

# INTERIM REPORT

January to March 2007



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Umbilical cord blood storage 83% over prior year period

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Positive period result despite expansion of marketing and sales

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Proceeds from IPO allow complete implementation of growth strategy

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# 0/ KEY CONSOLIDATED FINANCIAL FIGURES

EUR'000*	01/01-03/31/2007	01/01-03/31/2006
Umbilical cord blood storages (Units)	2,446	1,337
Revenues	3,524	2,566
Gross profit	2,399	1,813
EBIT	264	-4
Profit/loss from discontinued operations	1.253	-2.250
Profit/loss for the year	1,354	-2,304
Cashflow from operating activities	-1,028	49
Capital expenditures	209	185
	03/31/2007	03/31/2006
Equity	22,404	13,332
Total assets	34,325	25.695
Liquid funds	12,983	4,869
Employees (Number of full-time employees)	78.3	63.4



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Peter Boehnert (CFO), Dr. Eberhard Lampeter (CEO) und Oliver Papavlassopoulos (CMO VITA 34 AG)

Dear Shareholders,

We are proud to be able to present the first quarterly report of VITA 34 International AG as a publicly listed company in the month following the end of the quarter. We are even more pleased to be able to provide you with a report covering a quarter, which was positive in every respect: VITA 34 achieved the highest quarterly storage numbers in the company's history to date. Revenue was increased by nearly 40 percent as compared to the previous year and it was possible to raise the funds for fueling additional growth by the public offering on the Prime Standard market. Usually, this would be enough good news for a complete fiscal year – however, we were able to achieve these goals within only the first three months of 2007. This is why we are even more optimistic regarding the implementation of our growth targets in 2007. This is the year in which we will begin to accelerate the pace of growth, so that we can attain a doubling of the annual storage numbers and revenues in the time period from 2007 to 2009. In exchange we accept that the years 2007 and 2008 will be characterized by high marketing and sales expenditures and, therefore, consciously planned red numbers.

The successes in sales development and, above all, in the number of storages show that the first measures of the newly implemented marketing and sales strategy are starting to take effect. The storage numbers, which precede revenue by several weeks, were increased by more than 80 percent to 2,446 as compared to the first

quarter of 2006. With the funds from the IPO, we can now pursue our strategy and clearly accelerate our growth. Here, we are focused on the German-speaking market, where we are market leader. We finally divested of the complete operative business of our US subsidiary CorCell, Inc. at the end of February 2007. Thanks to the associated book profit we attained an annual profit of roughly 1.4 million Euro in the first quarter. Of this, continuing operations earned an EBIT of 0.3 million Euro and profits of 0.1 million Euro. Thus, VITA 34 has shown for many years that moderate expansion can be financed by the ongoing business operations without a loss. To accelerate the growth process we will now make significant investments in marketing and sales, which will temporarily and intentionally change the character of our profit and loss statement.

Recently, we have observed a clear trend towards the use of umbilical cord stem cells as a source of stem cells. Here, various developments play in the same direction, namely the US support program for the establishment of a national umbilical cord blood bank, the high transplantation figures involving umbilical cord blood stem cells in Japan and the Far East, as well as research into the use of double transplants in the USA. In the field of regenerative medicine numerous new advances have been published and the significance of autologous stem cells is becoming more and more clear to experts. We recognized all of this early on at VITA 34 and have defined

and developed our business model accordingly. And the development is continuing at a rapid pace: New skin, new bones, new biological valves that grow along with the heart, stroke treatment, treatment and cure of autoimmune diseases – these are only a few areas of application of stem cell transplants in regenerative medicine that are currently emerging. Many additional potential applications appear to be possible today.

Not least within the context of our initial public offering we conducted intensive discussions with banks and advisors, as to how VITA 34 should be characterized as a company. Are we a pharmaceuticals manufacturer? Yes, because stem cell transplants are a pharmaceutical from a legal perspective. Are we logistics experts? Yes, because VITA 34 possesses a sophisticated logistics process, which ensures that the umbilical cord blood is collected properly in the clinic after birth, and that it is brought to the Glass Laboratory in Leipzig with our 24-hour transport logistics system. Are we a biotech company? Yes, since we apply different biotechnology methods and consider stem cells, as already described, to be one of the most innovative fields in biotechnology. VITA 34 produces transplants from stem cells and is, additionally, active in researching other potential applications for stem cells with partners. Accordingly, Deutsche Börse placed us in the “Pharma & Healthcare/ Biotechnology” industry group in Prime Standard.

At the end of the discussion process, we at VITA 34 decided to remain what we were: the leading private umbilical cord blood bank in the German-speaking countries! We offer parents the opportunity to take out biological health insurance for their children through the storage of umbilical cord blood.

In the coming years our main task from a medical and economical perspective will be to make the meaningfulness of storing umbilical cord blood clear to more parents, and to further develop the market for umbilical cord blood storage in Germany, guiding it to the level it has already reached in many cases internationally. We are ideally positioned to do this, and the figures and operative directions taken in the first quarter of 2007 have confirmed this. We are convinced that a further positive development will also be reflected in the share price of VITA 34 International AG. Ultimately, we have the same quality and performance goals for VITA 34 on the stock market as we have in our operating business. This was a significant reason why we chose the most highly regulated and transparent Prime Standard segment.

