



Interim report January–September 2010

Vitrolife AB (publ)

Vitrolife is a global biotechnology/medical device Group that works with developing, manufacturing and selling advanced products and systems for the preparation, cultivation and storage of human cells, tissue and organs. The company has business activities within three product areas: Fertility, Transplantation and Stem Cell Cultivation. Vitrolife today has approximately 180 employees and its products are sold in more than 85 markets. The company is headquartered in Gothenburg, Sweden, and there are subsidiaries in USA, Australia, France, Italy, Great Britain and Japan. Production facilities are located in Sweden and the USA. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.

Vitrolife 
Innovative Cell and Tissue Technology

Third quarter – good underlying growth with continuing strategic investments and improved potential for growth.

Period in brief

- Growth in local currency was 13 percent. Sales amounted to SEK 217 (207) million, corresponding to an increase of 4 percent in SEK.
- Operating income before research and development costs increased by 11 percent and amounted to SEK 58 (53) million.
- Operating income (EBIT) increased by 3 percent and amounted to SEK 25 (24) million. The operating margin was 11 (11) percent. Adjusted for one time-time expenses of SEK 2 million regarding the acquisition of Conception Technologies (see below "After the end of the period"), the operating income increased by 10 percent and amounted to SEK 26 (24) million.
- Net income amounted to SEK 30 (23) million.
- Dividend paid SEK 0.50 (0.40) per share.

Third quarter

- Growth in local currency was 11 percent. Sales amounted to SEK 68 (65) million, corresponding to an increase of 4 percent in SEK.
- Operating income before research and development costs were in principle unchanged compared to the previous year and amounted to SEK 17 (17) million.
- Operating income (EBIT) decreased by 18 percent and amounted to SEK 6 (7) million. The operating margin was 9 (11) percent. Operating income includes one-time expenses of SEK 1 million regarding the acquisition of Conception Technologies (see below "After the end of the period")
- Net income amounted to SEK 11 (7) million, which gave earnings per share of SEK 0.55 (0.37).
- The operative cash flow was SEK 7 (15) million.
- New study shows better survival with Perfadex.
- Launch of new generation of growth factors and cytokines for stem cell cultivation.
- Development of new supplementary product series of laboratory accessories for fertility treatment together with HertART.

After the end of the period

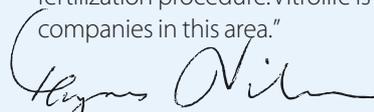
- Acquisition of products and manufacturing unit from Conception Technologies Inc, San Diego, USA. This means for Vitrolife a broadening of the fertility product line and increasing the market position above all in North America.

CEO's comments

"A few years ago Vitrolife took the strategic decision to develop a complete series of products for in vitro fertility treatment, covering all stages from aspiration of the ovum and sperm samples via fertilization and growth of the embryo to introduction into the uterus of the mother-to-be. This was so that the company could guarantee the clinic and the patient that everything that the ovum, sperm and embryo came into contact with had been tested in the most sensitive way possible, thus creating optimized preconditions for successful treatment. Vitrolife has now reached this significant milestone through the addition of the acquired products that are part of Conception Technologies Inc. and the series of twenty new laboratory accessories that will be launched shortly. By offering a complete quality-controlled embryo-safe treatment system, Vitrolife is now the first company to be able to deliver significant cost savings for the fertility clinics by enabling them to both outsource much of their comprehensive quality control work and simplify their purchasing administration. The heightened quality control will also help many clinics to improve their treatment results and this will benefit the patients.

Vitrolife's strengthened market position within the fertility area together with the successful clinical development of the company's unique and patented organ evaluation and storage system within the transplantation area and the exciting development potential within the stem cell area mean that Vitrolife now has greatly improved growth potential over the years to come.

We are happy to conclude that it in the beginning of October was announced that Robert Edwards will be awarded the Nobel Prize for his successful development of the in vitro fertilization procedure. Vitrolife is one of the global leading companies in this area."



Magnus Nilsson, CEO



Financial objectives

Vitrolife's Board considers that Vitrolife should have a strong capital base in order to enable continued high growth, both organically and through acquisitions. The company's equity/assets ratio should not normally fall below 40 percent. The objective for Vitrolife's growth over a three-year period is an increase in sales of on average 20 percent per year and that the company reports positive net income.

Key figures

Third quarter 2010

(July – September)

Net Sales

Vitrolife's net sales for the third quarter increased by 4 percent and amounted to SEK 68 (65) million. Sales growth in local currency was 11 percent.

