

TOGETHER. ALL THE WAY™



REPORT ON OPERATIONS 2011

Vitrolife AB (publ)

Vitrolife is a global biotechnology/medical device Group that works in the areas of Fertility and Transplantation. The Fertility product area works with nutrient solutions (media), cryopreservation products and advanced consumable instruments such as needles and pipettes, for the treatment of human infertility. Work is also carried out to enable the use and handling of stem cells for therapeutic purposes. The Transplantation product area works with solutions and systems for assessing and preserving organs outside the body, so as to be able to select usable organs and keep them in optimal condition pending transplantation.

Vitrolife today has approximately 220 employees and the company's products are sold in almost 90 markets. The company is headquartered in Gothenburg, Sweden, and there are also offices in USA, Australia, France, Italy, United Kingdom, China and Japan. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.

Vitrolife 

A quarter of record sales and one-time expenses

Fourth quarter

- Sales increased by 19 percent in local currency. Sales were the highest ever for a single quarter and amounted to SEK 95 (81) million, corresponding to an increase of 18 percent in SEK.
- Operating income (EBIT) amounted to SEK 4 (9) million. The operating margin was 4 (11) percent. One-time expenses of SEK 7 million are included and consist of remuneration to the former CEO, write-down for a development project and disposal of production equipment. EBIT excluding one-time expenses amounted to SEK 11 million, corresponding to an operating margin of 11 percent.
- Income before tax amounted to SEK 4 (11) million. Net income amounted to SEK 2 (-1) million, which gave earnings per share of SEK 0.11 (-0.04).
- The cash flow from operating activities was SEK 10 (21) million.
- Magnus Nilsson handed over responsibility for the Group in order to be able to completely focus on Vitrolife's transplantation area, Xvivo, which will be a more independent unit within Vitrolife. Thomas Axelsson was appointed Acting CEO.

Whole year

- Sales increased by 27 percent in local currency. Sales amounted to SEK 365 (298) million, corresponding to an increase of 20 percent in SEK.
- Operating income (EBIT) increased by 24 percent and amounted to SEK 41 (33) million. The operating margin was 11 (11) percent. One time expenses of SEK 7 million are included and consist of remuneration to the former CEO, write-down for a development project and disposal of production equipment. EBIT excluding one-time expenses amounted to SEK 48 million, corresponding to an operating margin of 13 percent.
- Income before tax increased by 9 percent to SEK 45 (41) million. Net income amounted to SEK 31 (29) million.
- Vitrolife was the first company to obtain regulatory approval in China for a whole series of cultivation media for IVF.
- A study showed that EmbryoGlue®, a product patented by Vitrolife, increases the chances of infertile women having children.
- A clinical study showing good results when using STEEN Solution™ was published in a prominent scientific journal. In all more than 100 patients have now received new lungs through the use of STEEN Solution™.
- Increased growth potential for Vitrolife in China – regulatory approval was obtained for instruments used in IVF treatment.
- Regulatory approval of aspiration needles in Japan, the second largest IVF market in the world.
- American study on STEEN Solution™ was begun and so far 7 out of a total number of 12 planned transplantations have been carried out.
- Magnus Nilsson handed over responsibility for the Group in order to be able to completely focus on Vitrolife's transplantation area, Xvivo, which will be a more independent unit within Vitrolife. Thomas Axelsson was appointed Acting CEO.

After the end of the year

- The Board's proposal for dividend amounts to SEK 0.60 (0.60) per share.

CEO's comments

A quarter of record sales concluded a strong 2011. At the beginning of the year focus was on the integration of Conception Technologies, which was acquired during the autumn of 2010. The acquisition has resulted in a more competitive product portfolio and a strong market position in the American market.



Vitrolife continues to make large investments in the development of products so as to be at the leading edge vis-à-vis competitors. Further proof of the quality of Vitrolife's products was obtained via the study that was presented at the ESHRE conference in Stockholm in July 2011. This showed that EmbryoGlue® results in more children being born compared with traditional products, irrespective of the day when the embryo is reintroduced into the woman.

During the year Vitrolife has greatly increased both its sales and operating income and gained market shares. The increase in sales has been driven above all by successes in Asia, where the company's marketing efforts are now being

focused. A tougher market situation can be seen in several of the more mature markets today, with increased price competition and low or in certain cases reduced growth in the number of treatment cycles as a result of the difficult economic situation. This differentiated market situation between mature markets and growth markets is likely to characterize 2012 as well.