We would like to thank you our shareholders of VITA 34 for your trust and we look forward to the further development of our company together with you.

Leipzig, April 30, 2007

  
Dr. Eberhard Lampeter

  
Dipl. BW Peter Boehnert

# 2/GROUP INTERIM MANAGEMENT REPORT

## For the Period from January 1 to March 31, 2007

### 1. MARKET AND STRATEGY

VITA 34 is the leading private umbilical cord blood bank in the German-speaking countries. At the end of the first quarter of 2007, the number of stem cell transplants stored since the founding of the company was approximately 40,000. Thus, according to internal estimates VITA 34 has a market share of some 66 percent in the private storage of umbilical cord blood. Among other things, the outstanding VITA 34 market position is based on our high quality standards in storage, our sophisticated logistics chain from collection to transplant preparation and our very extensive cooperation network with birthing facilities throughout Germany. At the end of the first quarter of 2007 there were cooperation agreements,

the binding pharmaceutical law prerequisite for the collection of umbilical cord blood, with more than 840 of the 950 birthing clinics. VITA 34 assumes that no competitor has anywhere near a similarly high number nor can demonstrate corresponding comprehensive territorial coverage.

Our strategy is to continue to develop the market from this position of strength and, therefore, to profit from the increasing storage number in the German-speaking countries. Up to now, umbilical cord blood for one's own use (autologous) has been stored in less than 2 percent of the roughly 680,000 births per year in Germany. A look

#### Umbilical Cord Blood Storage in Continuing Operations Segment (Before Cancellations)

		Units
Q1	2007	2,446
	2006	1,337
Q2	2007	
	2006	1,698
Q3	2007	
	2006	2,234
Q4	2007	
	2006	2,049



at other markets shows that greater percentages are attainable. In South Korea, for example, the storage rate is some 15 percent, in Taiwan it is 9 percent and in the USA at approx. 3 percent it is more than half again higher than in Germany.

The low acceptance of umbilical cord blood storage in Germany is most likely attributable to a lack of information on the part of the parents. Many parents are either not informed about the possibility of storage at all, or they are not sufficiently aware of the underlying medical reasons. International studies show that 14 percent of women, as soon as they are fully informed, would invest in the future care of their children by storing umbilical cord blood.

In the first quarter of 2007 VITA 34 was successful in closing a storage contract with nearly every fourth contact the company had with parents. Regarding the further market development, VITA 34 intends to expand the information base on the topic of umbilical cord blood storage in the target group and increase the number of contacts with expecting parents.

Apart from directly approaching parents, opinion leaders and intermediaries play an important role, i.e. physicians, midwives and associations. In the past it was observed that the regional spread of informational activities with parents and professional circles led directly to double-digit percentage increases in the number of contracts closed per year.

Therefore, VITA 34 began to set its marketing and sales strategy accordingly beginning in 2006. Oliver Papavlassopoulos, Chief Marketing Officer of VITA 34 AG, is responsible for the measures. He began to restructure the marketing and sales activities when he entered the company at the beginning of 2006. Success has been reflected since then in a clear increase in storage numbers. This direction was continued in Quarter 1, 2007, as well.

In the coming quarters the funds from the IPO will be used to expand marketing and sales activities. The field force will be expanded and further qualified. In addition, Clinic Representatives and Key Account Managers will be established to intensify contact with the opinion leaders. All of the measures require a time period of up to 18 months until they demonstrate their full effect since, for example, new field force employees can only develop stable contact with physicians and midwives and attain full productivity following training and a corresponding acclimation time.

VITA 34 is currently already enjoying low cost sales support through cooperative efforts with partners from the insurance and provision sector, such as the German market leader in private health insurance, Debeka, the insurance company Delta Lloyd or MLP Leipzig. VITA 34 endeavors to close additional agreements of this type and is currently preparing this.

Altogether, VITA 34 believes that up to 4 percent of all parents will have the umbilical cord blood of their



newborns stored in Germany in 2009. As market leader VITA 34 would profit the most from this. The significant expansion of the marketing and sales activities after the IPO will help to raise the potential even further in the future.

## 2. SALES AND PROFIT SITUATION

In accordance with the IFRS accounting rules, VITA 34 International AG differentiates between the continuing operations in VITA 34 AG and the discontinued operations in the US subsidiary CorCell. The new customer business of CorCell was sold in the fourth quarter of 2006, and the existing business at the end of February 2007, such that CorCell no longer has an operative business.

The public perception was influenced in Quarter 1 by the publication of the first transplantation of autologous umbilical cord blood, stored at our subsidiary CorCell, in a child with lymphatic leukemia. The successful transplantation was published in one of the most important medical journals for pediatricians, "Pediatrics" magazine. The accompanying press release experienced an extraordinary, even controversial, response in the press. The inquiries from potential customers and the contracts closed jumped upwards. This special effect will only have limited impact in Quarter 2.

