

6 Months Report 2010/2011

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Discover a Healthy Future



biolitec auf einen Blick

Selected financial data of biolitec group according to IFRS
Ausgewählte Finanzdaten der biolitec-Gruppe nach IFRS

		31.12.2010	31.12.2009
		T Euro	T Euro
Total assets	Bilanzsumme	58.672	65.508
Revenues	Umsatzerlöse	16.626	14.459
Gross profit	Bruttoergebnis	12.050	10.067
EBIT	EBIT	1.170	1.455
Net income / loss	Überschuss / Verlust	873	1.303
Net income per share (Euro)	Ergebnis je Aktie (Euro)	0,11	-0,02
Employees (average)	Mitarbeiter (durchschnittliche Anzahl)	222	225
EBIT w/o R&D costs	EBIT ohne F&E Kosten	2.565	2.925
Net income / loss w/o R&D costs	Überschuss / Verlust ohne F&E Kosten	2.569	2.768
Net income per share w/o R&D (Euro)	Ergebnis je Aktie ohne F&E Kosten (Euro)	0,24	0,26

I Preface CEO

Dear shareholders,

dear business partners,

the first half-year was characterized by good growth rates within our core business and hence a positive operating result.

biolitec AG's consolidated sales increased by EUR 2.1 million and amounted to EUR 16.6 million, a significant increase compared to last year. The increase amounting to 15% can be traced back to economic recovery within the core markets and an increased demand in our main sale items, the treatment of benign prostate hyperplasia with LIFE™ and endoluminal vein treatment (ELVeS™)

The gross balances increased to EUR 12 million (previous year: 10 million) and the revenue before interests and taxes (EBIT) was at EUR 1.17 million (previous year: EUR .63 million). Administration costs (EUR 4.6 million) unfortunately increased due to continued litigations in the USA and reduce the overall profit.

R&D costs for the second quarter of the business year 2010/2011 amounted to EUR 1.39 million (about 9% of the overall turnover) therefore slightly decreasing compared to last year (EUR 1.47 million). Distribution costs are unchanged at EUR 4.9 million (compared to EUR 4.5 million last year). Earnings per share are at EUR .11. The group's net income amounted to EUR .88 million. Inventories, lease obligations and credits were decreased; the positive net financial position reflects a healthy group structure.

Major revenues were created in Europe and North America. With EUR 6.66 million the North American revenue increased by 10% compared to last year. The revenue in Europe amounted to EUR 7.28 million (previous year: EUR 6.8 million). Our foreign subsidiaries, especially in the Arabian region and Asia, continue to add to the overall turnover and increased by a superb 67% totaling EUR 2.67 million compared to last year. It is our mid-term goal to increase these markets' share of the turnover to 33% and hence lay the foundation for new expansions in line with a changed global economy.

The revenues created by the Pharma segment amounted to EUR .6 million. We expect that our strong distribution partners (e.g. Bracco SA in Italy as well as Gedeon Richter AG for Eastern Europe) as well as reimbursement accomplished in the Netherlands and Italy will have a significant effect on future revenues.

In order to increase the rate of return, biolitec continues with its previously implemented measures to cut costs and increase efficiency. A major growth in sales is to be achieved through revenues in the field of hardware and disposables (catheters and fiber optics) for our BPH treatment LIFE™ as well as our ELVeS™ vein treatment procedure. Further growth in sales are expected to arise from new aesthetic applications, especially from laser body forming and the treatment of hemorrhoids.

For the remainder of the business year we expect continued profitable growth and wish to thank our stockholders and customers for their trust vested in us.

Yours,

Dr. Wolfgang Neuberger

(CEO)

II The company

The biolitec Group

biolitec is the technology leader in diode lasers, fiber optic disposables and photodynamic drugs. The company is the only supplier for photodynamic therapy worldwide that offers all relevant core competencies – photosensitizers, lasers and optical fibers as well as an approved cancer drug (Foscan®) including the active substance Temoporfin®. The combination of medical technology and drug development for diverse medical indications is an outstanding feature of biolitec. Lasers and the pertinent disposables represent the medtech area responsible for biolitec's profitability and dynamic growth opportunities, Temoporfin® as an active substance and Foscan® as a drug represent the biotech area and a further future upside potential.

biolitec is globally present in all relevant core markets with its broad range of lasers and fiber optic products.

The current growth and innovation emphasis of biolitec is on minimally invasive therapies (BPH treatment, hemorrhoids) and aesthetics (ELVeS™, laser liposuction) with a strong focus on re-establishing the patients' quality of life.

