	-100
As of December 31, 2009	**363**
Current provisions 2009	363
Non-current provisions 2009	0
	363
Current provisions 2008	105
Non-current provisions 2008	0
	105

The provision comprises expenses for legally prescribed manufacturing authorizations for birthing devices in connection with the collection of umbilical cord blood during the birth as well as potential damages. The Company assumes that it will have to make payments. No such claims have been made against the Company as of the date of preparing the consolidated financial statements. A provision was created for the amount of the expected cash outflows. It is expected that the payments will be due in full in 2010.

21 DEFERRED GRANTS

Investment grants recognized developed as follows:

GRANTS	2009 EUR K	2008 EUR K
As of January 1	822	757
Received during the fiscal year	124	145
Released through profit and loss	-50	-80
As of December 31	**896**	**822**
Current	50	81
Non-current	846	741
	896	**822**

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

22 DEFERRED INCOME

DEFERRED INCOME	2009 EUR K	2008 EUR K
Current	640	521
Non-current	5,616	5,405
	6,256	**5,926**

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		
	2009	**2008**
	EUR K	**EUR K**
Financial Liabilities		
Current trade payables	813	1,087
Long-term trade payables	0	0
Other liabilities	625	447
	1,438	**1,534**
Non-financial other liabilities		
- Employee benefits	279	546
- Termination benefits	410	0
	689	**546**
	2,127	**2,080**

Terms and conditions of the above financial liabilities:

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

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

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

24 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

CARRYING AMOUNTS BY MEASUREMENT CATEGORY

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

CARRYING AMOUNTS BY MEASUREMENT CATEGORY					
		CARRYING AMOUNT IN STATEMENT OF FINANCIAL POSITION			
EUR K	CARRYING AMOUNT 12/31/2008	AMORTIZED COST	AT FAIR VALUE DIRECTLY IN EQUITY	AT FAIR VALUE THROUGH PROFIT AND 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 and 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 non-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 and loss	876			876	876
- Available-for-sale financial assets	29			29	29
- Financial liabilities measured at amortized cost	4,596	4,596			4,715

24.1 Fair value

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

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

The fair value of non-current trade receivables which 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 statement of financial position at amortized cost was determined by discounting the expected future cash flows using a market interest rate.

24.2 Net result by measurement category

NET RESULT		
	2009	**2008**
	EUR K	**EUR K**
Loans and receivables	145	178
Financial assets at fair value through profit or loss	291	-75
Available-for-sale financial assets	0	-208
Financial liabilities measured at amortized cost (FLMaAC)	0	0
TOTAL	**436**	**-105**

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 60k (2008: EUR 1k); these are instead disclosed under other operating expenses.

The net result by measurement category in fiscal 2009 primarily comprises write-ups of financial assets of EUR 291k and income from derecognized receivables of EUR 239k. In 2008 the item was characterized by impairment losses on financial assets of EUR 283k and interest income of EUR 165k.

24.3 Analysis of maturity profile of financial obligations

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

ANALYSIS OF MATURITY PROFILE OF FINANCIAL OBLIGATIONS				
EUR K	CARRYING AMOUNT 12/31/2009	FIXED REMU-NERATION	VARIABLE COMPEN-SATION	REPAYMENT
CASH FLOW 2010				
Liabilities to banks	1,500	86	0	125
Shares in silent partners	940	56	9	0
Other non-interest-bearing liabilities	1,848	0	0	1,848
TOTAL	4,288	142	9	1,973
CASH FLOW 2011				
Liabilities to banks	1,500	80	0	125
Shares in silent partners	940	56	9	0
Other non-interest-bearing liabilities	1,848	0	0	0
TOTAL	4,288	136	9	125
CASH FLOW 2012 ff				
Liabilities to banks	1,500	94	0	1,250
Shares in silent partners	940	395	66	940
Other non-interest-bearing liabilities	1,848	0	0	0
TOTAL	4,288	489	66	2,190

All instruments in the portfolio as of December 31, 2009 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 statement of financial position 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 statement of financial position 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 end of the reporting period are as follows:

MINIMUM LEASE PAYMENTS		
	2009	**2008**
	EUR K	**EUR K**
Within one year	425	518
Between one and five years	242	559
	667	**1,077**

25.2 Capital commitments

As of the end of the reporting period of December 31, 2009, the Group has purchasing obligations for property, plant and equipment amounting to EUR 419k (2008: EUR 0k).

25.3 Litigation

VITA 34 International AG was not aware of any ongoing litigation as of the end of the reporting period.

After the end of the reporting period, VITA 34 became aware of litigation relating to competition issues. This may lead to VITA 34 being prohibited from making certain claims in its advertising. It is not possible to assess further effects based on current knowledge.