With regard to transplantation, the STEEN Solution™ technology is approaching sales approval in the USA, which is an important precondition for sales growth in 2012. This will also mean increased costs. 7 of the 12 planned transplantations in the American study that are to form the basis of market approval have been carried out.

Vitrolife enters 2012 in a good position within the area of fertility, with increasing market shares, a strong product portfolio and a competitive infrastructure. An exciting time also awaits the transplantation area with the planned launch of the STEEN Solution™ technology in the USA.

Thomas Axelsson, VD

The Group's Key Figures

SEK millions	Oct – Dec		Whole year	
	2011	2010	2011	2010
Net Sales	95	81	356	298
Gross Profit	64	55	238	206
Gross Margin, %	67	68	67	69
Operating income (EBIT)	4	9	41	33
Operating margin, %	4	11	11	11
EBITDA	9	12	58	49
Income after financial items	4	11	45	41
Net income	2	-1	31	29
Equity/assets ratio, %	74	76	74	76
Income per share, SEK	0.11	-0.04	1.55	1.48
Shareholders' equity per share, SEK	17.53	16.66	17.53	16.66
Share price on closing, SEK	44.80	37.80	44.80	37.80
Market cap at closing	876	740	876	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.

Fourth quarter 2011 (October - December)

Net sales

Vitrolife's net sales during the fourth quarter increased by 19 percent in local currency and amounted to SEK 95 (81) million. Sales growth was 18 percent in SEK.

Income

Operating income (EBIT) amounted to SEK 4 (9) million. The operating margin was 4 (11) percent. One-time expenses of SEK 7 million are included, of which SEK 4 million is remuneration to the former CEO Magnus Nilsson in connection with the final settlement of the previous contract of employment as a consequence of the fact that a new contract of employment has been negotiated for him as CEO of Xvivo as well as a bonus. One-time expenses of SEK 2 million are also included for the write-down of expenses carried on the balance sheet for the product development project Embryo Transfer Catheter (ETC) and of SEK 1 million regarding the disposal of production equipment. Vitrolife will evaluate different alternatives for the ETC product going forward.

EBIT excluding one-time costs amounted to SEK 11 million, corresponding to an operating margin of 11 percent.

The gross margin decreased somewhat and amounted to 67 (68) percent. The gross operating result increased by 18 percent to SEK 64 (55) million. Adjusted for the one-time expense regarding the write-down of SEK 1 million for production equipment, the gross margin amounted to 68 percent.

Selling expenses in relation to sales decreased to 29 (32) percent, while administrative expenses increased to 19 (13) percent. Adjusted for the one-time expenses regarding the final settlement of the contract of employment with the former CEO, administrative expenses amounted to 14 percent. R&D costs amounted to 15 (12) percent of sales. Adjusted for the one-time expenses related to the write-down of capitalized expenses with regard to the ETC project, R&D expenses amounted to 13 percent.

Income of SEK -0.1 (-0.2) million from the participating interest in the Danish company HertART Aps is included.

Depreciation and amortization of SEK 5 (4) million were charged against net income for the quarter.

Net financial items amounted to SEK 0 (2) million. Net financial items include non-realized exchange rate effects of SEK 0 (0) million on accounts receivable and payable.

Net income before tax amounted to SEK 4 (11) million. Net income amounted to SEK 2 (-1) million. The minority shareholders' share of income amounted to SEK 0 (0) million.

Cash flow

The cash flow from operating activities amounted to SEK 10 (21) million during the fourth quarter. Changes in working capital amounted to SEK 2 (6) million during the period, primarily as a consequence of reduced inventories. Investments amounted to a total of SEK 2 (46) million. Last year included the acquisition of Conception Technologies. Gross investments in intangible fixed assets amounted to SEK 1 (9) million. The cash flow from financing activities was SEK -3 (34) 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 21 (19) million.

The whole year 2011

Net sales

Vitrolife's net sales increased by 27 percent in local currency during the year and amounted to SEK 356 (298) million. Sales growth was 20 percent in SEK.