Investor Relations

The biolitec share

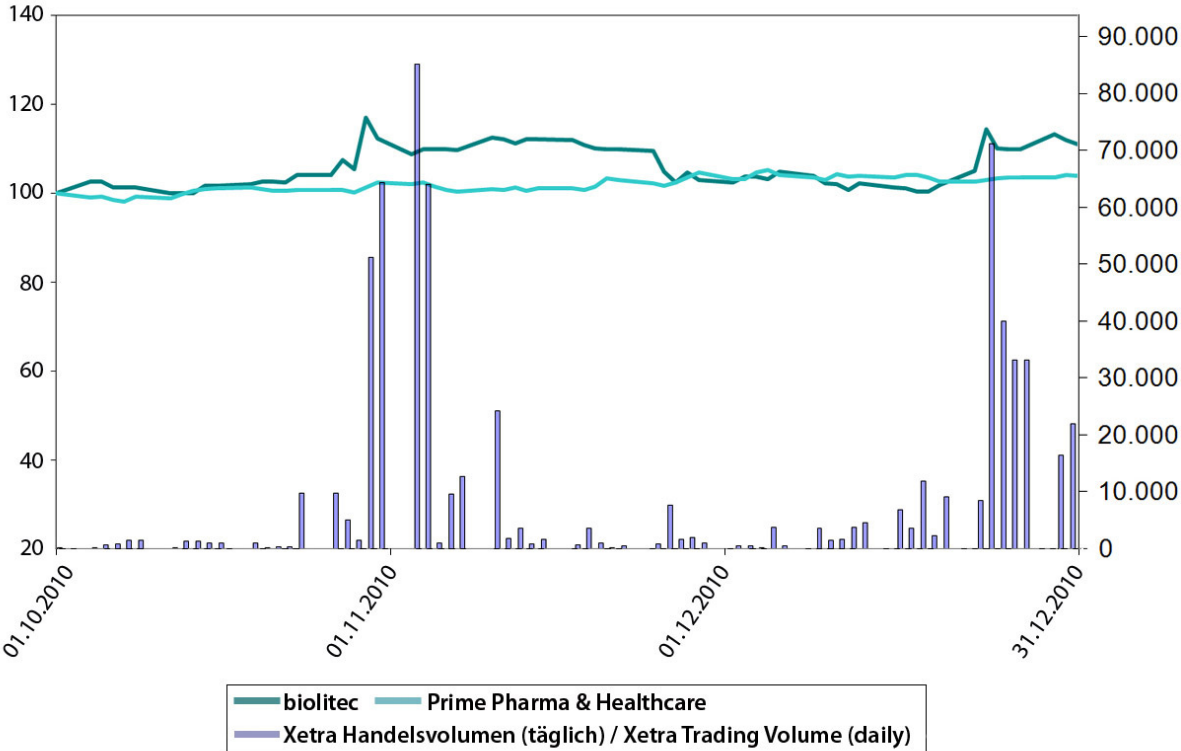
Biolitec shares were introduced in November, 2000 in stock market trade of the new market. The share capital of the company amounts to EUR 10,015,000. In the course of the new segmentation of the German stock market, biolitec has received the licensing to the Prime standard on the January 15th, 2003. Since that time, the biolitec share is dealt on the Prime-All-Share-Index, under the sectoral index DAXsector All Pharma & Healthcare and the DAXsubsector All Medical Technologies. biolitec also issues an annual declaration pursuant to the "German Corporate Governance Code" to guarantee its stockholders an increased transparency. In November 2007, the group presented itself on a road show to institutional investors. After this road show, biolitec could successfully conclude a capital increase for cash. In June, 2008 the biolitec stock was recorded in the German Entrepreneurial index (GEX ®).

During the second quarter of the business year 2010/2011, biolitec's stock quotation was able to breach the four Euro mark. At the end of October the share was at its high with EUR 4.35, closing at EUR 4.14 at the end of the period under review.

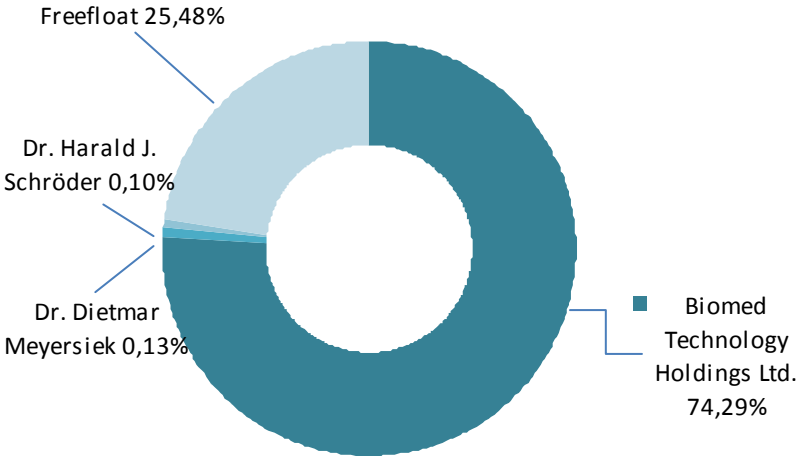
Thus the biolitec share is in consistence with the Prime Pharma & Healthcare Performance Index' development and performed even better during November and the last week of December. The second quarter from 1 October 2010 until 31 December 2010 was characterized by financial market crisis and the highly-developed economies' debt issues connected with this crisis. During the second quarter numerous US banks collapsed and the crisis arrived in countries like Ireland and Portugal. These uncertainties influence the global financial markets yet they were not able to stop the stock markets' upward trend. This quarter the German economic activity increased significantly.

The share's trading volume increased significantly during the second quarter with a high of 85,000 shares in the beginning of November.

Share Price Development Second Quarter 2010 / 2011



Shareholder Structure Chart as of 31 December 2010



Investor Relations

biolitec AG attaches great importance to guarantee its institutional and private investors a high degree of transparency and inform them on a regular basis about events and strategies. Current information about the company like financial statements, press reports, ad hoc-reports and the financial calendar can be retrieved on our website www.biolitec.de. Furthermore biolitec AG contacts the media to inform the interested public and investors.

Every year biolitec participates in numerous conferences and congresses in which interested private and institutional investors and analysts can find out in detail about the situation, aims and strategy of the company. On 23 November 2010 biolitec attended the German Equity Forum in Frankfurt presenting itself to the attending analysts and investors. Dr. Neuberger presented current market trends, insights gained from the preceding Medica (the world's biggest fair for medical technology in Duesseldorf) and new product developments. Furthermore, on 22 November 2010, the Executive Board presented biolitec at an event held by the DZ bank during the Life Science Forum in front of financial market participants with focus on medical technology and "Emerging Markets as a Growth Opportunity."

Additionally, at the end of October 2010, biolitec presented the results of a study about photodynamic therapy (PDT) with Foscan® which was conducted at 13 medical institutions in four European countries regarding patients with advanced head-neck-cancer for whom no alternative treatment was existent. 68% of treated patients responded good or very good to Foscan® treatment: This group's probability to life without cancer after five years likes at 40% (27% within the whole treatment group). For the majority of patients treated with Foscan® life quality has significantly increased. The study implies that about 25% of patients formerly beyond treatment now have a chance of being cured.

