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INTERIM REPORT JANUARY-SEPTEMBER 2011

Vitrolife AB (publ)

Vitrolife is a global biotechnology/medical device Group that works with developing, manufacturing and selling advanced products and systems for preparation, cultivation and storage of human cells, tissues and organs. The company has business activities within three product areas: Fertility, Transplantation and Stem Cell Cultivation. Vitrolife today has approximately 220 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, United Kingdom and Japan. Production facilities are located in Sweden and the USA. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.

Vitrolife 

31 percent sales growth and record strong operating income

Third quarter

- Sales increased by 31 percent in local currency during the third quarter. Sales amounted to SEK 85 (68) million, corresponding to an increase of 25 percent in SEK.
- Operating income (EBIT) amounted to SEK 14 (6) million, which is more than double compared to last year. Vitrolife's operating income is the strongest ever for one specific quarter. The operating margin amounted to 17 (9) percent. Operating expenses as a percentage of sales decreased to 51 (60) percent. Operating income before research and development costs amounted to SEK 24 (17) million, which corresponds to an operating margin of 28 (26) percent.
- Income before tax increased by 37 percent to SEK 15 (11) million. Net income amounted to SEK 10 (11) million, estimated tax of SEK 5 (0) million is included. Payment of tax will be made no earlier than during the first quarter of 2012. Earnings per share amounted to SEK 0.49 (0.55).
- The cash flow from operating activities was SEK 14 (7) million. The change compared with the previous year is attributable primarily to the increase in accounts receivable as a result of increasing sales and increased growth for the company as a whole.
- Increased growth potential for Vitrolife in China – regulatory approval of instruments used in IVF treatment.
- Regulatory approval of aspiration needles in Japan, the second largest IVF market worldwide.
- American study on STEEN Solution™ begun and four clinics have so far performed transplants.
- The development of new clinical stem cell media is ongoing.

January-September

- Sales increased by 30 percent in local currency during the first three quarters of the year. Sales amounted to SEK 261 (217) million, corresponding to an increase of 20 percent in SEK.
- Operating income (EBIT) amounted to SEK 37 (25) million, which corresponds to an increase of 51 percent. The operating margin amounted to 14 (11) percent. Operating expenses as a percentage of sales decreased to 52 (57) percent. Operating income before research and development costs amounted to SEK 70 (58) million, which corresponds to an operating margin of 27 (27) percent.
- Income before tax increased by 35 percent and amounted to SEK 41 (30) million. Net income amounted to SEK 29 (30) million, estimated tax of SEK 13 (0) million is included. Payment of tax will be made no earlier than during the first quarter of 2012. Earnings per share amounted to SEK 1.45 (1.54).

CEO's comments

We can note a fourth quarter in a row with sales growth of around 30 percent and a record quarter with regard to operating income. The development of sales in largely all markets worldwide, except for certain submarkets in Europe, continues to be very good. The trends from previous quarters continue, the clearest of which are an increasingly strong market position and rapid growth in Asia, primarily China and Japan. In North America, last year's acquisition of additional products within the Fertility area has been a success, with strengthened market shares and almost doubled sales. Vitrolife is thereby moving towards an increasingly balanced division of revenues between the various parts of the world and is thus becoming relatively speaking less dependent on the western and southern European markets. Regarding the development of income, the effects of economies of scale can be seen increasingly clearly after a number of years of goal-oriented expansion of both the supply structure and product portfolio development, together with a marketing and sales organization with worldwide coverage.

By the end of the year Vitrolife aims to broaden what it offers to customers within the fertility area so that the company's uniquely sensitive quality testing now comprises all the products that come into contact with eggs, sperms and embryos during treatment. No competitor in the market can offer this and it is something which means that a new higher standard is created during the growth of the embryo outside the mother, which is of benefit to the clinics and in the end to patients and children.



The Transplantation area is in an intensive phase of development, with the emphasis on the clinical study in the USA which is well underway. This study is planned to be the basis of the application for sales approval in the USA. There continues to be very great interest in Vitrolife's unique product STEEN Solution™, a new method for functional testing of lungs outside the body which leads to many more organs being available for transplantation. This revolutionary method will save the lives of many people all over the world with lung diseases who are waiting for organs. It is important to make a wider range of people aware of this new opportunity that the technology gives to save lives, not only patient organizations but also politicians, as it is also socioeconomically profitable, due to the fact that people with severe lung diseases need very intensive hospital care over a long period of time.

During the coming year we will concentrate on further strengthening our presence in Asia and on expanding our capacity for customer training and quality testing for the expanded product line.

The focus on strong and sustainable growth together with gradually strengthened profitability continues.