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

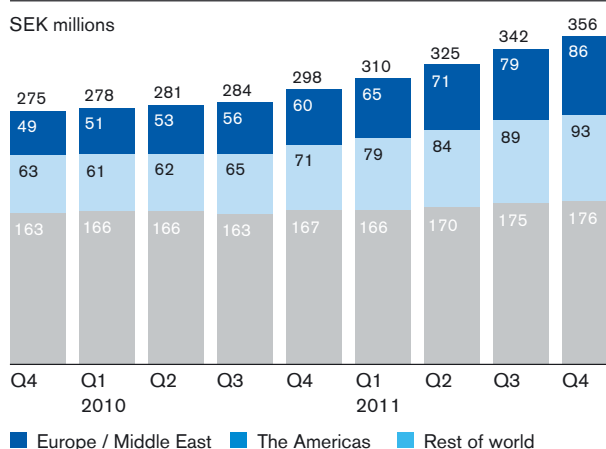


Fig 2. Net sales per product area (rolling 12 months)

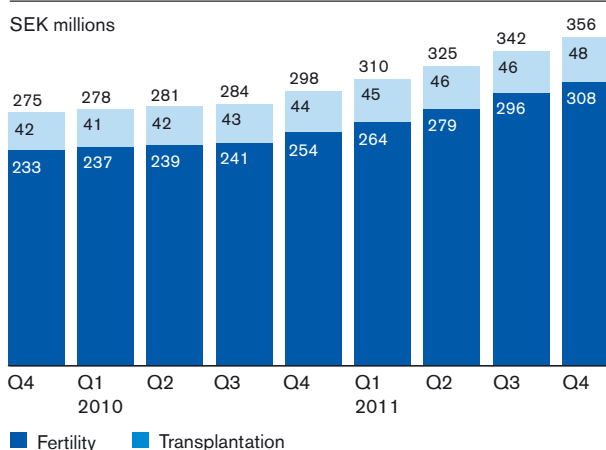
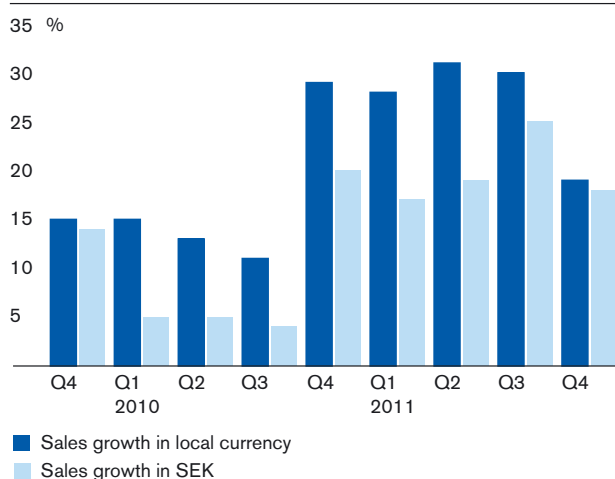


Fig 3. Sales development (per quarter)



Income

Operating income (EBIT) increased by 24 percent and amounted to SEK 41 (33) million. The operating margin was 11 (11) percent. One-time expenses of SEK 7 million are included, of which SEK 4 million is remuneration to the former CEO Magnus Nilsson in connection with the final settlement of the previous contract of employment as a consequence of the fact that a new contract of employment has been negotiated for him as CEO of Xvivo as well as a bonus. One-time expenses of SEK 2 million are also included for the write-down of expenses carried on the balance sheet for the product development project Embryo Transfer Catheter (ETC) and of SEK 1 million regarding the disposal of production equipment. Adjusted for one-time expenses, EBIT amounted to SEK 48 million, corresponding to an operating margin of 13 percent.

The gross margin decreased to 67 (69) percent, which was primarily caused by the changed product mix as a result of the acquisition of Conception Technologies. Gross income increased by 16 percent to SEK 238 (206) million.

Selling expenses amounted to 28 (29) percent of sales and administrative expenses to 14 (13) percent. Adjusted for one-time expenses, administrative expenses amounted to 13 percent. R&D costs amounted to 13 (15) percent of sales.