Furthermore during the second quarter biolitec introduced the diode-laser system EVOLVE™ 180 as well as the new EVOLVE™ DUAL laser with two parallel working wavelengths of 1470nm and 980nm for BHP treatment on risk patients.

Aesthetics

A growing societal focus on external appearances, in particular maintaining physical attractiveness and youthful appearances, will lead to a higher demand for aesthetic procedures. Consumer spending on procedures that are minimally invasive and offer optimal cosmetic results will grow substantially. In particular, body contouring procedures will drive the global aesthetic industry. Body contouring encompasses a range of procedures that target weight reduction, toning, firming and cellulite treatment.

With our body contouring procedures we offer a system for aesthetic and cosmetic applications – from cellulite therapy to laser assisted liposuction – using laser and light technology.

The LaEvita™ cellulite therapy reduces the cellulite grade by one. Using a light activated substance leads to an improved tissue appearance / structure as well as to a normalization of skin temperature attributed to an improved blood circulation of the treated areas.

The LipoForm™ treatment solution offers physicians the newest advancement in laser technology for minimally invasive body contouring: A cutting edge combination of medical diode laser technology, a unique fiber and an innovative liposuction hand piece enabling for the first time, the simultaneous application of laser light in combination with irrigation and suction.

This technology platform enables both, laser assisted liposuction for patients suffering from adiposity as well as laser lipolysis allowing more delicate aesthetic treatments e.g. in the facial region.

LipoForm™ quickly liquefies fat cells, improves appearance and spares healthy surrounding tissue in less time than any other laser on the market. It features dual absorption in water and hemoglobin, hence causing blood vessels to coagulate immediately, resulting in less bleeding, swelling and bruising. It is virtually pain-free with little to no side effects and downtime and offers patients' unsurpassed aesthetic outcomes.

ELVeS™ The future is radial

Venous reflux disease is a common condition affecting more than 8 million people in Germany and more than 30 million in the US. Since its market launch the ELVeS™ (Endo Laser Vein System) treatment has established itself worldwide as the minimally invasive concept of choice for treating varicose veins and has set a new standard by minimizing after-effects in a non - traumatizing way.

Continuously striving to improve our ELVeS™ treatment concept to establish a new benchmark for patient and users has lead to the development of ELVeS™ PainLess and the new ELVeS™ RADIAL Fiber.

ELVeS™ PainLess is a versatile and easy to use system allowing for minimally invasive treatment of varicose veins with significantly reduced post-operative pain, excellent medical and cosmetic results and high patient satisfaction.

The new ELVeS™ RADIAL Fiber will change the future of endovenous laser treatment radically. The patented ELVeS™ RADIAL fiber is the first radial emitting laser fiber worldwide used for endovenous laser treatments of the greater saphenous vein / smaller saphenous vein in patients with superficial vein reflux.

The procedure can be performed without tumescence eliminating cosmetically undesirable injection marks and providing substantial time savings. The ELVeS™ RADIAL fiber applies the energy faster and more targeted than any other available fiber in the endovenous market. It guarantees safe closure of the vein and eliminates perforation and charring due to its homogenous circumferential (360°) energy emission.

The newly developed Slim-RADIAL-fiber is particularly suitable for the treatment of more convoluted blood vessels and arterial side branches.

Photodynamic therapy with Foscan®

biolitec is one of the leading companies worldwide in the fields of photodynamic therapy. With the Foscan® photodynamic therapy biolitec is able to offer patients an innovative and gentle form of tumor therapy resulting in very good functional and cosmetic results significantly improving their quality of life.

The European Medicines Agency (EMA) approved Foscan® at the end of 2001 for the palliative treatment of patients with advanced head and neck squamous cell cancer. Following this, in April 2007, Foscan® successfully completed the confirmatory study mandated by EMA to maintain Foscan's® EMA approval.

Head and neck cancer is the sixth most common cancer worldwide showing an estimated global incidence of over 500,000 cases p.a. The most widely spread type of cancer in the head and neck are squamous cell carcinoma. Despite the impressive treatment results of the Foscan® PDT as well as the increasing patient awareness the therapy is adopted slowly as it represents a completely new form of cancer therapy facing a restrictive reimbursement and cost containment situation in Europe.

biolitec was able to achieve another success in the market penetration of its anti-tumor drug FOSCAN®. In November 2008, the *College voor zorgverzekeringen* (CVS), an independent committee within the Dutch health system, granted a request issued by eight academic.- medical centers for compensation by the medical insurance for FOSCAN® treatment. Six of these eight medical centers already treat patients suffering from head and neck tumors with FOSCAN®.

Besides BRACCO S.A. (for Italy) we were able to win over two new distribution partners, RICHTER AG (for eastern Europe and Russia) as well as (after the end of the fiscal year) CANTABRIA S.A. (for Spain).

Minimally invasive Laser Medicine - BPH

Benign prostate hyperplasia (BPH), a noncancerous enlargement of the prostate restricting the urinary flow from the bladder, is one of the most common diseases affecting men. About 80% of men over 80 develop the obstructive urinary symptoms associated with BPH.

The LIFE™ (laser induced flow enhancement) procedure for BPH treatment is an uncomplicated and effective process guaranteeing exceptional clinical treatment to patients suffering from BPH. It is composed of the Evolve™ laser system as well as the patented Side-Fire Fiber Fusion™. Fusion™ fibers were specifically designed with a patented fused cap and unique side-fire feature for soft tissue urological procedures therefore offering unsurpassed performance, reliability, and convenience. The LIFE™ procedure combines significantly reduced risks (loss of blood, incontinence, impotence, anesthesia) with considerable time and cost saving as well as shortened after-care

The US is the key market for innovative benign prostate hyperplasia treatments (i.a. laser, radiofrequency, microwave therapy) with an estimated market volume of US \$ 220 million. Approx. 45% of the market is attributable to the microwave therapy and approx. 45% are attributable to laser treatments. Currently about 15% of the BPH treatments in hospitals are performed with biolitec lasers and it is biolitec's target to achieve a market share of 40%.