The number of **contracts closed** in the first quarter of 2007 was 2,746. The new storages rose to 2,446. They

are 83 percent above the 1,337 storages attained in the same period the previous year, and thus reached a new quarterly record. Storages precede sales by about 6 weeks on average. This time is required after the receipt of the umbilical cord blood at VITA 34 in order to perform extensive tests and ensure the usability of the stored transplants. Sales, however, are not posted until all tests have been evaluated and the subsequent invoicing of the customer has taken place. On account of this, with increasing storage numbers there are different rates of increase between storage and sales.

The **sales** from continuing operations were 3.5 million Euro in the first quarter of 2007, following 2.6 million Euro in the same quarter the prior year. This means an increase of 35 percent. Apart from the temporal offset of storage and sales, sales in both quarters was affected by the following special influences: Additional revenues through contract revisions of existing customers in 2006 and a reduction in sales by discounting long-term accounts receivables in 2007. Adjusting for these special influences the increase in sales was 52 percent.

The **gross profit** in the reported quarter climbed to 2.4 million Euro as compared to 1.8 million Euro in the prior year's period. This meant an increase of 33 percent. The **gross profit margin** was reduced by the aforementioned special influences to 68 percent from 71 percent. The adjusted sales resulted in an improvement in the gross profit margin of 0.5 percentage points in the first quarter

of 2007 as compared to the prior year's period. A reduction in unit costs can be expected in the future with increasing storage numbers, since the infrastructure of VITA 34 is already designed for a multiple of the current storage numbers.

The **cost of sales** in the reported period rose moderately to 1.6 million Euro as compared to 1.5 million Euro in the same period the prior year.

The increase in **administrative costs** from 0.4 million Euro to 0.6 million Euro can mainly be attributed to one-time consulting, auditing and accounting costs in advance of the IPO, which could not be offset against equity.

The **EBIT** of VITA 34 International AG in the first quarter of 2007 amounted to plus 0.3 million Euro despite the investment in further company growth. Neutral EBIT was reported for the same quarter in 2006.

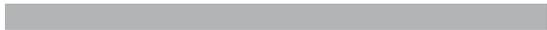
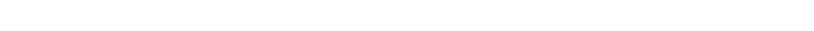
The **financial result** in the reported quarter was not significantly influenced by the influx of funds from the IPO

on March 27, and was negative EUR 7k as compared to negative EUR 37k in the same period the prior year.

The **pre-tax profit** from continuing operations was plus 0.3 million Euro in the first quarter of 2007, as compared to a pre-tax loss of EUR 41k in the prior year's period. After income tax, there was a surplus of EUR 101k in the continuing operations, whereas in the prior years period there was a quarterly loss of EUR 54k .

A book profit from the **discontinued operations** in the amount of 1.3 million Euro was achieved through the sale of the existing customer business of the US subsidiary CorCell on February 26, 2007. The proceeds from the sale are composed partially of listed shares of the purchaser, Cord Blood America, which are subject to corresponding valuation risks. The US business, which was in deficit, contributed a loss of 2.2 million Euro to the group results in the first quarter of 2006. The **quarterly profit** of VITA International AG correspondingly was 1.4 million Euro in the reported quarter, as compared to a periodic deficit of 2.3 million Euro the year before.

### Sales Revenues in Continuing Operations Segment

			EUR'000
Q1	2007		3,524
	2006		2,566
Q2	2007		2,358
	2006		2,358
Q3	2007		2,796
	2006		2,796
Q4	2007		3,836
	2006		3,836

### 3. FINANCIAL AND ASSET SITUATION

The balance sheet of VITA 34 International AG was influenced at the end of the first quarter of 2007 by the successfully placed capital increase in the IPO and the positive course of the quarter. The equity ratio increased to 65 percent as compared to 50 percent as of 12/31/2006.

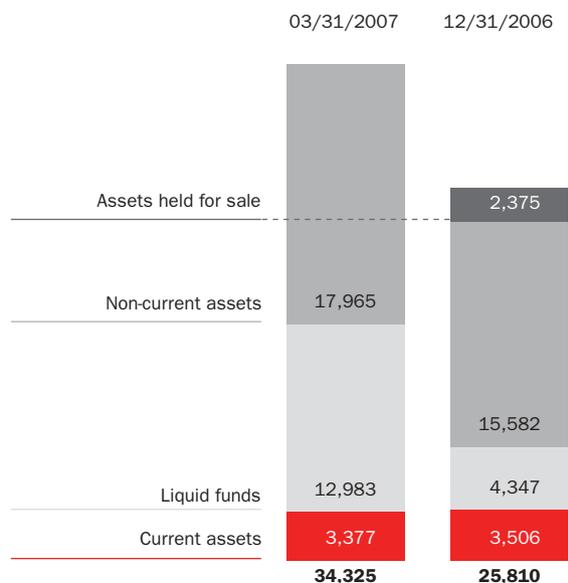
A contributing factor was the increase in issued capital to 2,646,500 Euro from 2,046,500 Euro through the issue of 600,000 new shares. Above all, at an issue price of 15.00 Euro an additional 7.5 million Euro was placed in capital reserves, which were thus 23.2 million Euro at the end of the quarter, as compared to 15.6 million Euro at the closing date at the end of 2006. Revenue reserves improved to negative 3.5 million Euro, up from negative 4.8 million Euro at the end of 2006, thanks to the group profit during the quarter. The **equity** of VITA 34 International AG

added up to 22.4 million Euro correspondingly at the end of the quarter, after being 12.9 million Euro three months earlier. The costs associated with the IPO were mostly offset against equity (capital reserves) as expenditures for raising capital.