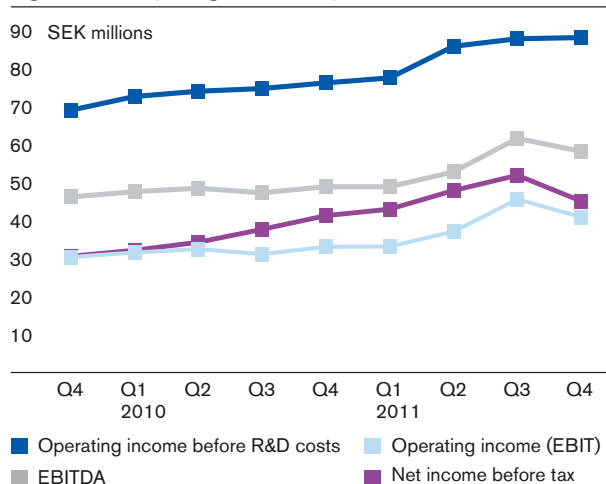
Other operating expenses were affected negatively by the currency translation adjustment of accounts receivable and amounted to SEK -3 (-4) million. Income of SEK 0 (0) million from the participating interest in the Danish company HertART Aps is included in this item.

Depreciation and amortization of SEK 17 (16) million were charged against net income for the year.

Net financial items amounted to SEK 4 (8) million. Net financial items include non-realized exchange rate effects of SEK 2 (1) million on accounts receivable and payable. Income before tax amounted to SEK 45 (41) million, which corresponds to an increase of 9 percent.

Net income amounted to SEK 31 (29) million. The loss carry forward in the Swedish units, which can be set off against taxable profits, has been fully utilized since the second quarter. The minority shareholders' share of income in the Italian subsidiary A.T.S Srl amounted to SEK 0 (0) million.

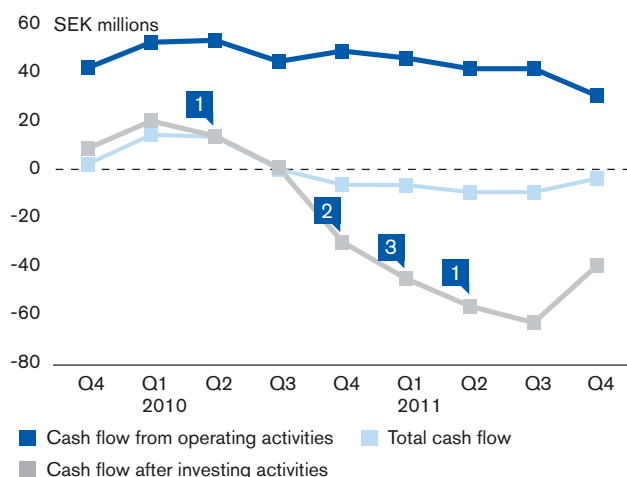
Fig 4. Income (rolling 12 months)



Cash flow

The cash flow from operating activities amounted to SEK 39 (48) million. Changes in working capital amounted to SEK -19 (-7) million and this is 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. Gross investments in intangible assets amounted to SEK 23 (33) million and consisted primarily of investments in STEEN Solution™. Investments in property, plant and equipment amounted to SEK 15 (8) million, of which SEK 5 million is for the property acquired in Denver during the first quarter. The cash flow from financing activities was SEK 0 (33) 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 year amounted to SEK 21 (19) 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 82 (61) million at the end of the year, of which SEK 67 (50) 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 in the subsidiary Vitrolife Inc. for the financing of the acquisition of the business in Conception Technologies during the fourth quarter of 2010 and loans for financing of the property in Denver acquired during the first quarter. Of the company's total utilized credit facilities, SEK 56 (39) million consisted of the company's long-term financing and SEK 11 (11) million consisted of short-term financing.

The equity/assets ratio was 74 (76) percent. The return on capital employed amounted to 16 (15) percent. Capital employed amounted to SEK 411 (367) million at the end of the period.

Shareholders' equity per share amounted to SEK 17.53 (16.66).

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 -1 (-1) million for the fourth quarter. For the whole year income before tax amounted to SEK -4 (-6) million. Cash and cash equivalents amounted to SEK 1 (0) million.

The Vitrolife share is listed on the NASDAQ OMX Stockholm Small Cap list under the symbol VITR. The closing price on December 31, 2011, was SEK 44.80 (37.80).

Product areas

Fertility



Nutrient solutions (media), cryopreservation products and advanced consumable instruments such as needles and pipettes, for the treatment of human infertility. Media and instruments to enable the use and handling of stem cells for therapeutic purposes.