With major rental companies as partners, an own direct sales team, award winning key luminaries and the most modern products for BPH, biolitec is confident to accomplish this goal. Concerning Germany, in January 2008 a new billing code (DRG number M11Z) was approved for the laser vaporization of the prostate. Due to more than 20 reference centers, first ambulant treatments and a competence network of physicians a considerable market potential exists in Germany, too. Other markets – e.g. Turkey, biolitec's second largest BPH market in "Europe", as well as the Arabian markets- show good acceptance of the innovative treatment method as well.

biolitec's new TWISTER™-fiber – which has even better ablation rates as well as better tactile feedback and therefore became our mainstay of sales – is now available in three versions: Slim, Standard and Large. With these new procedures it was possible to lower the procedure time below that of an electro-resection, make the taking of biopsy specimens possible and avoid bleeding even when treating risk patients.

HeLP™ - a new ambulant and painless method for hemorrhoid treatment

Hemorrhoids are a widespread disease. An estimated 50% of the population over 50 years suffers from the typical symptoms of this illness. Hemorrhoids belong to the most common diseases of the large intestine. They are pathological enlargements of the smaller vessels located beneath the mucous membrane of the large intestine.

HeLP™ (**H**emorrhoid **L**aser **P**rocedure) hemorrhoid dearterialization is a minimally invasive, painless surgical procedure (patents applied by biolitec). It is surely the simplest and most effective amongst the existing techniques and does not comprise tissue aspiration, but only the closing of the artery. All without internal cuts or sutures.

Using disposable guidance probes, selective laser energy and fiber optic delivery systems, the hemorrhoidal arteries above the hemorrhoidal cushions are identified and by using photocoagulation a retraction of the surrounding tissue is achieved.

HeLP™ is the only surgical procedure that can be carried out without anesthesia (or with minimum local anesthesia) and can therefore be effectively done in a one-day surgery or in ambulatory surgery.

This technique stands out due to its high safety and minimal pain and discomfort for the patient. Post operative recovery is faster than alternative approaches, with only few complications. Patients can go back home a few hours after the treatment and can quickly return to normal activities.

While lower degree hemorrhoids can be treated by partially closing the feeding arteries, advanced degrees are treated by shrinking the hemorrhoids via a small incision.

Anal fistulas – an increasingly common aftereffect of radiotherapy – can be closed with this procedure.

III Management Report

Business environment and sector environment

The global economic growth during the covered financial year was small with the exception of the BRIC's and Arabian markets.

The market for laser is strongly influenced by worldwide economic developments, because lasers and laser systems are big investments on the part of the customers whose turnovers and financial budgets depend on the economical development.

The market for medical laser systems is strongly segmented into applications and medical fields. There is no dominant competitor. The USA are the biggest market for medical lasers with a market share of 60%, followed by Europe (23%) and Asia/ROW (17%). Diode lasers are a small but gaining importance on this market as well as accessories. It is biolitec's business model to primarily achieve its turnovers via disposable probes and provide hardware partly at no charge.

A growing consciousness for a healthy life-style, an expanding wellness market as well as the expanding number in aesthetic treatments is expected to drive the market for health products. In particular products, which will offer a high effectiveness and comfort, will be in demand. On a long term basis, biolitec will profit from the trend towards minimum-invasive medical technology and the growth in the aesthetics field. In addition, the continuous increase of the installed laser base will form the ground for the dynamic growth in the consumable market and for the pharmaceutical business.

With the three business branches aesthetics, minimum-invasive laser medicine and PDT oncology, biolitec plays an important role in the Medtech sector as well as in the Biotech/Pharma sector.

Business Development

During the first half year of 2010/2011, biolitec benefited from the booming global economy and recorded growth.

The first half-year's consolidated revenue increased by 15% compared to last year and amounts to EUR 16.6 million (previous year: EUR 14.5 million). The gross balance of EUR

12 million is slightly above last year's (EUR 10 million). biolitec achieved an EBIT of EUR 1.2 million during the first six month and therefore closing EUR .28 million below last year's EBIT.

The revenue in the Medtec segment increased by 15% compared to last year amounting to a total of EUR 16 million due to an increase in demand in Europe (7%), North America (10%) and Asia (67%).

This reflects an increased use of treatments involving biolitec's innovative products and technologies. Major sales items are LIFE™, laser treatment of BPH and the endoluminal laser therapy ELVeS™. By introducing new innovative products in addition to geographical expansion biolitec was able to gain new key reference as well as erect new training centers with a high multiplier effect. Due to our new developments we will be able to meet the next quarters' challenges and devote ourselves to fully exploit our product portfolio's potential.

Sales and Earnings Performance

Performance by segments during the first half-year

During the first half-year the total revenue within the Meditec segment amounted to EUR 7.13 million. The increase of 15% reflects the increased demand for our products laser and disposables fiber optics/ laser probes. Our continued effort to convert our devices to RFID encoded systems will guarantee revenues with disposables in the future.

The total revenue within the Pharma segment amounted to EUR .6 million during the first half-year. In the future we expect a significant effect from the Pharma marketing partners (e.g. Bracco) as well as the reimbursement in the Netherlands and the unconditional reimbursement in Italy.

Key figures 2010 / 2011 Second Quarter from 1 October 2010 until 31 December 2010

Segment	Segment	2010 / 2011 T Euro	6 Months / 6 Monate Change / Veränderung	2009 / 2010 T Euro
Meditec	Meditec	15.999	15%	13.832
Pharma	Pharma	627	0%	627
Sum	Summe	16.626	15%	14.459

Performance by region during the first half-year

The European and North American markets are responsible for the majority of the company's revenues, whereas North America contributed 41% to the overall turnover. With a turnover amounting to EUR 6.7 million the North American market increased by 10%. The European turnover amounted to EUR 7.3 million (previous year: EUR 6.8 million).