Fig 1. Net sales per geographic area (rolling 12 months)

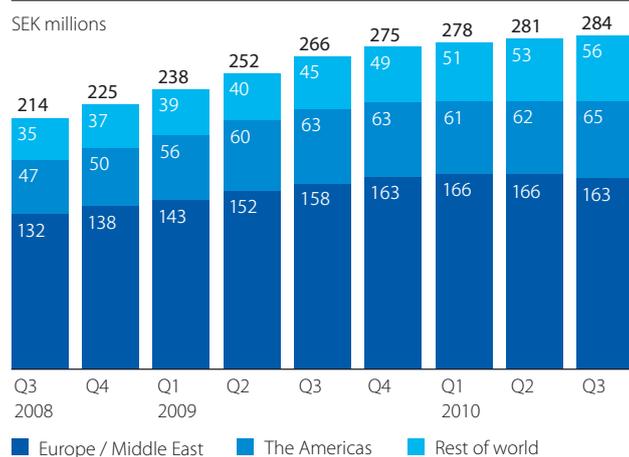
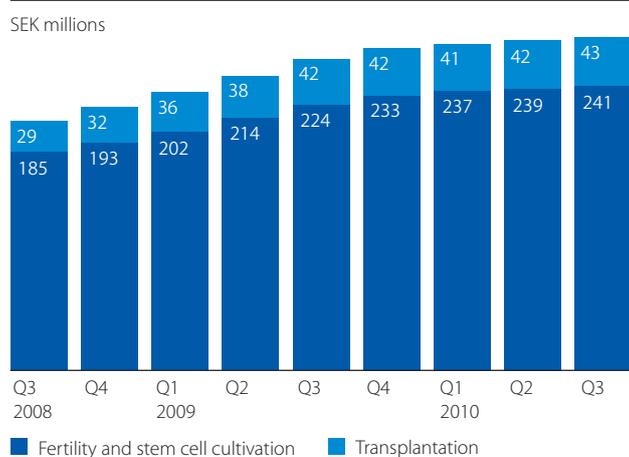


Fig 2. Net sales per product area (rolling 12 months)



Income

Operating income decreased by 18 percent and amounted to SEK 6 (7) million, corresponding to an operating margin of 9 (11) percent. Operating income includes one-time expenses of SEK 1 million regarding the acquisition of Conception Technologies (see Events after the end of the period, page 7). The gross margin during the third quarter decreased somewhat and was 70 percent, and gross income increased by 2 percent to SEK 48 (46) million. Selling expenses increased compared to the previous year and amounted to 30 (29) percent of sales, while administrative expenses decreased somewhat during the third quarter and amounted to 13 (14) percent of sales. R&D costs amounted to 17 (14) percent of sales. Other operating expenses were affected negatively by the currency translation adjustment of accounts receivable and amounted to SEK -1 (-2) million. Net financial income amounts to SEK 5 (0) million and has been affected positively, amongst other things by revaluation of the internal liabilities between Vitrolife Sweden AB and Vitrolife Inc and realized forward contracts. Income includes net income of SEK 0 million (-) from the participating interest in the Danish company HertArt Aps, which was acquired during the second quarter. Depreciation and amortization of SEK 4 (4) million were charged against net income for the quarter.

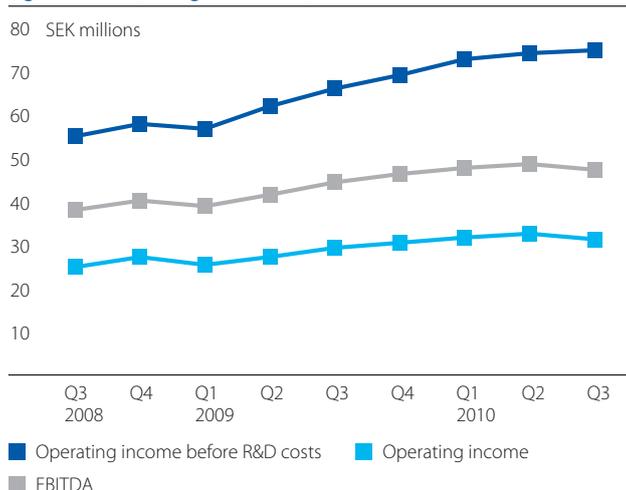
In addition to current business activities, Vitrolife is also investing in new technologies and business areas, such as completely new transplantation methodologies using STEEN Solution™ and products for the cultivation of stem cells. It is thus also relevant to assess the operating profit before R&D costs. During the third quarter this amounted to SEK 17 (17) million, corresponding to a margin of 26 (25) percent.

Net income amounted to SEK 11 (7) million. Net financial income amounted to SEK 5 (0) million and was positively affected by revaluation of the internal liabilities between Vitrolife Sweden AB and Vitrolife Inc and realized forward contracts. Net financial income includes non-realized exchange rate fluctuations regarding internal receivables and liabilities of SEK 2 (0) million for the third quarter. The minority interest's share of net income in A.T.S Srl amounted to SEK -0 (-0) million.