Magnus Nilsson, VD

The Group's Key Figures

SEK million	2011	Jul – Sep 2010	2011	Jan – Sep 2010	Oct 2010 – Sep 2011	Whole year 2010
Net Sales	85	68	261	217	342	298
Gross Profit	58	48	174	151	228	206
Gross Margin, %	68	70	67	70	67	69
Operating income (EBIT)	14	6	37	25	46	33
Operating margin, %	17	9	14	11	13	11
EBITDA	19	10	49	37	61	49
Income after financial items	15	11	41	30	52	41
Net income	10	11	29	30	28	29
Equity/assets ratio, %	74	84	74	84	74	76
Income per share, SEK	0.49	0.55	1.45	1.54	1.41	1.48
Shareholders' equity per share, SEK	17.35	16.76	17.35	16.76	17.35	16.66
Share price on closing, SEK	37.50	34.00	37.50	34.00	37.50	37.80
Market cap at closing	734	665	734	665	734	740

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.

Third quarter 2011 (July – September)

Net sales

Vitrolife's net sales during the third quarter increased by 31 percent in local currency and amounted to SEK 85 (68) million. Sales growth was 25 percent in SEK.

Income

The operating margin amounted to 17 (9) percent. Operating income (EBIT) amounted to SEK 14 (6) million, which corresponds to an increase of 145 percent.

The gross margin during the third quarter amounted to 68 (70) percent. The change was primarily due to a different product mix.

Selling expenses in relation to sales decreased compared to the previous year and amounted to 28 (30) percent. Administrative expenses also decreased compared to the previous year as a percentage of sales and amounted to 12 (13) percent. R&D costs amounted to 11 (17) percent of sales. Compared with the same period the previous year, a greater proportion of the development costs have been capitalized. This is because more projects have been run which according to current accounting rules are to constitute intangible assets. In all, operating expenses decreased as a percentage of sales and amounted to 51 (60) percent.

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 new transplantation techniques 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 24 (17) million, corresponding to a margin of 28 (26) percent.

Net financial items for the third quarter amounted to SEK 0 (5) million and, unlike the corresponding period the previous year, were affected only marginally by revaluation of internal dealings between Vitrolife Sweden AB and Vitrolife Inc. and by realized forward contracts. Net financial items include non-realized exchange rate effects of SEK 1 (0) million on accounts receivable and payable.

Income before tax amounted to SEK 15 (11) million, which corresponds to an increase of 37 percent. Net income amounted to SEK 10 (11) million. Estimated tax amounted to SEK 5 (0). Payment of tax will be made no earlier than during the first quarter of 2012. Minority shareholders' share of income amounted to SEK 0 (0) million.

Cash flow

The cash flow from operating activities amounted to SEK 14 (7) million during the third quarter. Working capital decreased by SEK -4 (-5) million during the quarter and this is attributable to the increase in accounts receivable as a result of strongly increasing sales and increased growth for the company as a whole. Investments amounted to a total of SEK 9 (10) million and were mainly gross investments in intangible assets, primarily in STEEN Solution™, but also to some extent in the development of cultivation utensils ("Labware"). Investments in plant, property and equipment amounted to SEK 1 (2) million. The cash flow from financing activities was SEK 0 (3) million and consisted mainly of the repayment of borrowings and a change in the bank overdraft facility. Cash and cash equivalents at the end of the period amounted to SEK 16 (10) million.

The period 2011 (January – September)

Net sales

Vitrolife's net sales increased by 30 percent in local currency during the nine-month period in 2011 and amounted to SEK 261 (217) million. Sales growth was 20 percent in SEK.

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

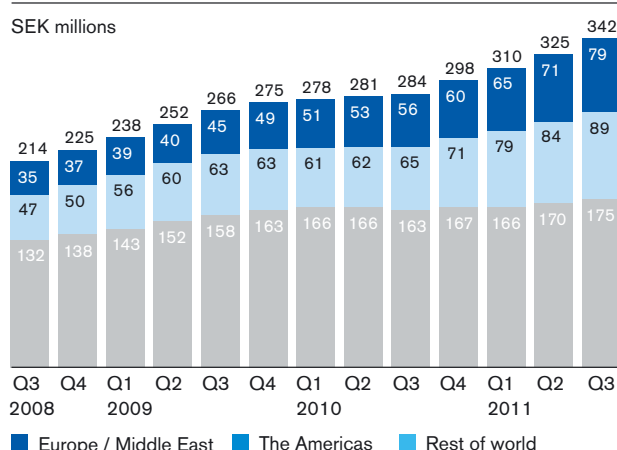


Fig 2. Net sales per product area (rolling 12 months)