- Sales increased by 19 percent in local currency during the fourth quarter and amounted to SEK 81 (69) million. Sales growth in SEK was 18 percent.
- Sales for 2011 increased by 28 percent in local currency and amounted to SEK 308 (254) million. Sales growth in SEK was 21 percent. Adjusted for the products included in the business in Conception Technologies acquired in October 2010, sales increased by 19 percent in local currency and 13 percent in SEK.
- Very strong development in Asia, driven by growth primarily in China, Japan and India. The region increased during 2011 by 55 percent in local currency and 48 percent in SEK.

The increase in sales in the American market in 2011 amounted to 64 percent in local currency. The increase corresponds to 49 percent in SEK. Adjusted for the products included in Conception Technologies, sales increased by 20 percent during the year in local currency and by 8 percent in SEK. Sales growth for the fourth quarter was 23 percent in local currency, corresponding to an increase of 22 percent in SEK. These figures were only affected marginally by the acquisition of Conception Technologies, as this occurred in the middle of October 2010.

In Asia sales increased by 55 percent during 2011 in local currency, corresponding to an increase of 48 percent in SEK. The corresponding figures for the fourth quarter were 53 percent in local currency and 53 percent in SEK. The increase in sales was driven primarily by continuing very strong development in China and Japan, but India has also developed strongly during the year. China is now Vitrolife's second largest market after North America.

Sales in the direct markets in Europe and Australia increased in local currency by 11 percent, corresponding to an increase of 7 percent in SEK. The corresponding figures for the fourth quarter were 9 percent in local currency and 8 percent in SEK. In the region Germany, France and the Pacific display strong development as a result of focused efforts in these markets. UK displays weaker development, above all as a result of greatly increased price competition.

Sales in the distributor markets in Europe, the Middle East and Africa increased during 2011 by 13 percent in local currency, corresponding to an increase of 7 percent in SEK. The corresponding figures for the fourth quarter were 6 percent in local currency and 5 percent in SEK. Within the region the markets of Spain and Turkey, which are both important to Vitrolife, only displayed moderate growth as a result of the weak economic situation in these countries. Russia and the Czech Republic are developing very strongly, as are several countries in the Middle East and Africa.

During the fourth quarter Vitrolife entered into a collaboration agreement with ParentPlus LLC, with the aim of trying to develop new products for IUI (Intra-Uterine Insemination, artificial insemination), which is a process where the sperm are prepared by separating them from the seminal fluid and then injecting them so that a high concentration of active and motile sperms are introduced directly through the cervix into the uterus and the fallopian tubes, where fertilization of the egg takes place.

Since June 2010 Vitrolife has worked on developing a range of one-time plastic products, "Vitrolife Labware", specifically adapted to IVF treatment. The products on the market today are developed for other purposes and may affect the result of the treatment negatively as they vary in quality. The project has been delayed due to the fact that it has taken longer to set up production than planned. During 2012 a prelaunch is planned of certain products in the portfolio. This will provide the basis for an analysis of the advantages for the lab using the products and how they are to be positioned. The production process for the products is complicated but the work is ongoing and there is a good plan in place to solve the remaining issues. Vitrolife has a positive view of the products and the assessment is that they will be able to contribute in a valuable way to the work on optimizing the fertility clinics' treatment results.

Sales of stem cell products for the whole of 2011 amounted to SEK 0.5 (0.7) million. Sales for the fourth quarter amounted to SEK 0.1 (0.1) million. Sales are at present constituted primarily by stem cell knives and an older generation of media for research purposes. The idea is to enter into research and collaboration agreements with leading institutions or companies and in this way secure development competence so as to be able to develop a product line specifically for the use of stem cells for clinical use. Development is focused on media for the cultivation and freezing of stem cells and the work is done through collaboration with nationally and internationally prominent groups in the area. Strategic work regarding Vitrolife's future position in the area has also begun.

Transplantation



Solutions and systems for assessing and preserving organs outside the body, so as to be able to select usable organs and keep them in optimal condition pending transplantation.