The Group's key figures

SEK millions	Third quarter		Jan – Sep		Oct 2009	Whole year
	2010	2009	2010	2009	– Sep 2010	2009
Net Sales	68	65	217	207	284	275
Gross Profit	48	46	151	146	199	193
Gross Margin, %	70	71	70	70	70	70
Operating income (EBIT)	6	7	25	24	31	30
Operating margin, %	9	11	11	12	11	11
Income after financial items	11	7	30	23	38	31
Net income	11	7	30	23	41	34
Equity/assets ratio, %	84	88	84	88	86	87
Income per share, SEK	0.55	0.37	1.54	1.18	2.09	1.75
Shareholders' equity per share, SEK	16.76	15.21	16.76	15.25	16.56	15.94
Share price on closing, SEK	34.00	26.40	34.00	26.40	n/a	34.80
Market cap at closing,	665	516	665	516	n/a	680

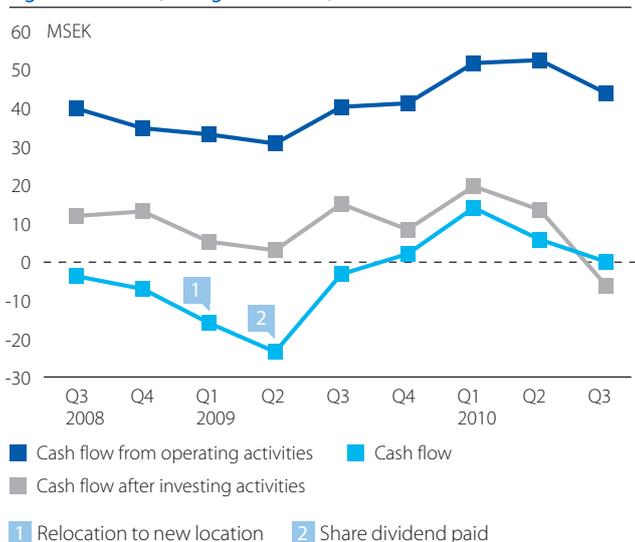
Fig 3. Income (rolling 12 months)



Cash Flow

The cash flow from operating activities during the third quarter amounted to SEK 7 (15) million. Operating income decreased during the quarter by SEK -5 (5) million and this is mainly attributable to some building up of inventories of primarily raw materials for production. Investments amounted to SEK 10 (6) million in total and relate mainly to gross investments in intangible assets, primarily in STEEN Solution™. Investments in property, plant and equipment amounted to SEK 2 (2) million. The cash flow from financing activities was SEK 3 (1) million and consists primarily of amortization of debts and a change in the bank overdraft facility. Cash and cash equivalents at the end of the period amounted to SEK 10 (9) million.

Fig 4. Cash flow (rolling 12 months)



Financing

Vitrolife's total credit facilities amounted to SEK 27 (28) million and they were utilized mainly for the financing of business activities in the form of a bank overdraft facility in the subsidiary Vitrolife Sweden AB. Of the company's total credit facilities

SEK 16 (8) million was utilized. This consisted of the company's long-term financing in the form of interest bearing loans of SEK 3 (5) and short-term financing amounting to SEK 13 (3) million.

The equity/assets ratio was 84 (88) percent. The return on capital employed amounted to 14 (12) percent. Capital employed amounted to SEK 344 (305) million at the end of the period.

Shareholders' equity per share amounted to SEK 16.76 (15.25).

Parent Company

Business activities focus on company-wide management and the company has no employees. There were no revenues for the period (-). The costs that arise are mainly attributable to the Board, to NASDAQ OMX Stockholm and the listing of the company's shares. Income before tax for the third quarter amounted to SEK -4 (-3) million. For the nine-month period income before tax amounted to SEK -5 (-8) million. Cash and cash equivalents amounted to SEK 0 (0) million.

The Vitrolife share is listed on the NASDAQ OMX Stockholm Small Cap list under the symbol VITR. The closing price on September 30, 2010 was SEK 34.00 (26.40).

The Group's key ratios Period 2010 (January – September)

Net Sales

Vitrolife's net sales during the period increased by 4 percent and amounted to SEK 217 (207) million. Sales growth in local currency was 13 percent.

Income

Operating income increased by 3 percent and amounted to SEK 25 (24) million, corresponding to an operating margin of 11 (11) percent. Operating income includes one-time expenses of SEK 2 million regarding the acquisition of Conception Technologies (see Events after the end of the period, page 7). The gross margin remained unchanged at 70 percent and gross income increased by 4 percent to SEK 151 (146) million. Selling expenses for the period were unchanged at 28 percent of sales, while administrative expenses for the period decreased somewhat and amounted to 13 (14) percent. R&D costs increased as a consequence of investments in mainly the stem cell and transplantation areas and amounted to 16 (14) percent of sales. Other operating expenses were affected negatively by the currency translation adjustment of accounts receivable attributable to the beginning of the year and amounted to SEK -3 (-5) million. Income includes net income of SEK 0 million from the participating interest in the Danish company HertART Aps, which was acquired during the second quarter. Depreciation and amortization of SEK 12 (12) million were charged against net income for the period.