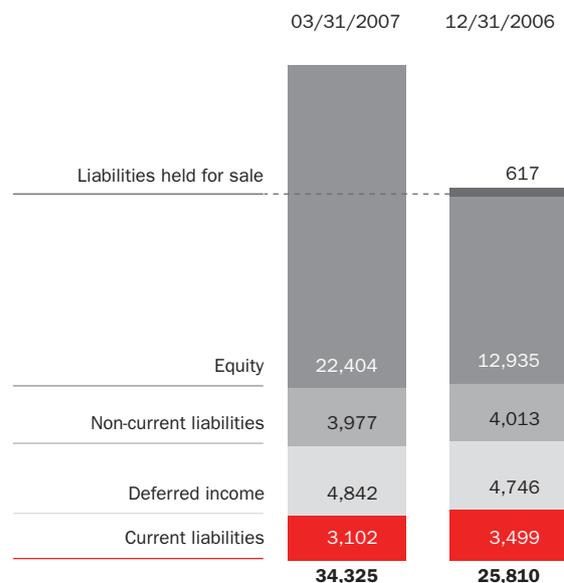
**The liabilities** on the balance sheet remained mainly unchanged in structure. The largest item within the non-current liabilities and deferrals, the **deferred income**, consists of the storage fees collected in advance from the customers, which are dissolved linearly over the prepaid contract term. The change in the pricing model undertaken in 2005 to additional annual payments caused deferred income to rise in a below-average manner, amounting to 4.8 million Euro at the end of the quarter as compared to 4.7 million Euro on the closing date in 2006.

#### Balance Sheet 2007 Prior Year Comparison (EUR'000)

##### Assets



##### Equity and liabilities





The **balance sheet total** increased to 34.3 million Euro as of 03/31/2007, as compared to 25.8 million Euro at the end of 2006.

The assets of the company at the end of the reported quarter showed a clear increase in **cash** as a consequence of the IPO. The sum was 13.0 million Euro as opposed to 4.3 million Euro at the end of 2006.

Within the non-current assets, **goodwill** remained unchanged at 11.9 million Euro, and represents the company value of the 100-percent subsidiary of VITA 34 AG. The entire operative business is bundled in VITA 34 AG. The increase in the **non-current assets** can be attributed to the increase in shares and accounts receivable arising from the CorCell transaction.

The **cash flow from operating activities** was negative 1.0 million Euro in the first quarter. The reasons for this were the increase in accounts receivable due to the greater sales volume and the reduction in liabilities. The **cash flow from financing activities** was naturally positive in the period of the IPO at 8.5 million Euro.

The Management Board of VITA 34 AG considers the company well equipped for the planned expansion of the growth strategy with regard to the asset and financial situation. Existing financial resources and equity will allow the growth strategy to be implemented to the fullest extent.

#### 4. INVESTMENTS

In the first quarter of 2007 investments in plant and equipment and intangible assets were 0.2 million Euro and, therefore, nearly unchanged as compared to the previous year. The investments in the reported period were mainly in expanding the cryo and storage capacities at the company's headquarters in Leipzig. Moreover, in the IT area, additional process software was acquired and installed. There are no plans to significantly change the level of investment in the coming periods. Instead, the funds from the IPO are to be used to expand marketing and sales.

#### 5. EMPLOYEES

The employees of VITA 34 play a central role in the growth strategy. Correspondingly, the number of full-time employees was increased to 78 in the first quarter. At the end of 2006 there were 74 employees; at the end of the prior year's quarter it was 63. At the end of the quarter 48 percent of the employees were employed in the fields of sales and marketing, 35 percent work in the manufacturing and quality assurance area, thus in the VITA 34 laboratory, and the remaining 17 percent were located in commercial order processing, as well as in the areas of finance and administration.



## 6. VITA 34 ON THE CAPITAL MARKET

On March 27, 2007, thus directly before the end of the quarter, the first listing of the shares in VITA 34 International AG on the Regulated Market, Prime Standard of the Frankfurt Stock Exchange took place. This represents an important milestone in the history of the company, since it is now possible for VITA 34 to fully finance the planned growth strategy with the 9.0 million Euro raised in the IPO. A large portion of the proceeds of the issue is to be invested in the expansion of sales and marketing, in order to develop the market for umbilical cord blood storage in the German-speaking countries.