- **Sales for the fourth quarter increased by 16 percent in local currency and amounted to SEK 14 (12) million. Sales growth in SEK was 15 percent.**
- **Sales for the whole of 2011 amounted to SEK 48 (44) million, an increase of 19 percent in local currency. Growth in SEK was 10 percent.**
- **American study on STEEN Solution™ begun and so far 7 out of a total of 12 planned transplants have been performed.**
- **Xvivo will be a more independent unit within Vitrolife and Vitrolife's former CEO Magnus Nilsson has been appointed as head of the business area. In connection with this, the allocation of joint costs between the business areas has been reviewed.**

Sales today are mainly of Perfadex®. When STEEN Solution™ becomes more 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 in the short to medium term is greatest in the North American market once sales approval has been given by the authorities. The time when this occurs is amongst other things dependent on the results from the small clinical study that the American FDA wants to see done in the USA and which is ongoing and is estimated to be complete during the first quarter of 2012 as well as this authority's treatment of the application for market approval. So far 4 clinics have performed 7 transplants out of the total number of 12 planned transplants. A total of approximately 100 lung transplants have been performed in Europe and North America using the STEEN Solution™ technology. Interest in and acceptance of the technology continue to increase among internationally leading researchers and clinics. Research is also ongoing to use the technology in other organs and applications, such as the liver.

Vitrolife's subsidiary Xvivo became a more independent unit within the Vitrolife Group during the period. Vitrolife's former CEO Magnus Nilsson was appointed CEO for Xvivo so as to be able to focus entirely on realizing the great potential that the company sees in this line of business. It is the Board's intention to propose to the shareholders that Magnus Nilsson is given the opportunity to buy a participating interest in Xvivo.

Prospects for 2012

As the standard of living rises in several developing countries, more and more people choose to wait before they have children. This trend, which we have seen in the West for decades, leads to reduced fertility, which in turn drives the fertility treatment market. We can observe that exactly the same trend is developing in the new emerging countries China and India, where the demand for this treatment is increasing very rapidly. Still only a few percent of all the couples in the world who are infertile are treated. We therefore anticipate a constantly expanding market which in monetary terms is expected to grow by 5–10 percent per year in the foreseeable future. In several of the more mature markets, however, we see at present increased price competition and low growth as a result of the difficult economic situation. This will probably characterize the development of these markets during 2012 as well.

The focus for 2012 within fertility will be on our external processes within marketing and sales, primarily in the growth markets. We will continue to work on further refining and communicating our concept of best partner and total supplier to our customers. We shall also secure that our internal processes are run in a rational and cost-effective way.

Within transplantation we will continue to work on getting the STEEN Solution™ method approved in the USA, which is an important precondition for sales growth in 2012. Increased resources to the tune of approximately SEK 10 million in the form of marketing, development and leadership will be added to the transplantation area with a view to establishing the use of the technology. This, together with the fact that when sales approval is obtained in the USA the company will begin to write off the capitalized expenditure for STEEN Solution™, will affect income for the business area in 2012 if approval is given during the year. The capitalized value of STEEN Solution™ amounted to SEK 57 million at closing day and the straight line depreciation is estimated to occur over a period of 10 years.

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, with the intention of using these in clinical technology.

Strategies

Fertility

- Have a fully comprehensive product range of effective and quality-assured fertility products.
- Have world-leading production with the highest quality control and efficiency.

- Have a global sales and support organization that covers 80 percent of all fertility treatments performed in the world.

Transplantation

- Get lung evaluation outside the body (the STEEN Solution™ method) accepted as a standard procedure.
- Show through published preclinical and clinical studies the benefits to patients of the warm perfusion of organs and the STEEN Solution™ technology, in the form of more available organs, better treatment results, socioeconomic gains and lower morbidity and mortality.
- Increase consciousness of the technology in important groups; work with opinion leaders in the area.
- Obtain regulatory approval for STEEN Solution™ in all important markets.
- Apply for patents for products in strategically important markets.

Other information

Organization and personnel

During 2011 the average number of employees was 211 (179), of whom 121 (103) were women and 90 (76) were men. Of these 130 (123) people were employed in Sweden, 65 (42) in the USA and 16 (14) in the rest of the world. The number of people employed in the Group at the end of the period was 211 (218).

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

Proposed appropriation of earnings

In accordance with the dividend policy of Vitrolife AB (publ), a dividend, or another equivalent form of distribution, shall be proposed annually which on average over time corresponds to 30 percent of net profits for the year after tax has been paid. It is therefore the intention of the Board and CEO to propose to the Annual General Meeting a dividend of SEK 0.60 (0.60) per share.

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 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.

Election committee

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, which were adopted at the Annual General Meeting of Vitrolife on April 27, 2011.