Operating income before R&D expenses during the period amounted to SEK 58 (53) million, equivalent to a margin of 27 (25) percent.

Net income amounted to SEK 30 (23) million. Net financial income amounted to SEK 6 (0) million. Net financial income includes non-realized exchange rate fluctuations regarding receivables and liabilities of SEK -1 (-1) million for the period. The minority interest's share of net income in A.T.S Srl amounted to SEK 0 (0) million.

Cash Flow

The cash flow from operating activities increased and amounted to SEK 27 (24) million. Operating income decreased during the period by SEK -13 (-9) million and is mainly attributable to an increase in trade receivables as a consequence of increased sales and also to some building up of inventories of primarily raw materials for production. Investments amounted to SEK 32 (21) million and relate mainly to gross investments in intangible assets, primarily in STEEN Solution™, and investment in a participating interest in the Danish company HertART Aps during the second quarter. Investments in property, plant and equipment amounted to SEK 5 (11) million. The cash flow from financing activities was SEK -1 (-9) million and consists, amongst other things, of dividends paid during the second quarter, amortization of debts and a change in the bank overdraft facility. Cash and cash equivalents at the end of the period amounted to SEK 10 (9) million.

Product Areas

Fertility



Nutrient solutions (media) and advanced single-use instruments such as needles and pipettes, for the treatment of human infertility.

- Sales for the third quarter amounted to SEK 56 (54) million, an increase of 4 percent. Sales growth in local currency was 12 percent.
- Development of a new supplementary product series of laboratory accessories for fertility treatment together with HertART is almost completed and a launch is planned for the fourth quarter of 2010 and the first quarter of 2011.
- After the end of the period: acquisition of supplementary products together with accompanying manufacturing from Conception Technologies, Inc, USA.

The recovery in the American market continued during the third quarter as well. Sales growth amounted to 12 percent in local currency. Growth during the first three quarters was 10

percent. Sales for the nine months period amounted to SEK 184(176) million, an increase by 5 percent. Sales growth in local currency was 14 percent.

Sales in the Europe/Middle East region increased by 5 percent in local currency, corresponding to a decrease of 3 percent in SEK during the third quarter. Within the region the Middle East and Africa developed strongly, as did most of the countries within Europe. The exception is southern Europe, where the unstable economic situation in the countries affected the demand for fertility treatment. During the first three quarters sales in the region were unchanged compared with the same period the previous year. The increase in local currency was 9 percent.

Sales in the Rest of the World region increased by 21 percent during the third quarter. In local currency this corresponds to an increase of 30 percent. Development in China and Japan continues to be very strong. During the first three quarters sales in the region increased by 22 percent in total. The corresponding increase in local currency was 32 percent.

In the Rest of the World region sales increased by 21 percent during the third quarter. This corresponds to an increase of 30 percent in local currency. Development in China and Japan continues to be very strong. During the first three quarters of the year sales in the region increased in total by 22 percent. The corresponding increase in local currency was 32 percent.

During the second quarter Vitrolife entered into an agreement with the Danish company HertART Aps concerning product development and distribution of IVF products, mainly with regard to laboratory accessories for in-vitro fertilization, but with points of contact within the stem-cell area as well. The collaboration constitutes an opportunity to fill the research and development portfolio more quickly within the framework of Vitrolife's long-term development objectives. At the same time Vitrolife acquired a participation of 25 percent in the company, with an option to acquire up to 100 percent.

The collaboration with HertART proceeded during the third quarter and as a result Vitrolife plans to launch during the fourth quarter of 2010 and the first quarter of 2011 more than twenty products consisting of bowls, tubes and pipettes.

After the end of the period a product line together with the accompanying competitive production structure was acquired from Conception Technologies Inc, San Diego, USA. The products supplement Vitrolife's existing range of products and create for the first time together with the laboratory products from the HertART collaboration a complete line of products which are used at all stages of an in vitro fertility treatment. The acquisition also leads to a strengthening of the market share, customer base and market presence in North America, which means a significantly more competitive position in this market region.

Transplantation



Solutions and equipment to keep tissue in optimal condition for the required time outside the body while awaiting transplantation.

- Sales for the third quarter amounted to SEK 12 (11) million, an increase of 5 percent. In local currency growth was 8 percent.
- A new study shows improved survival with Perfadex.