Although the turnover increased by 67% in Asia and the rest of the world, the overall contribution totaling EUR 2.7 million is comparably small. Yet we expect that the subsidiaries founded in the last financial years will contribute more clearly to the overall revenue in the future.

Regions	Regionen	2010/2011 T Euro	6 Months/ 6 Monate Change/ Veränderung	2009/2010 T Euro
Europe	Europa	7.286	7%	6.813
North America	Nordamerika	6.664	10%	6.042
Asia and Rest of World	Asien und Rest der Welt	2.676	67%	1.603
Sum	Summe	7.542	15%	14.459

Profit and Profitability during the first half-year

During the first half-year biolitec achieved a result of EUR 1.17 million (previous year: EUR 1.64 million) before taxes and interests (EBIT). The decrease in EBIT despite an increase in revenues of EUR 2.2 million and consistent cost management is due to an increase in administration costs of EUR 1.19 million. The EBIT margin decreased to 7% (previous year: 10%).

Due to the increase in turnovers the gross balance increased to EUR 12 million totaling 72% of the overall turnover (previous year: 70%). Compared to last year the distribution costs contribute 28%.

Due to the increase in turnover and despite increasing administration costs a slight surplus of EUR .88 million could be generated.

Consolidated balance sheet according to IFRS for the period from July 1, 2010 to December 31, 2010

Assets	Q2 Interim Report 2.Quartals- bericht 31.12.2010 Euro	Annual Report Jahres- abschluss 30.06.2010 Euro
Non-current assets		
Intangible assets:	9.147.966	8.915.439
Goodwill	4.009.410	4.009.410
Concessions, intellectual property rights and licenses	5.138.556	4.906.029
Property, plant and equipment:	9.074.532	10.051.281
Land and buildings	2.656.142	2.703.467
Machinery and technical equipment	3.443.502	4.421.079
Other operating and office equipment	2.904.887	2.860.786
Payments on accounts and tangible assets under construction	70.001	65.949
Financial assets:	998.554	859.721
Investments	26.345	26.345
Other loans	972.209	833.376
Deferred taxes	4.226.624	4.409.598
Total non-current assets	23.447.676	24.236.039
Current assets		
Inventories:	15.884.214	16.572.073
Raw materials and supplies	2.945.642	3.952.003
Work in progress	581.925	670.126
Finished goods and goods for resale	12.356.647	11.949.944
Accounts and other properties	12.227.238	12.405.217
Trade accounts receivable	8.811.175	8.763.304
Other current assets	3.416.063	3.641.913
Cash and cash equivalents	6.346.471	7.897.278
Total current assets	34.457.923	36.874.568
Total assets	57.905.600	61.110.607

The disclosures in the notes are an integral component of the group financial statement.

Consolidated balance sheet according to IFRS for the period from July 1, 2010 to December 31, 2010

Liabilities and shareholders equity	Q2 Interim Report 2. Quartalsbericht 31.12.2010 Euro	Annual Report Jahresabschluss 30.06.2010 Euro
Shareholders equity		
Share Capital	10.515.750	10.515.750
Additional paid-in capital	34.113.357	34.113.357
Additional fair value	2.532.733	2.532.733
Retained earnings	3.575.613	2.401.780
Adjustment item for foreign currency exchange rates	-1.813.738	1.106.164
Equity attributable to the shareholders of the parent entry	48.923.713	50.669.783
Minority interest	-171.919	128.459
Total shareholders' equity	48.751.794	50.798.242
Non-current liabilities		
Financial liabilities	3.541.460	3.892.076
Deferred tax liabilities	429.816	208.773
Total Non-current liabilities	3.971.276	4.100.849
Current Liabilities		
Financial liabilities	99.523	279.442
Trade accounts payable	2.602.887	3.021.732
Advance payments received	47.829	76.808
Other liabilities	491.984	829.802
Accrued expenses:	1.940.306	2.003.732
Tax accruals	673.660	738.045
Other accrued expenses	1.266.645	1.265.687
Total current liabilities	5.182.530	6.211.516
Total liabilities and shareholders' equity	57.905.600	61.110.607

The disclosures in the notes are an integral component of the group financial statement.

Consolidated income statement according to IFRS for the period from July 1, 2010 to December 31, 2010

Income Statement	Q2 Interim Report 2. Quartals- bericht 01.07.2010 - 31.12.2010 Euro	Q2 Interim Report 2. Quartals- bericht 01.07.2009 - 31.12.2009 Euro
Revenues	16.626.017	14.458.615
Cost of revenues	(4.576.162)	(4.391.610)
Gross profit	12.049.855	10.067.005
Other operating income	372.682	794.043
Selling and marketing expenses	(4.995.312)	(4.518.213)
General administrative expenses	(4.625.143)	(3.437.502)
Research and development expenses	(1.395.611)	(1.470.255)
Other operating expenses	(131.721)	(57.477)
Operating income	1.274.750	1.377.601
Other income	68.260	28.081
Other expense	(110.317)	(63.431)
Foreign currency exchange losses	(55.855)	120.980
Other taxes	(7.334)	(8.226)
"Result before interest and income tax - EBIT"	1.169.504	1.455.005
Interest Income	60.544	11.803
Interest Expense	(113.504)	(150.647)
Income tax	(243.090)	(13.341)
Net profit (loss)	873.454	1.302.820
Profit attributable to shareholders of biolitec AG	1.173.832	1.297.337
Profit attributable to minority interest	(300.378)	5.483
Accumulated income / loss brought forward	2.401.781	3.635.322
Retained earnings	3.575.613	4.932.659
Earnings per share (basic)	0,11	0,12
Earnings per share (diluted)	0,11	0,12
"Weighted average shares outstanding (basic)"	10.515.750	10.515.750
"Weighted average shares outstanding (diluted)"	10.515.750	10.515.750

Consolidated statement of Comprehensive Income according to IFRS for the period from July 1, 2010 to December 31, 2010

	Q2 Interim Report	Q2 Interim Report
	2. Quartals- bericht	2. Quartals- bericht
	01.07.2010 - 31.12.2010	01.07.2009 - 31.12.2009
Income Statement	Euro	Euro
Net profit (loss)	873.454	1.302.820
Unrealized gains(losses) from currency translation adjustment	(5.034)	35.010
Other comprehensive income (loss), net of taxes	(5.034)	35.010
Total comprehensive income (loss)	868.420	1.337.830
Thereof minority interest	(300.378)	5.483
Thereof profit (loss) attributable to shareholders of bioltec AG	1.168.798	1.343.313

The disclosures in the notes are an integral component of the group financial statement.