In the course of the IPO a total of 600,000 shares from a capital increase were placed with private and institutional investors at an issue price of 15.00 Euro. The book

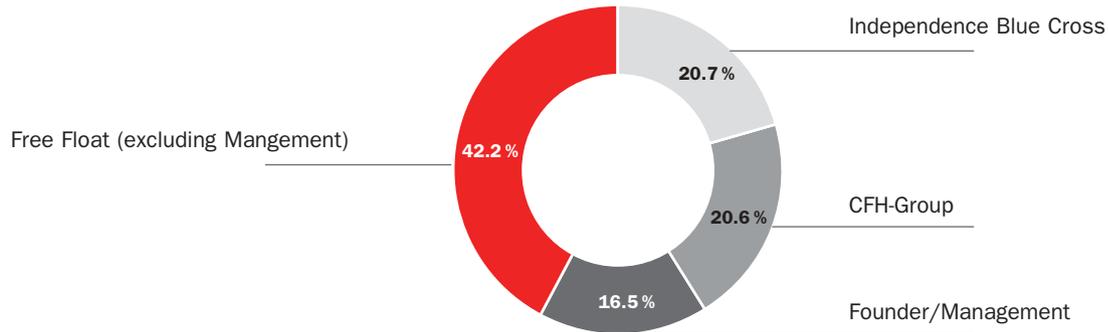
building period was from March 15th until March 22nd, 2007, the price range was 14.50–17.50 Euro. Existing shareholders did not sell any stock during the IPO. 82 percent of the new shares were allocated to institutional investors, 15 percent to private investors and 3 percent within family and friends. The widely held stock after the IPO was approx. 42 percent. The IPO was guided by Concord Effekten AG as Lead Manager and Deutsche Apotheker- und Ärztebank.

The Management Board of VITA 34 was able to present the company and the business model to numerous investors within the scope of a roadshow in the German-speaking countries. This was met with widespread acceptance. Special emphasis during the investor presentations was

### INFORMATION AND KEY FIGURES ON THE SHARES

Admission Date	03/27/2007
Market Segment	Prime Standard
Symbol/ Reuter Code	V3V/V3VGn.DE
WKN/ISIN	A0BL84/DE000A0BL849
Authorized Capital/Shares	2,646,500
Freefloat as of 03/31/2007	42%
Market capitalization as of 03/31/2007 In million EUR	33.1
Designated Sponsor	Concord Effekten AG
Opening/High/Low/Closing price first quarter 2007 (XETRA) in EUR	14.40/12.65/11.53/12.49

### Shareholder Structure as of March 31, 2007



always placed on presenting umbilical cord blood storage and the advantages of stem cell from umbilical cord blood, since up to now no umbilical cord blood bank had been registered and there was no corresponding peer group for investors. Here, VITA 34 is also taking on a pioneering role.

The first share quotation for the VITA 34 International stock was under the issue price at 14.40 Euro. In the following days until the end of the quarter the stock price continued to sink. The stock closed at 12.49 Euro in Xetra trading on 03/30/2007. After publication of the preliminary financials for Quarter 1, the stock price recovered somewhat in April. The Management Board of VITA 34 does not consider the stock price development to be positive, however, they are convinced that the successful implementation of the planned growth targets will be honored by the capital market accordingly.

The decision to be listed in the Prime Standard segment makes clear that VITA 34 will communicate with shareholders and the interested public with the greatest possible transparency based on international standards, and will be subject to strict regulations. All relevant capital market information can be found in the "Investor Relations" section of the company website [www.vita34.com](http://www.vita34.com).

Concord Effekten AG, as Designated Sponsor for the stock, is providing binding two-way pricing with a low spread in

electronic Xetra trading. This supports liquid trade in the shares, whereby the paper becomes additionally attractive to investors.

VITA 34 places great importance on capital market communication and will continue to shape it in an open and intensive manner. Here, VITA 34 is being supported by an agency experienced in financial communications. Even now, participation in the Germany Equity Platform 2007 in Frankfurt has been confirmed, and participation in additional capital market conferences as well as investor roadshows are currently being planned.

## 7. OPPORTUNITIES AND RISKS

The opportunities for the further business development of VITA 34 lie in the planned exploitation of the market potential in Germany. Measures have been implemented here. Additional opportunities lie in closing other sales cooperation agreements. Here, the first public health insurance company was acquired as a partner for private umbilical cord blood storage in Germany after the end of the reporting period. VITA 34 was able to enter into a corresponding cooperation agreement with BKK FAHR. Additional agreements should follow. It is becoming evident that the cooperation with a Spanish sales and marketing partner will generate profits in excess of those planned in the current year.



On the other hand, there is the risk that the acceptance for umbilical cord blood storage in Germany may not be increased as quickly as planned. Negative reporting and medical developments could contribute to this. In the further course of the fiscal year there could also be valuation risks in conjunction with the sale of the existing CorCell business to Cor Blood America. Part of the purchase price was paid to VITA 34 in the form of Cord Blood America stock. This is publicly traded and subject to corresponding fluctuations in current market value.

## 8. OUTLOOK

The course of the first quarter has fully confirmed the Management Board's optimism for the planned growth. Here, internal plans would have been fulfilled, even without a special effect from the publication of the successful umbilical cord blood transplantation. For the entire year VITA 34 expects revenue and storage growth of 20 percent. This figure does not yet contain the positive effects of the funds from the IPO since the implementation of the new marketing and sales strategy will not have an effect on sales until 2008. Correspondingly, the growth strategy will be pushed as planned at the beginning of the second quarter. This means that VITA 34 will expand the Marketing and Sales departments, in order to develop the market for private umbilical cord blood storage in Germany. In the coming quarters VITA 34 will invest in the expansion of its own field force, will extend tele-sales, and will further intensify contact with opinion leaders such as midwives, physicians, and associations. The marketing and sales expenditures in the following quarters of 2007 will each lie on average 50 higher than the corresponding expenditures of Quarter 1. For the current fiscal year VITA 34 is planning on the expected growth with a loss based on the investments, which should be less than originally planned due to the good first quarter.