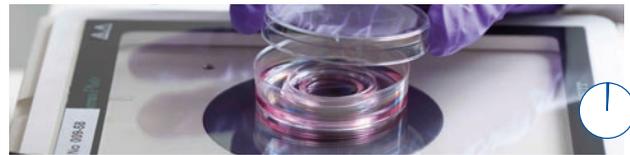
Sales of transplantation products, primarily Perfadex®, increased by 5 percent during the third quarter in SEK. In local currency sales increased by 8 percent. Sales for the nine months period amounted to SEK 31 (29) million, an increase by 6 percent. In local currency sales increased by 14 percent during the period. The sales figure also includes increasing but limited sales of STEEN Solution™. When STEEN Solution™ becomes more clearly established in the clinics, the potential for further sales growth will increase for all products within the transplantation area. The sales potential for this new series of products is in the short and medium term greatest in the North American market when sales approval has been given by the authorities there. The timing of this depends amongst other things on the result of a fairly small clinical study which the American FDA wants to see performed in the USA and which is planned to start late in the fourth quarter of 2010/the first quarter of 2011. It is estimated that it will take approximately six months to perform. More than 50 lung transplantations in total have been performed in Europe and North America using the STEEN Solution™ technology. Interest in and acceptance for this revolutionary technology continues to increase among internationally leading researchers and clinics.

Researchers at the John Hopkins Institute in Baltimore, USA, have compiled data from the national database UNOS, where they have studied clinical results after 4,455 transplantations between the years 2005 and 2008. 93 percent of the patients had received lungs preserved in Perfadex, the remainder had received lungs preserved in UW.

When the entire material was analyzed, no significantly improved one-year survival could be seen using Perfadex, but when the researchers looked specifically at that half of the patient population that was most seriously ill before the transplantation and thus ran a greater risk of dying within a year, there was a significant difference. In the Perfadex group 81.5 percent survived, compared to 73.5 percent in the UW group. The research team could also see that there was a greater risk of being affected by rejection reactions requiring treatment in the UW group. The Perfadex product will also be needed to an equally great extent in transplantations where the STEEN Solution™ technology is used.

Greater efforts are being made to establish the technology in opinion-leading clinics through training and demonstrations and the like. More than forty of the world's leading lung transplant surgeons have now undergone the training. Development is also ongoing of the peripheral products necessary for lung evaluation using STEEN Solution™ in connection with the clinical trials. The plan is that these products will be launched at the same time as STEEN Solution™ in the USA. Research is ongoing about the use of the technology in other organs, such as the liver.

Stem Cell Cultivation



Media and instruments for the cultivation and handling of stem cells for therapeutic purposes.

- Sales for the period amounted to SEK 0.5 (1.3) million.
- Launch of a new generation of growth factors and cytokines for stem cell cultivation.

Research resources for the development of new products for clinical use of stem cells have increased considerably over the past few years. At the beginning of the year a separate business and product development group was formed within Vitrolife with a view to focusing on the development of clinical stem cell media. Vitrolife entered into a collaboration agreement with the Finnish company Finn-Medi Research Ltd during the first quarter regarding a patent and know-how for media intended for the cultivation of pluripotent stem cells.

One further collaboration agreement was signed during the second quarter with stem cell expertise at the University of Melbourne with regard to the development of clinical stem cell media. The University of Melbourne has unique competence within stem cells, primarily within the area of pluripotent stem cells.

During the third quarter a distribution agreement was signed with ORF Genetics, which means that Vitrolife has secured worldwide rights to distribute, market and sell Growth Factors and cytokines produced from barley grain. A new series of products was launched during the quarter and these products are the world's first biological risk-free growth factors and cytokines. The use of barley grain as the production organism makes the products xeno-free and endotoxin-free and this constitutes a new alternative for stem cell cultivation.

Vitrolife views the product area's prospects positively, as there are several reports of clinical trials having been started using stem cells. This will probably become an established clinical treatment in the near future, which means an increased

demand for media produced in accordance with authority requirements regarding medical devices, which Vitrolife has great experience of. Vitrolife will therefore continue to gradually increase investments in product development within the area together with leading industrial and scientific collaboration partners.

Prospects for 2010

Vitrolife will continue to focus on three main areas during the year:

- Developing, strengthening and expanding the product portfolio within all three product areas, in order to create completely new opportunities for growth through new or improved treatment methods and by maintaining the company's competitive advantage within existing markets.
- Constantly developing and making our product supply and support processes more effective in order to maintain a competitive cost and organization structure, thus retaining competitive prices and developing profitability.
- Further developing and strengthening the customer support and sales organization globally by gradually strengthening our support systems, further developing our expertise and providing new highly qualified co-workers so as to be able to reach out to and directly support more customers in more markets.

This is completely in line with Vitrolife's long-term strategic focus, which aims to ensure good constant growth together with gradually developed profitability.

Other information

Organization and personnel

In order to be able to further build on and further strengthen a corporate culture that supports Vitrolife's strategy and helps the company to achieve good results in the future as well, Vitrolife has worked during the first nine months of the year on identifying Guiding Stars, Strategic Cornerstones and Values for Vitrolife. The education and training in the LEAN concept that was begun towards the end of 2009 has been carried out in the whole organization and implementation of the concept and way of working is now ongoing in all parts of the organization.