Income Statement	Q2 Interim Report	Q2 Interim Report
	2. Quartal	2. Quartal
	01.10.2010 - 31.12.2010	01.10.2009 - 31.12.2009
	Euro	Euro
Revenues	9.084.206	8.244.391
Cost of revenues	-2.238.627	-2.728.228
Gross profit	6.845.579	5.516.163
Other operating income	-229.992	334.038
Selling and marketing expenses	-2.606.820	-2.409.800
General administrative expenses	-2.588.302	-1.879.025
Research and development expenses	-784.277	-815.318
Other operating expenses	-89.635	-34.971
Operating income	546.553	711.087
Other income	57.219	27.445
	-85.550	-44.185
Foreign currency exchange losses	-82.842	128.640
Other taxes	-2.195	-3.290
Result before interest and income tax - EBIT	433.185	819.697
Interest Income	42.599	4.787
Interest expence	-55.196	-132.751
Income tax	-75.456	-15.389
Net profit (loss)	345.132	676.344
Profit attributable to shareholders of biolitec AG	549.797	688.001
Minority interest	-204.665	-11.657

Consolidated Cash flow statement according to IFRS for the period from July 1, 2009 to September 30, 2009

Cash Flow Statement	Q2 Interim Report 01.07.2010 - 31.12.2010 T Euro IFRS	Q2 Interim Report 01.07.2009 - 31.12.2009 T Euro IFRS
Cash flow from operating activities		
Consolidated net income before interest and tax	1.170	1.455
Change in other comprehensive income	(2.920)	(2.031)
Minority Interest	(300)	11
Depreciation and Amortization of fixed assets	909	1.246
Earnings for asset disposal	0	0
Financial result	0	0
Provisions and value adjustments	(63)	(264)
Income taxes / Deferred taxes	(183)	(138)
Assets not attributable to investing or financing activities	2.148	4.549
Trade accounts payable and other assets not attributable to investing or financing activities	(130)	(621)
Net Cash generated by/(used) for operating activities	630	4.207
Cash flow from investing activities		
Additions of property, plant and equipment	(978)	(756)
Additions of intangible assets	(300)	(717)
Additions to financial assets	(1.000)	(3)
Payments from financial assets	500	0
Payments from disposal of noncurrent assets	0	0
Net cash from/(used in) investing activities	(1.778)	(1.476)

Cash Flow Statement	Q2 Interim Report 01.07.2010 - 31.12.2010 T Euro IFRS	Q2 Interim Report 01.07.2009 - 31.12.2009 T Euro IFRS
Cash flow from financing activities		
Proceeds from short or long-term borrowings	0	0
Cash repayments of amounts borrowed	(351)	(1.541)
Paid-in additions in capital	0	0
Returns on interest	61	12
Interest payments	(114)	(151)
Others	0	0
Net cash from / (used in) financing activities	(404)	(1.680)
Change in cash and cash equivalents	(1.551)	1.051
Cash and cash equivalents at beginning of period	7.897	6.223
Cash and cash equivalents at end of period	6.346	7.274

Consolidated statement of changes in equity according to IFRS for the Period from July 1, 2010 to December 31, 2010

	Share Capital	Additional paid-in capital	Additional fair value	Retained earnings/ accumulated deficit	Other comprehensive income	Shareholders equity before minority interest	Minority interest	Consolidated shareholder's equity
	Gezeichnetes Kapital	Rücklagen	Umstellungsrücklage	Bilanzgewinn/ Bilanzverlust	Ausgleichsposten für Fremdwährungsumrechnung	Den Aktionären der biolitec AG zustehendes Eigenkapital	Minderheitenanteile	Konzern-eigenkapital
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
01.07.2009	10.515.750	34.113.357	2.532.733	3.635.322	-245.276	50.551.885	218.899	50.770.784
Consolidated net income				1.302.820		1.302.820	5.483	1.308.303
Currency translation					1.106.164	1.106.164		1.106.164
31.12.2009	10.515.750	34.113.357	2.532.733	4.938.142	860.888	52.960.869	224.382	53.185.251
01.07.2010	10.515.750	34.113.357	2.532.733	2.401.780	1.106.164	50.669.783	128.459	50.798.242
Consolidated net income				873.454		1.173.832	-300.378	873.454
Currency translation					-2.919.902	-2.919.902		-2.919.902
31.12.2010	10.515.750	34.113.357	2.532.733	3.275.234	-1.813.738	48.923.714	-171.919	48.751.794

Financial status

Cash flow from operating activities amounts to EUR .63 million (previous year: EUR 4.2 million). This change is mostly due to a low result and changes in other assets due to currency fluctuations and other assets that are not allocated to financial activities.

The cash flow balance from investment activities amounts to EUR -1.79 million (previous year: EUR -1.48 million) and represents investments in tangible fixed assets, intangible assets and inflows in financial assets totaling EUR 1 million.

During the period under review the cash-flow from financing activities amounted to EUR -0.4 million (previous year: EUR -1.68 million). The continued repayments of loans as well as an increase in interest income and payment lead to these changes.

At the end of December 2010 the liquid funds amounted to EUR 6.3 million.