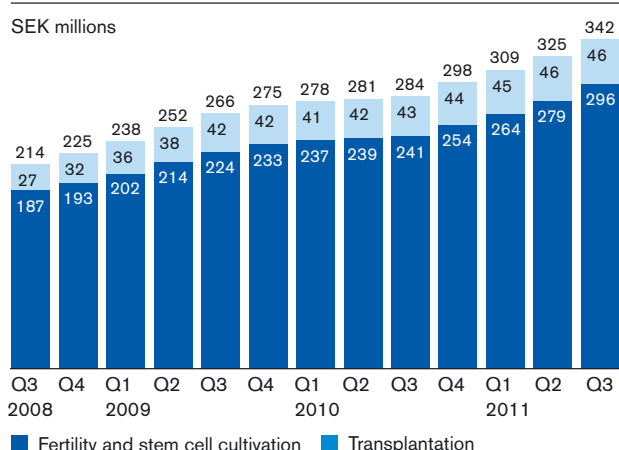
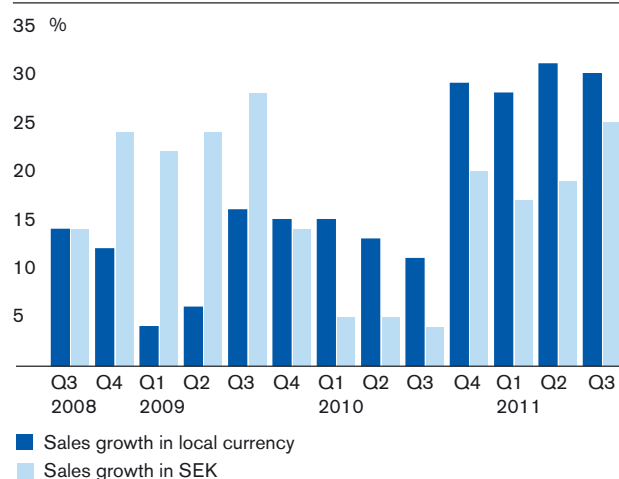


Fig 3. Sales development (quarter)



Income

The gross margin amounted to 14 (11) percent. Operating income (EBIT) amounted to SEK 37 (25) million, which corresponds to an increase of 51 percent. The gross margin amounted to 67 (70) percent. The change was primarily due to production costs of a one-time nature in connection with changed handling of raw materials and a changed product mix. Gross income increased by 15 percent to SEK 174 (151) million.

Selling expenses in relation to sales decreased compared to the previous year and amounted to 27 (28) percent. Administrative expenses in relation to sales also decreased compared to the previous year and amounted to 12 (13) percent. R&D costs amounted to 13 (16) percent of sales. Compared with the same period the previous year, a greater proportion of the development costs have been capitalized. This is because more projects have been run which according to current accounting rules are to constitute intangible assets. Other operating revenues/expenses were affected negatively by the currency translation adjustment of primarily accounts receivable and amounted to SEK -1 (-3) million. In all, operat-

ing expenses decreased as a percentage of sales and amounted to 52 (57) percent.

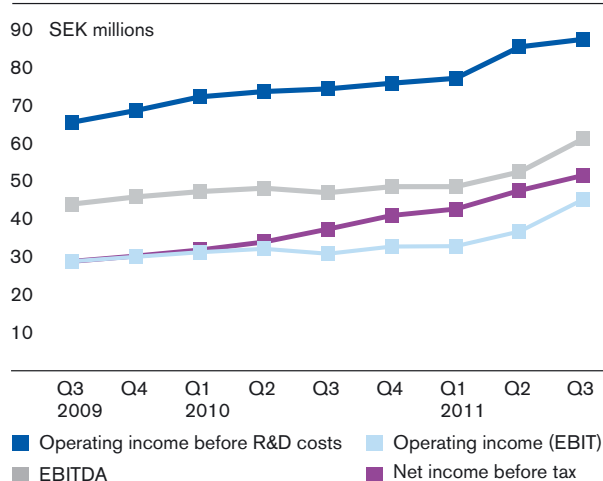
Depreciation and amortization of SEK 12 (12) million were charged against net income for the period.

Operating income before R&D costs amounted to SEK 70 (58) million for the period, which corresponds to a margin of 27 (27) percent.

Net financial items amounted to SEK 4 (6) million and were positively affected by realized forward contracts, amongst other things. Net financial items include non-realized exchange rate effects of SEK 1 (1) million on accounts receivable and payable.

Net income before tax amounted to SEK 41 (30) million, which corresponds to an increase of 35 percent. Net financial income amounted to SEK 29 (30) million. Estimated tax amounted to SEK -13 (0) million, of which SEK -5 (0) million is due to the dissolution of previously capitalized loss carry forward. The loss carry forward in the Swedish units, which can be set off against taxable profits, has been fully utilized since the second quarter. Payment of current tax will be made no earlier than during the first quarter of 2012. The minority shareholders' share of income in the Italian subsidiary A.T.S Srl amounted to SEK 0 (0) million.

Fig 4. Income (rolling 12 months)

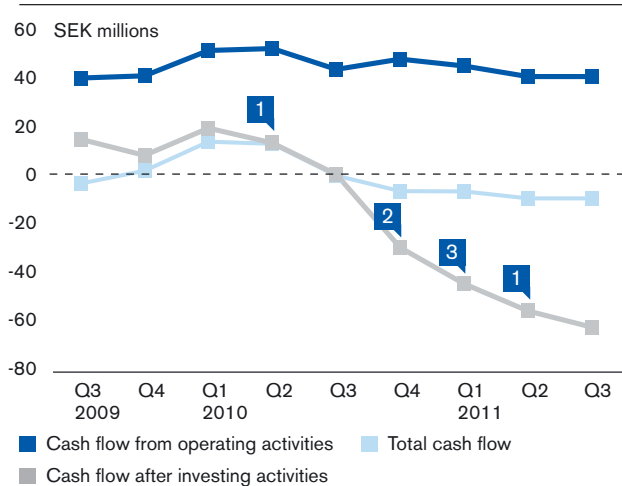


Cash flow

The cash flow from operating activities increased and amounted to SEK 29 (27) million. Changes in working capital amounted to SEK -22 (-13) million during the period and this is primarily attributable to the increase in accounts receivable and inventories as a result of strongly increasing sales and increased growth for the company as a whole. Investments amounted to SEK 36 (32) million. Investments in property, plant and equipment amounted to SEK 14 (5)