During the nine first months of 2010, the average number of employees was 178 (156), of whom 106 (94) were women and 72 (62) were men. 129 (115) people were employed in Sweden, 36 (34) in the USA and 13 (5) in the rest of the world. Some employees in Sweden work in several other markets. The number of people employed in the Group at the end of the period was 185 (142).

Information on transactions with related parties

No transactions that have substantially affected the company's financial position and results have been carried out with related parties during the period. For information on related parties, see the Annual Report for 2009, page 59 (note 27).

Miscellaneous

The following people have been appointed as members of Vitrolife's election committee for the 2011 Annual General Meeting:

Henrik Blomquist, representing Bure Equity AB
Johan Ståhl, representing Lannebo Fonder
Martin Lewin, representing Eccenovo AB
Patrik Tigerschiöld, Chairman of the Board

The appointments have been made in accordance with the instructions regarding principles for the appointment of the company's election committee that were adopted at the Annual General Meeting of Vitrolife on April 26, 2010.

The Annual General Meeting of Vitrolife AB (publ) will be held on April 27, 2011 in Gothenburg.

Risk management

Vitrolife is constantly working to identify, evaluate and manage risks in different systems and processes. During 2009 a more comprehensive project was begun regarding Enterprise Risk Management (ERM), with the aim of ensuring that the risks are handled in a systematic way, that the right priorities are made and that the risks are managed as effectively as possible. The project will continue during under 2010.

The most important strategic and operative risks affecting Vitrolife's business and field are described in detail in the Annual Report for 2009 (pages 40-42). These are constituted primarily by the company's market investments, product development investments, currency risks and legal risks.

The company's management of risks is also described in the Corporate Governance Report in the same Annual Report in the "Report on Internal Control" section. The same applies to the Group's management of financial risks, of which an account is given in the Annual Report for 2009, note 24. The world economy has improved but the strength of the recovery is difficult to assess. Otherwise, the risks reported are assessed to be essentially unchanged.

Events after the end of the period

During October 2010 Vitrolife acquired the business of Conception Technologies, San Diego in California. The company has approximately 30 employees and sales of approximately USD 4 million. The product portfolio comprises products for in-vitro fertilization, and the company has its own cost-effective

production of advanced pipettes for micromanipulation. These complement the series of pipettes that Vitrolife already has.

The purchase sum amounts to approximately MUSD 5. The acquisition is being financed in its entirety by bank loans in USD. Vitrolife anticipates that the acquisition will not have any notable effect on earnings per share for 2010 but that the business will make a positive contribution as from 2011. It is estimated that the purchase will be completed at the beginning of November when the final purchase sum is determined.

November 2, 2010
Gothenburg

Magnus Nilsson
CEO

Financial reporting

Vitrolife's interim reports are published on the company's website, www.vitrolife.com, and are sent to shareholders who have registered that they would like to have this information.

Reports coming in 2010

Interim report January – September: Tuesday November 2, 8.30am

Queries should be addressed to

Magnus Nilsson, CEO, phone +46 31 721 80 61
Eva Nilsagård, CFO, phone +46 31 721 80 13

Review report

We have reviewed this report for the period January 1, 2010 to September 30, 2010 for Vitrolife AB (publ) org 556354-3452. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements (SÖG 2410), Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review

has another focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, November 2, 2010
Örhlings PricewaterhouseCoopers AB

Birgitta Granquist
Authorised Public Accountant

Vitrolife is required to publish the information in this press release in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on Tuesday November 2, 2010 at 8.30 am.

This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.

Consolidated income statements

SEK thousands	January – September		July – September		Whole year 2009
	2010	2009	2010	2009	
Net sales	216 533	207 267	67 847	65 247	274 626
Cost of goods sold	-65 100	-61 537	-20 192	-18 752	-81 741
Gross income	151 433	145 730	47 655	46 495	192 885
Selling expenses	-61 390	-58 587	-20 175	-19 149	-80 275
Administrative expenses	-28 595	-29 475	-9 109	-9 211	-38 831
Research and development costs	-33 745	-28 813	-11 441	-9 430	-38 574
Other operating revenues and expenses	-3 151	-5 074	-1 059	-1 510	-4 797
Operating income	24 552	23 781	5 871	7 195	30 408
Financial income and expenses	5 926	-361	4 693	9	179
Income after financial items	30 478	23 420	10 564	7 204	30 587
Taxes	-449	-142	243	101	3 782
Net income	30 029	23 278	10 807	7 305	34 369
Attributable to					
Parent Company's shareholders	29 740	23 047	10 776	7 260	34 114
Minority interest	289	231	31	45	255
Earnings per share, SEK	1.54	1.18	0.55	0.37	1.75
Earnings per share, SEK*	1.54	1.19	0.55	0.37	1.75
Average number of outstanding shares	19 552 857	19 690 246	19 552 857	19 800 157	19 552 857
Average number of outstanding shares*	19 552 857	19 513 116	19 552 857	19 623 027	19 552 857
Number of shares at closing day	19 552 857	19 552 857	19 552 857	19 552 857	19 552 857
Number of shares at closing day*	19 552 857	19 552 857	19 552 857	19 552 857	19 552 857

Depreciation and amortization has reduced income for the period by SEK 12 016 thousand (11 849), of which SEK 3 890 thousand (3 923) is for the third quarter.