# 3/ CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of March 31, 2007

## 1. CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

EUR'000	NOTE	01/01-03/31/2007	01/01-03/31/2006
<b>Continuing operations</b>			
Revenues		3,524	2,566
Cost of sales		-1,125	-753
<b>Gross profit</b>		<b>2,399</b>	<b>1,813</b>
Other operating income		103	131
Selling expenses		-1,624	-1,532
Administrative expenses		-585	-406
Other operating expenses		-29	-10
<b>Net operating income</b>		<b>264</b>	<b>-4</b>
Finance revenues		44	12
Finance costs		-51	-49
<b>Earnings before taxes</b>		<b>257</b>	<b>-41</b>
Income tax expense	5.5	-156	-13
<b>Profit for the year from continuing operations</b>		<b>101</b>	<b>-54</b>
<b>Discontinued operation</b>			
Profit/loss for the year from discontinued operations	5.8	1,253	-2,250
<b>Profit/loss for the year</b>	<b>5.6</b>	<b>1,354</b>	<b>-2,304</b>
Earnings per share, basic/diluted (EUR)		0.65	-1.13
Earnings per share from continuing operations, basic/diluted (EUR)		0.05	-0.03

**2. CONDENSED CONSOLIDATED BALANCE SHEET (ASSETS)**

EUR'000	NOTE	03/31/2007	12/31/2006
<b>Non-current assets</b>			
Goodwill		11,911	11,911
Intangible assets		557	533
Property, plant and equipment		2,253	2,182
Equity investments	5.3	1,526	0
Other financial assets		195	35
Deferred tax assets		274	317
Non-current trade receivables		1,249	604
		<b>17,965</b>	<b>15,582</b>
<b>Current assets</b>			
Inventories		625	605
Trade receivables		877	951
Other receivables and assets		875	802
Deferred capital issue charges		0	148
Short-term investments		2,356	2,318
Restricted cash	5.4	1,000	1,000
Cash and cash equivalents	5.4	10,627	2,029
		<b>16,360</b>	<b>7,853</b>
<b>Assets of a disposal group classified as held for sale</b>		<b>0</b>	<b>2,375</b>
		<b>34,325</b>	<b>25,810</b>

**CONDENSED CONSOLIDATED BALANCE SHEET (LIABILITIES)**

EUR'000	NOTE	03/31/2007	12/31/2006
<b>Equity</b>			
Issued capital	5.7	2,647	2,047
Capital reserves	5.7	23,169	15,629
Revenue reserves	5.7	-3,483	-4,837
Other reserves	5.7	71	96
		<b>22,404</b>	<b>12,935</b>
<b>Non-current liabilities and deferred income</b>			
Interest-bearing loans		1,750	1,750
Silent partners' interests		1,447	1,442
Provisions		344	375
Deferred grants		436	446
Deferred income		4,842	4,746
		<b>8,819</b>	<b>8,759</b>
<b>Current liabilities and deferred income</b>			
Trade payables		376	784
Provisions		608	761
Income tax liabilities		218	111
Interest-bearing loans		555	214
Deferred grants		59	59
Other liabilities		986	1,270
Deferred income		300	300
		<b>3,102</b>	<b>3,499</b>
<b>Liabilities associated with a disposal group classified as held for sale</b>		<b>0</b>	<b>617</b>
		<b>34,325</b>	<b>25,810</b>

## 3. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR'000	NOTE	01/01–03/31/2007	01/01–03/31/2006
<b>Cashflow from operating activities</b>			
Earnings before taxes		257	-41
Adjusted for:			
+/- Amortization and depreciation		76	61
+/- Other non-cash income and expenses		-9	3
+/- Finance revenue		-38	0
+/- Deferred grants		-10	-14
Cashflow from ordinary operations			
+/- Trade receivables and other receivables and assets		-498	-182
+/- Inventories		-20	68
+/- Trade payables and other liabilities		-693	48
+/- Provisions		-183	0
+/- Deferred income		96	113
Income taxes paid		-6	-7
<b>Cashflow from operating activities</b>		<b>-1,028</b>	<b>49</b>
<b>Cashflow from investing activities</b>			
Purchase of intangible assets		-46	-84
Purchase of property, plant and equipment		-163	-101
Proceeds from sale of equipment		33	0
<b>Cashflow used in investing activities</b>		<b>-176</b>	<b>-185</b>
<b>Cashflow from financing activities</b>			
Proceeds from issuance of share capital		8,140	0
Change in silent partnerships		5	6
Borrowings		404	0
Payments of liabilities		-63	-607
<b>Cashflow from financing activities</b>		<b>8,486</b>	<b>-601</b>
<b>Change in cash and cash equivalents from discontinued operations</b>			
from operating activities		-16	-633
from investing activities		1,342	0
from financing activities		0	592
<b>Cashflow used in discontinued operations</b>		<b>1,326</b>	<b>-41</b>
Net change in cash and cash equivalents		8,608	-778
Cash and cash equivalents at the beginning of the reporting period		3,029	6,647
Net foreign exchange difference		-10	0
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5.4</b>	<b>11,627</b>	<b>5,869</b>
Short-term investments		2,356	0
Restricted cash	5.4	-1,000	-1,000
<b>Liquid funds</b>		<b>12,983</b>	<b>4,869</b>