million, of which SEK 5 million is for the acquired property in Denver during the first quarter. Investments in intangible assets amounted to SEK 22 (24) million and were primarily gross investments in intangible assets, primarily in STEEN Solution™, but also to some extent in the development of cultivation utensils (“Labware”). The cash flow from financing activities was SEK 4 (-1) million and consisted, amongst other things, of dividend during the second quarter, the repayment of borrowings and loans raised in connection with acquisition of the property in Denver, and financing of an expanding business in the form of increased utilization of the bank overdraft facility. Cash and cash equivalents at the end of the period amounted to SEK 16 (10) million.

Fig 5. Cash flow (rolling 12 months)



- 1** Share dividend paid
- 2** Acquisition of Conception Technologies
- 3** Acquisition of Denver facility

Financing

Vitrolife’s total credit facilities amounted to SEK 87 (27) million, of which SEK 72 (18) million was utilized. This was mainly for the financing of business activities in the form of a bank overdraft facility in the subsidiary Vitrolife Sweden AB, loans related to the acquisition of Conception Technologies during 2010 and loans for financing of the property in Denver acquired during the first quarter. Of the company’s total credit facilities, SEK 30 (3) million consisted of the company’s long-term financing in the form of interest-bearing loans, SEK 2 (2) million consisted of non-interest-bearing loans and SEK 40 (13) million consisted of short-term financing.

The equity/assets ratio was 74 (84) percent. The return on capital employed amounted to 14 (15) percent. Capital employed amounted to SEK 411 (344) million at the end of the period.

Shareholders’ equity per share amounted to SEK 17.35 (16.76).

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 amounted to SEK 0 (-4) million for the third quarter. For the nine-month period income before tax amounted to SEK -3 (-5) 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, 2011, was SEK 37.50 (34.00).

Product areas

Fertility



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

- Sales increased by 35 percent in local currency during the third quarter. Sales amounted to SEK 73 (56) million, corresponding to an increase of 30 percent in SEK.
- Sales increased by 31 percent in local currency during the nine-month period. Sales amounted to SEK 226 (184) million, corresponding to an increase of 22 percent in SEK.
- Increased growth potential for Vitrolife in China – regulatory approval of instruments used in IVF treatment.
- Regulatory approval of aspiration needles in Japan, the largest IVF market worldwide after China.

Sales in the Europe/Middle East/African region increased by 16 percent during the third quarter in local currency. Strategically important direct markets such as Germany and France accounted for the strongest growth. The distributor markets in the Middle East and Africa have recovered after the unrest in these countries during the second quarter.

A continued strong increase in sales of 85 percent in local currency can be noted in the American region during the third quarter. The increase consists of a mixture of stronger market shares, market growth and an expanded range of products, partly as an effect of the acquisition of the business in Conception Technologies during the last quarter of 2010.

Sales in the Rest of the World region, which primarily consists of Asia and the Pacific region, continue to be very good and increased by 48 percent in local currency during the quarter. Japan and “Greater China” (China, Hong Kong and Taiwan) account for the strongest rate of growth. India is also growing very strongly and thus strengthens the company’s position in these strategically important growth markets.

During the quarter Vitrolife obtained regulatory approval for aspiration needles and micropipettes used in infertility treatment (IVF). Vitrolife was already the first company to obtain regulatory approval in China for a whole series of cultivation media used in IVF treatment. Vitrolife can now offer a total solution of high quality products for IVF treatment, which opens up new opportunities in the rapidly growing Chinese market.

During the third quarter Vitrolife also obtained regulatory approval in Japan for aspiration needles used in the collection of oocytes. This means that Vitrolife can now offer customers in the second largest IVF market a high quality regulatory-approved series of products that cover all the stages of a treatment.

The launch of the new product area “Vitrolife Labware” is estimated to take place during the fourth quarter. Work is now ongoing on the setting up of production and CE marking of the entire product group. During the fourth quarter it is planned that an application will be filed in the USA for FDA approval of the product area “Vitrolife Labware”

Transplantation



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

- Sales increased by 11 percent in local currency during the third quarter. Sales amounted to SEK 12 (12) million, corresponding to an increase of 2 percent in SEK.
- Sales increased by 21 percent in local currency during the nine-month period. Sales amounted to SEK 34 (32) million, corresponding to an increase of 9 percent in SEK.
- American study on STEEN Solution™ begun and four clinics have so far performed transplantations.