Shareholders who wish to have a matter considered at the meeting can make a written request to this effect to the Board. Such a request for consideration of a matter is to be sent to Vitrolife AB (publ), Att: Styrelsens ordförande, Box 9080, 400 92 Göteborg, Sweden, and must have been received by the Board at least seven weeks before the Annual General Meeting, or in any case in such good time that the matter, if so necessary, can be included in the invitation to the meeting.

Annual General Meeting and Annual Report

The Annual General Meeting will be held on Thursday April 19, 2012, at 5 pm at Vitrolife's premises in Gothenburg, visitors' address Gustaf Werners gata 2. Shareholders will be invited to attend through an announcement in the Swedish Official Gazette and through information in Dagens Industri that shareholders have been invited to attend, no earlier than six weeks and no later than four weeks before the meeting.

It is estimated that Vitrolife's Annual Report for 2011 will be available to be downloaded from Vitrolife's website during the week commencing March 26 and in a printed version at the company's head office in Gothenburg during the week commencing April 2. The Annual Report is sent out to all new shareholders and to those shareholders who have previously notified the company that they wish to have the printed version, and is published on the company's website as a pdf-file.

February 7, 2012
Gothenburg

The Board of Directors

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.

During 2012 it is planned that the following reports will be submitted:

Interim report January – March: Thursday April 19
Interim report January – June: Friday July 13
Interim report January – September: Thursday November 1

Queries should be addressed to

Thomas Axelsson, CEO, phone +46 708 17 99 76
Mikael Engblom, CFO, phone +46 31 721 80 14

This report has not been reviewed by the company's auditors.

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 report was submitted for publication on Tuesday February 7, 2012 at 8.30 am.

This is a translation of the Swedish version of the report on operations 2011. When in doubt, the Swedish wording prevails.

Consolidated income statements

SEK thousands	January - December		October - December	
	2011	2010	2011	2010
Net sales	356 115	297 565	95 374	81 032
Cost of goods sold	-117 842	-91 410	-31 042	-26 310
Gross income	238 273	206 155	64 332	54 722
Selling expenses	-98 360	-87 552	-27 849	-26 162
Administrative expenses	-50 576	-39 080	-17 917	-10 485
Research and development costs	-47 176	-43 144	-14 334	-9 399
Other operating revenues and expenses	-1 244	-3 319	-407	-168
Operating income	40 917	33 060	3 825	8 508
Financial income and expenses	4 185	8 193	187	2 267
Income after financial items	45 102	41 253	4 012	10 775
Taxes	-14 458	-12 071	-1 940	-11 621
Net income	30 644	29 182	2 072	-846
Attributable to				
Parent Company's shareholders	30 360	28 930	2 068	-809
Minority interest	284	252	4	-37
Earnings per share, SEK	1.55	1.48	0.11	-0.04
Earnings per share, SEK*	1.55	1.48	0.11	-0.04
Average number of outstanding shares	19 559 909	19 552 857	19 562 769	19 552 857
Average number of outstanding shares*	19 559 909	19 554 262	19 562 769	19 552 857
Number of shares at closing day	19 562 769	19 552 857	19 562 769	19 552 857
of which own shares				
Number of shares at closing day*	19 562 769	19 569 236	19 569 769	19 569 236
of which own shares				

Depreciation and amortization has reduced income for the period by SEK 17 302 thousand (15 644), of which SEK 4 935 thousand (3 628) is for the fourth 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 - December		October - December	
	2011	2010	2011	2010
Net income	30 644	29 182	2 072	-846
Other comprehensive income				
Change in hedging reserve, net after tax	-1 768	1 904	1 438	-1 204
Change in translation reserve, net after tax	1 567	-6 969	186	685
Total other comprehensive income	-201	-5 065	1 624	-519
Total income	30 443	24 117	3 696	-1 365
Attributable to				
Parent Company's shareholders	30 159	23 865	3 692	-1 328
Minority interest	284	252	4	-37

Other key ratios

	January - December		October - December	
	2011	2010	2011	2010
Gross margin, %	66.9	69.3	67.5	67.5
Operating margin, %	11.5	11.1	4.0	10.5
Operating margin other operating revenues and expenses, %	11.8	12.2	4.4	10.7
Operating margin before R&D costs, %	24.7	25.6	19.0	22.1
Net margin, %	8.5	9.7	2.2	-1.0
Equity/assets ratio, %	73.5	75.8	73.5	75.8
Shareholders' equity per share, SEK	17.53	16.66	17.53	16.66
Shareholders' equity per share, SEK*	17.53	16.65	17.53	16.65
Return on equity, %	9.1	8.8	9.1	8.8
Return on capital employed, %	15.6	14.6	15.6	14.6
EBITDA, %	16.3	16.4	9.2	15.0
Net cash	-46.1	-31.3	-46.1	-31.3