Because of a consistent continuation of measures (reduced number of staff in production, product volume in accordance with the order situation and strict cost management) during the first half-year this result was possible.

The company expects that the consistent net transfer of resources into the pharma segment that was done during the last five years can be decreased because of already received (and expected) reimbursements for Foscan® as well as signed distribution and licensing contracts.

In the future less financial assets will be invested in R&D without endangering our distinguished leading position.

Net asset position

The group's consolidated balance sheet total decreased by 4% down or EUR 2.44 million respectively compared to 30 June 2010. Stock-in-trade was decreased during the last six months (decrease of EUR .69 million) because product capacities were adjusted according to demand.

The equity capital 30 September 2010 amounted to EUR 49.3 million and is relatively lower compared to last year (EUR 50.8 million). This change results from changes in deferred items for foreign currency conversions.

The equity ratio (shareholder equity ÷ balance sheet total) amounts to approximately 85%.

Staff

biolitec's employees work together to continuously increase the market position by offering unique products and quality in service.

During the first half-year biolitec employed on average 232 employees worldwide.

biolitec AG internationally possess a large number of qualified employees and maintains intensive communication and cooperation with universities and scientific institutes. In this context biolitec offers regularly trainee positions and post-graduate programs for laser technology and connected application fields.

It is our goal to continuously acquire new highly-qualified staff for our company as well as continue training already existing staff to guarantee and increase our high quality standard and leading role in technology.

Research and Development

The Medtech/Biotech industry is characterized by its high innovative strength which is reflected in high expenses for research and development. German Medtech companies invest on average 9% of their turnover in research and development of new products. In the last financial year, biolitec's expenses for research and development amounted to EUR 1.4 million (previous year: EUR 1.5 million; 8% of the turnover). An additional EUR .3 million (previous year: .2 million) of development costs were capitalized in accordance with IAS 38 as intangible assets.

At the end of the first half-year 2010/2011 biolitec employed 33 (previous year: 33) people in the R&D department. Furthermore, biolitec employs a number of freelancers and advisers.

biolitec focuses its research and development activities on the development of new, minimally invasive treatment methods as well as their enhancement with new safety features, and the development of new products based on available core technologies. Moreover, new formulations of our photodynamic drug Temoporfin are being tested in several applications and new PDT drugs for antibacterial applications are being developed.

The treatment of Basalioma was especially effective in a medical centre in Mailand (Professor Monti) with low-dose Foscan® treatment. This method is being established in other centers.

Besides this, lipomas (benign tumors of the fatty tissue) and lipodystrophy could be successfully treated using locally injected small amounts of Temoporfin®.

R&D goals for Foscan® are early stages of ENT tumors as well as treatment of biliary tract and prostate tumors. In this field we work together with numerous renowned institutes and clinics.

CeramOptec GmbH, a hundred percent subsidiary of biolitec AG, is concerned with the development of new optical fibers, connectors and medical laser systems. Besides the development of customized products such as e.g. fiber bundles for environmental analytics, the company takes active part in a number of publicly funded research projects within national, European, and international frameworks.

The trend in the area of industrial laser applications requires the development of high-power lasers with higher optical output powers and better beam quality. Especially for industrial laser material processing (welding and cutting), e.g. in the automotive industry or

shipbuilding, high laser power (multi-kW range) combined with excellent beam quality is needed. Good beam quality and high optical power allow for precise and fast processing of work pieces, even with a high material thickness.

So far, only multi-mode fibers were used for laser beam delivery. These are sufficient for existing laser sources but would yield a loss of beam quality with the new high-brightness high-power lasers. The new laser sources with excellent beam quality necessitated the development of large-mode-area fibers (LMA fibers) for laser beam delivery, which are due to their characteristics (large core diameter of the fiber of 20 μm , small numerical aperture $\text{NA} \leq .0.6$) feasible to simultaneously deliver high optical power and preserve beam quality.

CeramOptec GmbH develops in the framework of its research projects inter alia optical fibers for generating (active optical fibers for high power fiber laser) and delivering (e.g. LMA fibers) high optical powers at high brightness. Our newly developed optical fibers with a quadratic, rectangular and octagonal diameter will be the basis for new products as well as improvement of existing fiber lasers and beam profiles.

Additional research and development activities explore new light sources, in particular lamps, LEDs and diode lasers, for medical applications.

biolitec's quality management system is in accordance with the current medical directives of the EU. Therefore risk exposures during the development phase and afterwards are believed to be well managed and kept to a minimum.

biolitec plans to invest an surpassing amount of revenues into the future oriented development of high margin systems and substances to increase our market shares in our traditional applications and open up new fields of application.

Opportunities and Risks

For a disclosure on opportunities and risks we kindly refer to the annual financial statement of 2009/2010.

Litigations

biolitec AG and its subsidiaries are involved in a number of litigations. As far as these litigations have a significant influence on the company's performance they are listed in the annual financial statement of 2009/2010.

Important events after the first half-year

No important events occurred after the end of the period date.

Outlook

The statements made in the “Outlook” section are based on the operative planning of the biolitec group for the years 2010/2011 through 2011/2012.

biolitec’s operations focus on the global growth markets minimally invasive surgery as well as aesthetics. The demographic development as well as the cost and workload pressure on patients will lead to a continuously increasing demand for our products. We expect that the relatively weak upward trend of the international economic which is mainly created by the growth of the BRIC countries as well as strong export-orientated national economics will continue.

The Executive Board expects sales growth to resume in the new fiscal year and counts on the cost-cutting and efficiency enhancement measure already initiated to maintain its profitability. The main sales growth should arise from equipment and disposables (catheter, laser fiber) for the BPH treatment as well as for the ELVeS™ vein treatment method. In addition, revenue is expected to increase due to new applications in aesthetics, especially for laser body forming, as well as due to the new hemorrhoid treatment.