* After dilution. Vitrolife has one outstanding share warrant program, comprising 400 000 warrants. The net present values of the issue price were higher than both the share price at closing day and the average share price for the last 12 months.

Statement of comprehensive income

SEK thousands	January – September		July – September		Whole year 2009
	2010	2009	2010	2009	
Net income	30 029	23 278	10 807	7 305	34 369
Other comprehensive income					
Change in hedging reserve, net after tax	3 108	392	471	-724	638
Change in translation reserve, net after tax	-7 654	-9 623	-15 812	-7 873	-7 404
Total other comprehensive income	-4 546	-9 231	-15 341	-8 597	-6 766
Total income	25 483	14 047	-4 534	-1 292	27 603
Attributable to					
Parent Company's shareholders	25 194	13 816	-4 565	-1 337	27 348
Minority interest	289	231	31	45	255

Other key ratios

	January – September		July – September		Whole year 2009
	2010	2009	2010	2009	
Gross margin, %	69.9	70.3	70.2	71.3	70.2
Operating margin, %	11.3	11.5	8.7	11.0	11.1
Operating margin other operating revenues and expenses, %	12.8	13.9	10.2	13.3	12.8
Operating margin before R&D costs, %	26.9	25.4	25.5	25.5	25.1
Net margin, %	13.9	11.2	15.9	11.2	12.5
Equity/assets ratio, %	84.2	87.8	84.2	87.8	86.7
Shareholders' equity per share, SEK	16.76	15.25	16.76	15.25	15.94
Shareholders' equity per share, SEK*	16.76	15.25	16.76	15.25	15.94
Return on equity, %	12.6	11.1	12.6	11.1	11.3
Return on capital employed, %	13.8	11.6	13.8	11.6	11.9
EBITDA, %	16.9	17.2	14.4	17.0	16.8

*After dilution, see above

Consolidated income statements per quarter

SEK thousands	Jul-Sep 2010	Apr-Jun 2010	Jan-Mar 2010	Oct-Dec 2009	Jul-Sep 2009	Apr-Jun 2009
Net sales	67 847	73 408	75 278	67 360	65 247	70 179
Cost of goods sold	-20 192	-21 429	-23 479	-20 206	-18 752	-20 144
Gross income	47 655	51 979	51 799	47 154	46 495	50 035
Selling expenses	-20 175	-21 475	-19 740	-21 688	-19 149	-20 169
Administrative expenses	-9 109	-9 639	-9 847	-9 355	-9 211	-10 010
Research and development costs	-11 441	-11 499	-10 805	-9 761	-9 430	-11 024
Other operating revenues and expenses	-1 059	-688	-1 404	276	-1 510	-1 039
Operating income	5 871	8 678	10 003	6 626	7 195	7 793
Financial income and expenses	4 693	1 001	232	540	9	-223
Income after financial items	10 564	9 679	10 235	7 166	7 204	7 570
Taxes	243	-233	-459	3 925	101	-160
Net income	10 807	9 446	9 776	11 091	7 305	7 410
Attributable to						
Parent Company's shareholders	10 776	9 342	9 623	11 067	7 260	7 237
Minority interest	31	104	153	24	45	173

Consolidated balance sheets

SEK thousands	Sept 30, 2010	Sept 30, 2009	Dec 31, 2009
ASSETS			
Goodwill	97 301	89 294	97 301
Other intangible fixed assets	54 417	30 427	34 506
Tangible fixed assets	86 598	92 990	93 038
Financial fixed assets	31 557	26 955	30 652
Inventories	54 829	42 527	41 847
Accounts receivable	39 077	40 363	37 993
Other current receivables	9 780	7 937	7 125
Derivative instruments	5 084	532	866
Liquid funds	9 608	8 498	15 987
Total assets	388 251	339 523	359 315
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity, attributable to the Parent Company's shareholders	327 075	298 200	311 588
Minority interest	701	451	481
Long-term interest bearing liabilities	2 711	1 788	4 704
Long-term non-interest bearing liabilities	2 313	--	2 489
Short-term interest bearing liabilities	13 012	3 633	2 981
Accounts payable	19 642	13 075	14 697
Other short-term interest-free liabilities	22 797	22 376	22 375
Total shareholders' equity and liabilities	388 251	339 523	359 315
Pledged assets for own liabilities	20 000	20 000	20 000
Contingent liabilities	none	none	none