**4. CONDENSED CONSOLIDATED STATEMENT OF EQUITY**

EUR'000	ISSUED CAPITAL	CAPITAL- RESERVE	REVENUE- RESERVES	OTHER RESERVES	TOTAL EQUITY
<b>January 1, 2006</b>	<b>2,047</b>	<b>15,629</b>	<b>-1,971</b>	<b>-64</b>	<b>15,641</b>
Foreign currency translation				-15	-15
Profit/loss for the year			-2,304		-2,304
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>-2,304</b>	<b>-15</b>	<b>-2,319</b>
<b>March 31, 2006</b>	<b>2,047</b>	<b>15,629</b>	<b>-4,275</b>	<b>-79</b>	<b>13,322</b>
<b>January 1, 2007</b>	<b>2,047</b>	<b>15,629</b>	<b>-4,837</b>	<b>96</b>	<b>12,935</b>
Foreign currency translation				-25	-25
Profit/loss for the year			1,354		1,354
<b>Total income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>1,354</b>	<b>-25</b>	<b>1,329</b>
Issue of share capital	600	8,400			9,000
Transaction costs		-860			-860
	<b>600</b>	<b>7,540</b>	<b>0</b>	<b>0</b>	<b>8,140</b>
<b>March 31, 2007</b>	<b>2,647</b>	<b>23,169</b>	<b>-3,483</b>	<b>71</b>	<b>22,404</b>

## 5. NOTES ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5.1 Company Information

The parent company VITA 34 International AG (the "Company") headquartered in Leipzig (Germany), Deutscher Platz 5 a, registered under HRB 20339 in the Commercial Register of the Leipzig District Court, is purely a holding company. Its subsidiary companies (referred to along with the Company as "Group") are active in the field of umbilical cord blood storage. The purpose of the company is the collection, preparation and storage of stem cells from umbilical cord blood, as well as the development of cell therapy processes.

The abbreviated consolidated interim financial statements for the period from January 1 until March 31, 2007 were approved for publication by the Management Board on April 30, 2007.

### 5.2 Accounting and Valuation Principles *Basis for the Preparation of the Financial Statements*

The preparation of the abbreviated consolidated interim financial statements for the period from January 1 until March 31, 2007 has been conducted in accordance with IAS 34 "Interim Financial Reporting."

The abbreviated consolidated interim financial statements do not contain all of the explanations and information prescribed for the annual financial statements and should be read in conjunction with the group financial statements as of December 31, 2006.

#### *Significant Accounting and Valuation Methods*

The accounting and valuation methods used to prepare the abbreviated consolidated interim financial statements correspond with the methods used in the preparation of the consolidated financial statements for the fiscal year as of December 31, 2006. As of fiscal year 2007 the preparation of the consolidated financial statements is according to IFRS, as approved by the EU.

The standards and interpretations to be applied for the first time as of January 1, 2007 did not result in significant effects on the interim financial statements.

In addition to the accounting and valuation methods described in the consolidated financial statements as of December 31, 2006, the following supplementations were made with regard to the financial assets on account of the circumstances:

Financial assets available for divestiture are those non-derivative financial assets that are classified as available for divestiture and not under the categories:

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

After the first use, the assets held for divestiture are valued at the attributable time value, whereby profits or losses are covered in a separate line item of equity. At the point in time at which the financial investments are closed out or a value reduction is determined for the financial investment, the cumulative profit or loss recorded in equity is determined with an effect on income in the statement of profit and loss.

The attributable time value of financial investments, that are traded on organized markets, is determined by referencing the price quoted on the stock exchange on the closing date of the financial statements.

### 5.3 Holdings

Shares in Cord Blood America Inc., Los Angeles/USA, acquired within the context of divesting of the business operations of the USA geographic segment (see Section 5.8) have been classified as financial assets. The valuation of the shares was done at the quoted price on the closing date of the financial statements.

The shares acquired are subject to trading restrictions, resulting in the classification of the shares as non-current assets. The designation as a holding is due to the fact that voting rights associated with the shares have been transferred in part.

#### 5.4 Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents consist of the following:

EUR'000	03/31/2007	03/31/2006
Cash and cash equivalents	10.627	4.869
Restricted cash	1.000	1.000
	<b>11.627</b>	<b>5.869</b>

#### 5.5 Income Taxes

The significant components of the income tax expenditures listed in the group profit and loss statement consist of the following:

EUR'000	01/01– 03/31/2007	01/01– 03/31/2006
<b>Income tax</b>		
Income tax expense	113	7
<b>Deferred taxes</b>		
Accrual and reversal of temporary differences	43	6
<b>Declared income tax expense</b>	<b>156</b>	<b>13</b>

#### 5.6 Segment Reporting

Segment reporting is done solely in accordance with geographic segments: Segment reporting according to business segments is not done, since the group deals exclusively with the storage of umbilical cord blood.