The development of sales was also positive during the third quarter. As before, the increase is above all in the traditional European markets, but also continues in new markets within Europe and Asia.

The interest at congresses after the published results from Toronto regarding STEEN Solution™ shows that acceptance of the technology continues to grow among internationally leading researchers and clinics.

In total almost 100 lung transplants have been carried out in the world using STEEN Solution™ and interest also continues to increase among researchers and clinics from countries that are relatively new within the transplantation area.

At present a study is being carried out in the USA comprising 12 patients who are receiving transplants using STEEN Solution™. Five well-reputed lung transplant centres in Baltimore, New York, Boston, Denver and Durham are participating. The study has been devised in consultation with the FDA and complements the previously published Canadian study on 22 patients. The first transplantation was carried out within the framework of the study using STEEN Solution™ in September and five transplantations have so far been carried out at four centres. A fifth centre, Duke University, has been included in the study, and it is anticipated that they will be able to start within approximately one month.

Sales approval is expected in the USA if the study obtains results corresponding to those obtained in the study carried out in Canada. Approval would mean that STEEN Solution™ could begin to be used clinically in the USA, which would open up a large market, as approximately half of all lung transplants done in the world are performed in the USA.

Development also continues of the peripheral products necessary for lung evaluation using STEEN Solution™. 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 nine-month period amounted to SEK 0.3 (0.5) million.
- Launch of a new freeze medium for human embryonic stem cells has begun.
- Development of new clinical stem cell media continuing.

The idea behind this product area is to utilize existing expertise and infrastructure to develop at a relatively limited cost a product line specific to the use of stem cells for clinical use. Development focuses on media for cultivation and freezing of stem cells and the work is done through cooperation with nationally and internationally prominent groups within the area.

During the period the first of the new generation of medium products Vitrolife F1 OMNI™ was launched and sales begun during the third quarter.

Resources invested in the area focus on the development of new products. A cultivation medium for human pluripotent stem cells, that is stem cells that can give rise to all the cells in an adult, is now in the final phase of development at the same time as work on two further products is proceeding

Prospects for 2011

Still only a few percent of all the couples in the world who are infertile are treated. The need for fertility treatment will continue to increase, above all in the rapidly growing developing countries, so Vitrolife continues to invest in customer support and improved distribution opportunities, with a special focus on these countries. Early market investments in China along with Vitrolife's appreciated focus on quality have made this market one of Vitrolife's three largest. The company's focus on quality is very appreciated. The work on further broadening the product range will also be in focus in R&D during the last quarter and the company anticipates that it will launch a number of important products during this period.

Within transplantation a lot of work is focused on carrying out the planned study in the USA on 12 patients. If the study goes well it is planned that it will form the basis of an application for marketing approval in the USA.

Vitrolife's areas of focus in 2011 aim to support Vitrolife's overall strategy of ensuring good continuous growth, together with gradually developed profitability. The main tasks defined for 2011 may be summarized as follows:

- developing, strengthening and expanding the product portfolio within all three product areas, in order to further increase the opportunities for growth.
- constantly developing and making our product supply and support processes more effective in order to maintain a competitive cost and organization structure.
- further strengthening the customer support and sales organization as well as product distribution globally by gradually developing the company's support systems, further developing our expertise and providing new qualified co-workers so as to be able to reach out to and directly support more customers in more markets.

Other information

Organization and personnel

During the first nine months of 2011 the average number of employees was 212 (178), of whom 122 (106) were women and 90 (72) were men. 131 (129) people were employed in Sweden, 65 (36) in the USA and 16 (13) in the rest of the world. Several of the employees in Sweden work in other markets. The number of people employed in the Group at the end of the period was 223 (185).

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 quarter. For information on related parties, see the Annual Report for 2010, page 62, note 27.

Miscellaneous

The following people have been appointed as members of Vitrolife's election committee for the 2012 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 27, 2011.

The Annual General Meeting of Vitrolife AB (publ) will be held on April 19, 2012 in Gothenburg.

The company in brief

Business concept

Vitrolife's business concept is to develop, produce and market advanced, effective and safe products and systems for the cultivation, handling and storage of human cells, tissues and organs, with the intention of using these in clinical treatment.

Strategies

Vitrolife's strategies are:

- To develop and market products of the highest quality and efficacy for clinical applications (premium products and prices) within Vitrolife's defined product areas.
- Highly efficient production under the company's own management combined with the best biological and chemical quality controls conceivable in order to ensure the best possible treatment results.
- Advanced logistics and distribution system that enables rapid global distribution of the company's products, which are largely cold stored fresh products.
- To build up the company's own highly qualified market organization for advanced customer support as a competitive edge in identified key markets.
- To engage opinion-leading researchers and customers for cooperation within R&D and marketing within each product area.
- To position the company to benefit from future new authority requirements as a competitive advantage.
- To patent new products where it is estimated to be advantageous from a financial and market perspective, taking into account product life cycles and copying risks.