Consolidated changes in shareholders' equity

SEK thousands	Attributable to the Parent Company's shareholders				Minority interest	Total shareholders' equity
	Share capital	Other capital contributed	Reserves	Retained earnings		
Opening balance January 1, 2009	19 800	208 566	-11 475	75 170	327	292 388
Comprehensive income for the year			-6 766	34 114	255	27 603
Dividend				-7 821		-7 821
Increase in share capital via bonus issue	391		-391			—
Withdrawal of own shares	-247		247			
Other transactions with minority shareholders					-101	-101
Closing balance December 31, 2009	19 944	208 566	-18 385	101 463	481	312 069
Opening balance January 1, 2010	19 944	208 566	-18 385	101 463	481	312 069
Total comprehensive income			-4 546	29 740	289	25 483
Dividend				-9 776		-9 776
Closing balance September 30, 2010	19 944	208 566	-22 931	121 427	770	327 776

Consolidated cash flow statements

SEK thousands	January – September		July – September		Whole year 2009
	2010	2009	2010	2009	
Income after financial items	30 478	23 420	10 563	7 204	30 587
Adjustment for items not affecting cash flow	9 871	10 318	1 444	3 596	14 083
Change in inventories	-14 864	1 944	-10 087	746	3 098
Change in trade receivables	-5 436	-5 049	1 331	4 732	-1 575
Change in trade payables	7 023	-6 225	3 468	-930	-4 715
Cash flow from operating activities	27 072	24 408	6 719	15 348	41 478
Cash flow from investing activities	-31 615	-21 063	-10 387	-5 982	-32 965
Cash flow from financing activities	-1 421	-8 633	2 514	1 330	-6 384
Cash flow for the period	-5 964	-5 288	-1 154	10 696	2 129
Liquid funds at beginning of period	15 987	14 009	11 344	-1 948	14 009
Exchange rate difference in liquid funds	-415	-223	-582	-250	-151
Liquid funds at end of period	9 608	8 498	9 608	8 498	15 987

Income statements for the Parent Company

SEK thousands	January – September		July – September		Whole year 2009
	2010	2009	2010	2009	
Administrative expenses	-4 116	-2 994	-1 568	-1 142	-3 631
Research and development costs	-12	-13	-4	-4	-16
Other operating revenues and expenses	-243	-3 073	-222	32	-3 013
Operating income	-4 371	-6 080	-1 794	-1 114	-6 660
Financial income and expenses	-511	-1 585	-2 086	-1 585	-968
Income after financial items	-4 882	-7 665	-3 880	-2 699	-7 628
Taxes	—	—	—	—	985
Net income	-4 882	-7 665	-3 880	-2 699	-6 643

Depreciation and amortization has reduced income for the period by SEK 51 thousand (53), of which SEK 14 thousand (18) is for the third quarter.

Balance sheets for the Parent Company

SEK thousands	Sept 30, 2010	Sept 30, 2009	Dec 31, 2009
ASSETS			
Patents	11	25	22
Tangible fixed assets	100	55	42
Participation in affiliated companies	340 107	325 596	334 214
Deferred tax assets	12 897	13 970	12 897
Receivables from affiliated companies	12 026	30 777	36 407
Other current receivables	1 577	1 114	770
Liquid funds	337	293	46
Total assets	367 055	371 830	384 398
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	357 295	365 165	371 954
Long-term interest bearing liabilities	2 711	1 788	4 704
Long-term non-interest bearing liabilities	2 313	—	2 489
Short-term interest bearing liabilities	2 844	2 217	2 981
Accounts payable	388	376	318
Other short-term interest-free liabilities	1 504	2 284	1 952
Total shareholders' equity and liabilities	367 055	371 830	384 398
Pledged assets for own liabilities	3 100	3 100	3 100
Contingent liabilities	20 000	20 000	20 000

Note 1. Accounting Principles

This interim report has been drawn up for the Group in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and recommendation RFR 2.2 of the Swedish Financial Reporting Board, Accounting for Legal Entities. Unless otherwise stated below, the accounting principles applied to the Group and the Parent Company are consistent with the accounting principles used in the presentation of the most recent Annual Report.

Additional accounting principles

IAS 28 – Investments in Associates

Associates are all companies where the Group has a significant but not a controlling influence. Holdings in associates are reported in accordance with the equity method, which means that the shareholding is initially valued at cost, and is subsequently adjusted to reflect the Group's share of the change in the net assets of the company. The Group's share of the associate's net income is recorded in the Group's Income Statement. Unrealized profits and losses on transactions between the Group and its associates are eliminated to the extent of the Group's holding in the associate.

Note 2. Financial data per segment, Group

SEK thousands	January – September 2010	September 2009	Whole year 2009
Fertility and Stem Cell Cultivation			
Net sales	184 603	177 326	234 725
Operating income	11 443	14 161	17 739
Total Assets	339 300	320 061	332 867
Transplantation			
Net sales	31 930	29 941	39 901
Operating income	13 109	9 620	12 669
Total Assets	48 951	19 462	26 448



Innovative Cell and Tissue Technology

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