The geographic segments of the group are determined according to the location of the asset. Sales to external customers, which are indicated in the geographic segments, are assigned to the individual segments according to the geographic location of the customer.

The following table contains information on sales revenues, expenditures and segment results of the geographic segments of the group for the period from January 1 to March 31, 2007, or 2006.

The information presented under "USA" refer to the abandoned business segment. The divestiture of this business segment was completed on February 28, 2007. Thus, only the sales revenues, expenditures and the segment results for the period from January 1 to February 28, 2007 are listed under "USA."

**01/01/-03/31/2007**

EUR'000	EUROPE	USA	TOTAL
<b>Sales revenue</b>			
Segment revenue	3.524	104	3.628
<b>Other segment information</b>			
Segment profit/loss	337	1.253	1.590
Miscellaneous profit/loss			-236
<b>Annual profit/loss</b>			<b>1.354</b>

**01/01/-03/31/2006**

EUR'000	EUROPE	USA	TOTAL
<b>Sales revenue</b>			
Segment revenue	2.566	666	3.232
<b>Other segment information</b>			
Segment profit/loss	-15	-2.250	-2.265
Miscellaneous profit/loss			-39
<b>Annual profit/loss</b>			<b>-2.304</b>

**5.7 Registered Capital and Capital Reserves**

Within the context of its IPO, VITA 34 International AG placed 600,000 shares in a capital increase. The issue price for the shares was set at 15.00 Euro in coordination with the leader of the syndicate, Concord Effekten AG. The first listing of the shares on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange took place on March 27, 2007. The registered capital was increased by EUR 600K. The IPO brought EUR 9,000K net into the group.

The costs of the capital issue in the amount of EUR 860K were offset against capital reserves. Deferred taxes were not taken into consideration, since at the company level the applicability of losses carried forward would only be available under certain circumstances, which do yet not appear likely.

**5.8 Abandonment of the "USA" Geographical Segment**

The closely associated value creation fields of the new business "collection and preparation of stem cells from umbilical cord blood" ("Processing" in short form), as well as the subsequent existing business of "Storage" of the US market, which was worked exclusively by the CorCell Inc. subsidiary, was sold by CorCell Inc to Cord Blood America Inc., Los Angeles/USA, with agreements dated October 10, 2006 (Asset Purchase Agreement and Existing Samples Purchase Agreement) within the course of an asset deal.

The assets and liabilities of the Processing segment were sold without reservation effective October 1, 2006. In this context all employees of the Processing segment were transferred to the acquiring company. The sale price was US\$ 1.00. The closing of the partial transaction took place on October 10, 2006, effective retroactively to October 1, 2006.

The Storage segment was sold contingent upon the buyer receiving the corresponding purchase price financing. Once the postponing contingency was fulfilled by a realization of the financing on February 28, 2007 the Storage segment was also ultimately sold. The sale price was EUR 3,028K (US\$ 3,998K). The payment of the purchase price in the amount of EUR 1,136K (US\$ 1,500K) in cash and in the amount of EUR 1,541K (US\$ 2,035K) in stock of the acquiring company (18,498,715 shares at the current market price as of the actual time of the transaction 0.08 EUR/share). EUR 351K (US\$ 462K) of the purchase price was granted as a loan to the acquiring company. The closing of the partial transaction took place on February 28, 2007.

With goodwill in the amount of EUR 2,215K and additional divested assets in the amount of EUR 249K, and liabilities transferred in the amount of EUR 689K of the USA segment, there was a profit of EUR 1,253K from the sale.

In the valuation of goodwill the payment flows arising from the continuation of the storage business as of December 31, 2006 were taken as a basis. This was based on the fact that the Management Board could not determine with certainty at that time whether the buyer would obtain financing. The goodwill determined as of December 31, 2006 was, therefore, less than the contractually agreed purchase price.

CorCell Inc. remains a part of the VITA 34 International AG group as a subsidiary after this divestiture, however, it no longer engages in any business operations.

The information on the results from the "USA" business segment listed are in the segment report (Section 5.6), and the information on the net cash flows are in the statement of cash flows.

### 5.9 Information on Relationships to Affiliated companies and Persons

The following table contains the total amounts arising from transaction between affiliated companies and persons in the period from January 1 to March 31, 2007 or 2006:

EUR'000	01/01–03/31/2007	01/01–03/31/2006
A Supervisory Board member is Chairman of the US law firm Dilworth Paxon. Legal services in the following amount were provided by Dilworth Paxon:	36	22
Remuneration of persons in key group positions:		
- Supervisory Board remuneration	14	14
- Management Board salaries	170	180

## 1. FINANCIAL CALENDAR

July 31, 2007	Regular General Shareholder's Meeting in Leipzig
July 31, 2007	Publication of Quarter 2, 2007 Interim Report
October 31, 2007	Publication of Quarter 3, 2007 Interim Report

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VITA 34 on the Internet: [www.vita.34.com](http://www.vita.34.com)