Risk management

Vitrolife is constantly working to identify, evaluate and manage risks in different systems and processes. During 2010 Enterprise Risk Management (ERM) was introduced, a system which aims to ensure that identified risks are handled in a systematic way. Risk analyses are performed continually with regard to the company's normal business activities and also in connection with activities that are outside Vitrolife's regular quality system. In this way the company can have a high rate of development and at the same time be aware of both the opportunities and risks.

The most important strategic and operative risks regarding Vitrolife's business and field are described in detail in the Annual Report for 2010 (pages 40-42). These are primarily constituted 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 under the heading "Internal Control Report". The same applies to the Group's management of financial risks, which are described in the Annual Report for 2010, note 24. The risks reported as they are described in the Annual Report for 2010 are assessed to be essentially unchanged for the nine-month period of 2011.

Seasonal effects

Vitrolife's sales are affected relatively marginally by seasonal effects. The first half of the year is generally somewhat stronger than the second half and sales in the first quarter are generally the strongest of all, as these are not usually affected by holiday periods. There is usually a downturn in orders before holiday periods, primarily of fertility media. As these have a relatively short shelf life the fertility clinics minimize their stocks before they close for the holiday, so as not to risk having to scrap products.

Events after the end of the period

No events have occurred after closing day that significantly affect the assessment of the financial information in this report.

October 27, 2011
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.

The Report on Operations for 2011 will be published on Tuesday February 7, 2012.

Queries should be addressed to

Magnus Nilsson, CEO, phone +46 31 721 80 61
Mikael Engblom, CFO, phone +46 31 721 80 14

Review report

Auditor's report concerning review of the summary financial interim information (interim report), prepared in accordance with IAS 34 and chapter 9 of the Swedish Annual Accounts Act

Introduction

We have reviewed this report for the nine month period 1 January 2011 to 30 September 2011 for Vitrolife AB (publ) org nr 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.

Scope of 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 is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, 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. Accordingly, we do not express an audit opinion.

Conclusion

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, October 27, 2011
Öhrlings PricewaterhouseCoopers AB

Birgitta Granquist
Authorised Public Accountant

Vitrolife is required to publish the information in this report in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on Thursday October 27, 2011 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 2010
	2011	2010	2011	2010	
Net sales	260 741	216 533	85 053	67 847	297 565
Cost of goods sold	-86 800	-65 100	-27 345	-20 192	-91 410
Gross income	173 941	151 433	57 708	47 655	206 155
Selling expenses	-70 511	-61 390	-23 756	-20 175	-87 552
Administrative expenses	-32 659	-28 595	-10 624	-9 109	-39 080
Research and development costs	-32 842	-33 745	-9 143	-11 441	-43 144
Other operating revenues and expenses	-837	-3 151	178	-1 059	-3 319
Operating income	37 092	24 552	14 363	5 871	33 060
Financial income and expenses	3 998	5 926	152	4 693	8 193
Income after financial items	41 090	30 478	14 515	10 564	41 253
Taxes	-12 519	-449	-4 870	243	-12 071
Net income	28 571	30 029	9 645	10 807	29 182
Attributable to					
Parent Company's shareholders	28 291	29 740	9 607	10 776	28 930
Minority interest	280	289	38	31	252
Earnings per share, SEK	1.45	1.54	0.49	0.55	1.48
Earnings per share, SEK*	1.45	1.54	0.49	0.55	1.48
Average number of outstanding shares	19 558 931	19 552 857	19 562 769	19 552 857	19 552 857
Average number of outstanding shares*	19 558 931	19 552 857	19 562 769	19 552 857	19 554 262
Number of shares at closing day	19 562 769	19 552 857	19 562 769	19 552 857	19 552 857
Number of shares at closing day*	19 562 769	19 552 857	19 562 769	19 552 857	19 569 236

Depreciation and amortization has reduced income for the period by SEK 12 367 thousand (12 016), of which SEK 4 290 thousand (3 890) is for the third quarter.

* No dilution as Vitrolife's outstanding share warrant program was terminated on May 31, 2011. See Note 3.

Statement of comprehensive income

SEK thousands	January - September		July - September		Whole year 2010
	2011	2010	2011	2010	
Net income	28 571	30 029	9 645	10 807	29 182
Other comprehensive income					
Change in hedging reserve, net after tax	-3 206	3 108	-893	471	1 904
Change in translation reserve, net after tax	1 381	-7 654	8 602	-15 812	-6 969
Total other comprehensive income	-1 825	-4 546	7 709	-15 341	-5 065
Total income	26 746	25 483	17 354	-4 534	24 117
Attributable to					
Parent Company's shareholders	26 466	25 194	17 316	-4 565	23 865
Minority interest	280	289	38	31	252