The research and development efforts will remain at a high level in order to attain sustainable long-term results. Our development projects primarily aim at the continuous expansion and improvement of the existing product range inter alia in aesthetics in order to allow a short time to market. In cooperation with highly qualified physicians and cooperation partners, we continuously expand the application spectrum and tend to improve the efficiency of our products.

We will further expand our sales and marketing activities in the fields of aesthetics (laser liposuction, ELVeS™ PainLess) as well as for the minimally invasive laser medicine treatments (BPH, hemorrhoids) in order to further establish these therapies and to generate new growth potential.

At this time, we plan no acquisitions. However, we remain open to act on opportunities.

NOTES TO THE INTERIM REPORT FROM 1 JULY 2010 UNTIL 31 DECEMBER 2010

Explanation to the notes

In the interim report the same accounting and evaluation standards were used that were already used in the annual financial statement. Within the consolidation all exchange rates are period-end exchange rates and carrying amounts in the income statement are average amounts.

The interim report as of 31 December 2010 was conducted in accordance with IAS 34 and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as required by §315a German Commercial Code (HGB) and acknowledged by the European Union.

The interim report is to be read in context with the audited IFRS annual report and its annotations which was published by biolitec on 19 January 2011 within the Management Report for the business year 2009/2010.

Segment Reporting

The segmentation was done in accordance with IFRS 8.11-.13 and hence the operative segments Medical Technology and Pharma were defined. Medical Technology sales are primarily generated by fibers and laser probes. It comprises of the product groups laser probes and fibers with more than 30 different light conducting systems on fiber optic basis. The majority of these products are disposables for medical purposes. The biolitec group's lasers are mainly diode lasers, which due to the method of construction are characterized by their small size and low maintenance requirements. The production of biolitec's laser probes and optical fibers features a high level of vertical integration and is located at the groups' subsidiaries in Bonn / Germany, in the USA and in Latvia. In the USA (complete assembly), Malaysia (pre-assembly) as well as Bonn (final assembly) the level of automation in production is low.

The Pharma segment comprises of production, development and distribution of pharmaceutical substances.

Revenue breakdown
Aufgliederung der Erlöse

Segments	Segmente	6 Months/ 6 Monate			01.10.2010 - 31.12.2010			3 Months/ 3 Monate		
		2010/2011 T Euro	Change/ Veränderung	2009/2010 T Euro	2010/2011 T Euro	Change/ Veränderung	2009/2010 T Euro	2010/2011 T Euro	Change/ Veränderung	2009/2010 T Euro
Meditec	Meditec	15.999	15%	13.832	8.869	14%	7.811	7.130	18%	6.021
Pharma	Pharma	627	(0%)	627	215	(51%)	434	412	113%	193
Sum	Summe	16.626	15%	14.459	9.084	10%	8.245	7.542	21%	6.214

Regions	Regionen	6 Months/ 6 Monate			01.10.2010 - 31.12.2010			3 Months/ 3 Monate		
		2010/2011 T Euro	Change/ Veränderung	2009/2010 T Euro	2010/2011 T Euro	Change/ Veränderung	2009/2010 T Euro	2010/2011 T Euro	Change/ Veränderung	2009/2010 T Euro
Europe	Europa	7.286	7%	6.813	4.194	(2%)	4.268	3.092	21%	2.545
North America	Nordamerika	6.664	10%	6.042	3.300	0%	3.288	3.364	22%	2.754
Asia and Rest of World	Asien und Rest der Welt	2.676	67%	1.603	1.590	131%	688	1.086	19%	915
Sum	Summe	16.626	15%	14.459	9.084	10%	8.245	7.542	21%	6.214

TEUR	Meditec		Pharma		Others / consolidations and transitions		biolitec group	
	July 1-December 31		July 1-December 31		July 1-December 31		July 1-December 31	
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010
External revenues	15.999	13.832	627	627	0	0	16.626	14.459
Intersegmentary revenues	128	0	0	0	-128	0	0	0
Total segment result	16.127	13.832	627	627	-128	0	16.626	14.459
Functional costs before deprecation and amortization	-13.587	-11.844	-1.072	-502	111	0	-14.549	-12.346
Deprication and amortization	-556	-515	-353	-142	0	0	-909	-658
Change in Goodwill	0	0	0	0	0	0	0	0
Income tax	-243	-13	0		0	0	-243	-13
Interest income	78	12	0	0	-17	0	61	12
Interest expense	-97	-151	-17	0	0	0	-113	-151
Segment result	1.722	1.321	-816	-18	0	0	873	1.303

Declaration of Compliance “German Corporate Governance Code”

Executive and Supervisory Board hereby declare that the company has issued the mandatory declaration on corporate governance pursuant to §161 German Stock Corporation Act (AktG) and that it has been made accessible by the stock holders at biolitec AG's homepage www.biolitec.de

Equity Capital

With resolution of the general meeting from 18 November 2008 biolitec was authorized until 17 Mai 2010 to acquire for certain previously defined reasons up to 1,051,575 – about 10% of its capital stock – of its own shares.

Auditing

Neither the interim consolidated balance sheet nor the interim management report were audited.

Transactions with related parties or persons

Within the group certain delivery and service business connections exist between biolitec AG and its research, production and distribution subsidiaries. All transactions are done at market costs. Certain costs arising from business for related parties or persons were directly passed on.

Declaration by the Executive Board

To the best of our knowledge, and in accordance with the to be applied principles of accounting, we declare that the consolidated financial statements of biolitec AG, dated 31 December 2010, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Jena, 28 February 2011

Dr. Wolfgang Neuberger

Notation of figures

All figures were rounded.

Investor Relations Calendar

Annual General Meeting 2010/2011	December 2011
Nine-Months Report 2010/2011	May 31, 2011
Annual Report 2010/2011	October 31, 2011
Analyst- and Investor Conference	November 21 to 23, 2011 "German Equity Capital Forum, Autumn 2011" Frankfurt am Main / Germany

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