25.4 Contingent liabilities

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

26 SHARE-BASED PAYMENTS

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

The contractual term of the options is five years. 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. They vested on October 19, 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		
	2009 EUR K	2008 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:	0	16
- Liabilities to Dilworth Paxon as of the end of the reporting period	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 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 2008 and 2009.		
Compensation of key management personnel of the Group:		
Short-term benefits:		
- Remuneration of the supervisory board	24	30
- Management board salaries	1,025	694
Share-based compensation:		
- The management board of VITA 34 AG	44	76

The above remuneration of the supervisory board and management board salaries relate solely to short-term benefits. As of the end of the reporting period, there were liabilities relating to management board remuneration of EUR 514k (2008: EUR 168k).

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

27.1 Share-based payments

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 revenue and earnings before interest and taxes (EBIT). Furthermore, individual performance targets are taken into account. These targets are agreed by the supervisory board and the management board member at the start of each fiscal year.

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

28.3 Remuneration of the management board for fiscal year 2009

Mr. Peter Boehnert stepped down as a management board member as of October 31, 2009. With effect from November 1, 2009, Mr. Jörg Ulbrich was appointed as an ordinary management board member by resolution of the supervisory board.

The remuneration of the members of the management board for their activities in fiscal 2009 totaled EUR 634k (2008: EUR 491k). 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 2009 IN EUR K

	FIXED ANNUAL SALARY 2009	OTHER REMUNERATION IN 2009	VARIABLE COMPENSATION 2009	TOTAL
Dr. Eberhard F. Lampeter	180	15	72	267
Peter Boehnert	121	226	0	347
Jörg Ulbrich	16	1	3	20
TOTAL	**317**	**242**	**75**	**634**

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.

An agreement was concluded with Mr. Peter Boehnert as of October 31, 2009 concerning early mutual termination of his contract. Mr. Boehnert received a severance payment of EUR 197k. The amount and breakdown of the severance payment were based in particular on the remaining term of the employment contract and to compensate for the variable remuneration components granted. The Company waived the subsequent ban on competition with respect to Mr. Boehnert, as a result of which the Company is not obligated to pay compensation.

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

28.5 Share-based payments

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

28. 6 Remuneration of the supervisory board (remuneration report)

The supervisory board of VITA 34 International AG has three members at present (2008: six members).

At the annual general meeting on July 15, 2009, a resolution was passed to decrease the size of the supervisory board from six to three members. Mr. Hubertus Leonhardt, Mr. Joseph H. Jacovini, Prof. Dr. Christoph Hoybach and Mr. Steven Udvarhelyi stepped down from the supervisory board with effect from July 15, 2009. Dr. Holger Födisch was appointed as a new supervisory board member, effectIve July 15, 2009. Dr. Uwe Marx was appointed as the new deputy chairman.

Board remuneration of EUR 24k was paid out in 2009 (2008: EUR 30k).

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.
In fiscal year 2009, no other compensation was paid by the Company to members of the supervisory board and no other benefits were paid for services provided individually. Costs of EUR 30k were taken into account for the reimbursement of expenses.

SUPERVISORY BOARD REMUNERATION OF VITA 34 INTERNATIONAL AG	
	FIXED AMOUNTS IN EUR
Active members:	
Richard Neeson (chairman)	8,000
Dr. Uwe Marx (deputy chairman)	4,916
Dr. Holger Födisch	1,833
Former members:	
Hubertus Leonhardt (deputy chairman)	3,250
Joseph H. Jacovini	2,166
Prof. Dr. Christoph Hohbach	2,166
Steven Udvarhelyi	2,166

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

29.1 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 with the result that the Group's exposure to bad debts is not significant.

29.2 Liquidity risk

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

29.3 Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and methods as of December 31, 2009 and December 31, 2008. Capital comprises the equity disclosed in the statement of financial position.

30 SUBSEQUENT EVENTS

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

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

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

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

AUDIT FEES		
	2009 EUR K	2008 EUR K
Audit fees	58	81
Fees for other attestation or valuation services	0	27
	58	**108**

Leipzig, January 29, 2010
Management Board of VITA 34 International AG

Dr. med. Eberhard F. Lampeter

Jörg Ulbrich

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 29, 2010
Management Board of VITA 34 International AG

Dr. med. Eberhard F. Lampeter
CEO

Jörg Ulbrich
CFO

AUDIT OPINION

We have audited the consolidated financial statements prepared by VITA 34 International AG, Leipzig, comprising the statement of income, the statement of comprehensive income, the statement of financial position, the statement of changes in group equity, the statement of cash flows and the notes to the financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted in the EU, and the additional requirements of German commercial law pursuant to Sec. 315a HGB ["Handelsgesetzbuch": German Commercial Code] is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

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

Leipzig, February 1, 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Mandler
Wirtschaftsprüfer
[German Public Auditor]

Schurk
Wirtschaftsprüfer
[German Public Auditor]

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VITA 34 on the Internet: www.vita34.com

FINANCIAL CALENDAR

February 25, 2010	Publication of Annual Report
April 15, 2010	Publication of Q1 Report
July 13, 2010	Publication of Q2 Report
July 13, 2010	Annual General Meeting
October 14, 2010	Publication of Q3 Report
November 2010	German Equity Forum

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

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

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

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