Other key ratios

	January - September		July - September		Whole year 2010
	2011	2010	2011	2010	
Gross margin, %	66.7	69.9	67.8	70.2	69.3
Operating margin, %	14.2	11.3	16.9	8.7	11.1
Operating margin other operating revenues and expenses, %	14.5	12.8	16.7	10.2	12.2
Operating margin before R&D costs, %	26.8	26.9	27.6	25.5	25.6
Net margin, %	11.0	13.9	11.3	15.9	9.7
Equity/assets ratio, %	73.5	84.2	73.5	84.2	75.8
Shareholders' equity per share, SEK	17.35	16.76	17.35	16.76	16.66
Shareholders' equity per share, SEK*	17.35	16.76	17.35	16.76	16.65
Return on equity, %	8.6	9.2	8.6	9.2	8.8
Return on capital employed, %	13.8	14.6	13.8	14.6	14.6
EBITDA, %	19.0	16.9	21.9	14.4	16.4
Cash flow from operations per share SEK	1.50	1.38	0.70	0.34	2.48

* No dilution as Vitrolife's outstanding share warrant program was terminated on May 31, 2011. See Note 3.

Consolidated income statements per quarter

SEK thousands	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2010	Oct-Dec 2010	Jul-Sep 2010	Apr-Jun 2010
Net sales	85 053	87 654	88 034	81 032	67 847	73 408
Cost of goods sold	-27 345	-30 224	-29 231	-26 310	-20 192	-21 429
Gross income	57 708	57 430	58 803	54 722	47 655	51 979
Selling expenses	-23 756	-23 335	-23 420	-26 162	-20 175	-21 475
Administrative expenses	-10 624	-11 083	-10 952	-10 485	-9 109	-9 639
Research and development costs	-9 143	-11 712	-11 987	-9 399	-11 441	-11 499
Other operating revenues and expenses	178	1 293	-2 309	-168	-1 059	-688
Operating income	14 363	12 593	10 135	8 508	5 871	8 678
Financial income and expenses	152	1 988	1 858	2 267	4 693	1 001
Income after financial items	14 515	14 581	11 993	10 775	10 564	9 679
Taxes	-4 870	-4 568	-3 081	-11 621	243	-233
Net income	9 645	10 013	8 912	-846	10 807	9 446
Attributable to						
Parent Company's shareholders	9 607	9 902	8 781	-809	10 776	9 342
Minority interest	38	111	131	-37	31	104

Consolidated balance sheets

SEK thousands	Sept 30, 2011	Sept 30, 2010	Dec 31, 2010
ASSETS			
Goodwill	120 736	97 301	120 289
Other intangible fixed assets	83 269	54 417	65 323
Tangible fixed assets	97 519	86 598	91 316
Financial fixed assets	16 924	31 557	20 897
Inventories	60 403	54 829	56 610
Accounts receivable	55 922	39 077	41 905
Other current receivables	12 715	9 780	10 982
Derivative instruments	-	5 084	3 449
Liquid funds	15 516	9 608	18 617
Total assets	463 004	388 251	429 388
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity, attributable to the Parent Company's shareholders	339 278	327 075	325 676
Minority interest	964	701	657
Long-term non interest-bearing liabilities	2 312	2 313	2 285
Long-term interest-bearing liabilities	29 268	2 711	29 486
Short-term interest-bearing liabilities	40 589	13 012	20 406
Accounts payable	18 206	19 642	26 643
Derivative instruments	900	-	-
Other short-term interest-free liabilities	31 487	22 797	24 235
Total shareholders' equity and liabilities	463 004	388 251	429 388
Pledged assets for own liabilities	20 611	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, 2010	19 944	208 566	-18 385	101 463	481	312 069
Total comprehensive income			-5 065	28 930	252	24 117
Dividend				-9 776		-9 776
Other transactions with minority shareholders					-76	-76
Closing balance December 31, 2010	19 944	208 566	-23 450	120 617	657	326 334
Opening balance January 1, 2011	19 944	208 566	-23 450	120 617	657	326 334
Total comprehensive income			-1 825	28 291	280	26 746
Increase in share capital	10	339				349
Warrants				-1 478		-1 478
Dividend				-11 736		-11 736
Other transactions with minority shareholders					27	27
Closing balance September 30, 2011	19 954	208 905	-25 275	135 694	964	340 242

Consolidated cash flow statements

SEK thousands	January - September		July - September		Whole year 2010
	2011	2010	2011	2010	
Income after financial items	41 090	30 478	14 516	10 563	41 253
Adjustment for items not affecting cash flow	9 855	9 871	2 958	1 444	13 966
Change in inventories	-3 057	-14 864	-1 995	-10 087	-12 556
Change in trade receivables	-12 667	-5 436	87	1 331	-6 339
Change in trade payables	-5 953	7 023	-1 821	3 468	12 075
Cash flow from operating activities	29 268	27 072	13 745	6 719	48 399
Cash flow from investing activities	-36 151	-31 615	-9 010	-10 387	-78 082
Cash flow from financing activities	3 621	-1 421	-181	2 514	32 772
Cash flow for the period	-3 262	-5 964	4 554	-1 154	3 089
Liquid funds at beginning of period	18 617	15 987	10 408	11 344	15 987
Exchange rate difference in liquid funds	161	-415	554	-582	-459
Liquid funds at end of period	15 516	9 608	15 516	9 608	18 617

Income statements for the Parent Company

SEK thousands	January - September		July - September		Whole year 2010
	2011	2010	2011	2010	
Administrative expenses	-3 700	-4 128	-1 524	-1 572	-5 488
Other operating revenues and expenses	292	-243	-16	-222	-269
Operating income	-3 408	-4 371	-1 540	-1 794	-5 757
Financial income and expenses	399	-511	1 371	-2 086	-147
Income after financial items	-3 009	-4 882	-169	-3 880	-5 904
Taxes	791	-	44	-	1 552
Net income	-2 218	-4 882	-125	-3 880	-4 352

Depreciation and amortization has reduced income for the period by SEK 30 thousand (51), of which SEK 8 thousand (14) is for the third quarter.

Balance sheets for the Parent Company

SEK thousands	Sept 30, 2011	Sept 30, 2010	Dec 31, 2010
ASSETS			
Patents	0	11	6
Tangible fixed assets	68	100	92
Participation in affiliated companies	337 532	337 532	337 532
Participation in associated companies	2 779	2 575	2 565
Deferred tax assets	5 225	12 897	4 434
Receivables from affiliated companies	29 494	12 026	52 153
Other current receivables	2 518	1 577	1 061
Liquid funds	307	337	196
Total assets	377 923	367 055	398 039
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	370 807	357 295	385 890
Long-term non interest-bearing liabilities	2 312	2 313	2 285
Long-term interest-bearing liabilities	1 931	2 711	2 532
Short-term interest-bearing liabilities	844	2 844	1 816
Accounts payable	288	388	146
Other short-term interest-free liabilities	1 741	1 504	5 370
Total shareholders' equity and liabilities	377 923	367 055	398 039
Pledged assets for own liabilities	3 100	3 100	3 100
Contingent liabilities	20 611	20 000	20 000

Note 1. Accounting Principles

This interim report has been prepared 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.

Note 2. Financial data per segment, Group

SEK thousands	Jan – Sep		Whole year
	2011	2010	2010
Fertility and Stem Cell Cultivation			
Net sales	226 433	184 603	253 713
Operating income	19 154	11 443	12 895
Total Assets	391 401	339 300	369 809
Transplantation			
Net sales	34 308	31 930	43 852
Operating income	17 938	13 109	20 165
Total Assets	71 603	48 951	59 579

The operating profit for Fertility and Stem Cell Cultivation includes Stem Cell Cultivation with SEK -6 089 thousand (-3 938).

Note 3. Warrants program 2008/2011

The Annual General Meeting in 2008 adopted a warrants program which is aimed at employees at Vitrolife and its subsidiaries, also including the company's senior management. Subscription for new shares using the warrants could take place as from May 1, 2010 up until May 31, 2011. During the first quarter of 2011 the company made an offer to the holders of warrants, in accordance with the terms of the warrants, to buy back the warrants at market value in exchange for cash. Payment of SEK 1,478 thousand has been made related to this offer, of which SEK 1,413 thousand was payment in cash to warrant holders and the remaining SEK 65 thousand costs in connection with the making of the offer. During the first quarter 7,000 shares were subscribed for as a result of utilization of warrants for subscription for new shares. A further 2,912 shares were subscribed for during the second quarter. A total of 9,912 shares have been subscribed for utilizing the warrants program 2008/2011. The program came to an end on May 31, 2011. No new warrants program was adopted at the Annual General Meeting in 2011.



www.vitrolife.com

Vitrolife AB (publ)
Vitrolife Sweden AB
Vitrolife Sweden Instruments AB
Box 9080, SE-400 92 Göteborg
Sverige
Tel +46 31 721 80 00
Fax +46 31 721 80 90

Vitrolife, Inc.
3601 South Inca Street
Englewood
CO 80110
USA
Tel +1 303 762 1933
Fax +1 303 781 5615

Vitrolife Ltd
1 Church Street
CV34 4 AB Warwick
Storbritannien
Tel +44 800 (0)32 0013
Fax +44 800 (0)32 0014

A.T.S. Srl
Via Pistrucchi, 26
20137 Milano
Italien
Tel +39 (0) 2 541 22100
Fax +39 (0) 2 541 22100

Vitrolife Pty Ltd
Suite 115, 55 Flemington
Road, North Melbourne
VICTORIA 3051
Australien
Tel +61 (0) 3 9329 1212
Fax +61 (0) 3 9329 1213

Vitrolife K.K.
Embassy of Sweden
Compound
1-10-3-901 Roppongi
Minato-ku, Tokyo 106-0032
Japan
Tel +81 (0) 33560 3874
Fax +81 (0) 33560 3875

Vitrolife Sweden AB
Beijing Representative Office
Rm 2905-FI 29-CITC-C
6A Jianguomenwai Avenue,
Chaoyang District
Beijing CN-100022, Kina
Tel +86 10 6593 9890
Fax +86 10 6563 9833

XVIVO Perfusion AB
Box 9080
SE-400 92 Göteborg
Sverige
Tel +46 31 721 80 00
Fax +46 31 721 80 99