*After dilution, see above

Consolidated income statements per quarter

SEK thousands	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011	Jan-Mar 2010	Oct-Dec 2010	Jul-Sep 2010
Net sales	95 374	85 053	87 654	88 034	81 032	67 847
Cost of goods sold	-31 042	-27 345	-30 224	-29 231	-26 310	-20 192
Gross income	64 332	57 708	57 430	58 803	54 722	47 655
Selling expenses	-27 849	-23 756	-23 335	-23 420	-26 162	-20 175
Administrative expenses	-17 917	-10 624	-11 083	-10 952	-10 485	-9 109
Research and development costs	-14 334	-9 143	-11 712	-11 987	-9 399	-11 441
Other operating revenues and expenses	-407	178	1 293	-2 309	-168	-1 059
Operating income	3 825	14 363	12 593	10 135	8 508	5 871
Financial income and expenses	187	152	1 988	1 858	2 267	4 693
Income after financial items	4 012	14 515	14 581	11 993	10 775	10 564
Taxes	-1 940	-4 870	-4 568	-3 081	-11 621	243
Net income	2 072	9 645	10 013	8 912	-846	10 807
Attributable to						
Parent Company's shareholders	2 068	9 607	9 902	8 781	-809	10 776
Minority interest	4	38	111	131	-37	31

Consolidated balance sheets

SEK thousands	Dec 31, 2011	Dec 31, 2010
ASSETS		
Goodwill	120 771	120 289
Other intangible fixed assets	83 666	65 323
Tangible fixed assets	95 443	91 316
Financial fixed assets	13 464	20 897
Inventories	65 710	56 610
Accounts receivable	53 372	41 905
Other current receivables	12 430	10 982
Derivative instruments	1 051	3 449
Liquid funds	20 873	18 617
Total assets	466 780	429 388
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity, attributable to the Parent Company's shareholders	342 970	325 676
Minority interest	933	657
Long-term interest bearing liabilities	55 868	29 486
Long-term non-interest bearing liabilities	0	2 285
Short-term interest bearing liabilities	11 101	20 406
Accounts payable	19 865	26 643
Other short-term interest-free liabilities	36 042	24 235
Total shareholders' equity and liabilities	466 780	429 388
Pledged assets for own liabilities	20 611	20 000
Contingent liabilities	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	120 616	657	326 333
Opening balance January 1, 2011	19 944	208 566	-23 450	120 616	657	326 333
Total comprehensive income			-201	30 360	284	30 443
Increase in share capital	10	339				349
Warrants				-1 478		-1 478
Dividend				-11 736		-11 736
Other transactions with minority shareholders					-8	-8
Closing balance December 31, 2011	19 954	208 905	-23 651	137 762	933	343 903

Consolidated cash flow statements

SEK thousands	January - December		October - December	
	2011	2010	2011	2010
Income after financial items	45 102	41 253	4 012	10 775
Adjustment for items not affecting cash flow	13 845	13 966	3 990	4 095
Change in inventories	-7 858	-12 556	-4 800	2 308
Change in trade receivables	-10 094	-6 339	2 573	-903
Change in trade payables	-1 535	12 075	4 417	5 052
Cash flow from operating activities	39 460	48 399	10 192	21 327
Cash flow from investing activities	-37 811	-78 082	-1 660	-46 467
Cash flow from financing activities	381	32 772	-3 240	34 193
Cash flow for the period	2 030	3 089	5 292	9 053
Liquid funds at beginning of period	18 617	15 987	15 516	9 608
Exchange rate difference in liquid funds	226	-459	65	-44
Liquid funds at end of period	20 873	18 617	20 873	18 617

Income statements for the Parent Company

SEK thousands	January - December		October - December	
	2011	2010	2011	2010
Administrative expenses	-5 264	-5 471	-1 569	-1 355
Research and development costs	-19	-17	-13	-5
Other operating revenues and expenses	287	-269	-5	-25
Operating income	-4 996	-5 757	-1 587	-1 385
Financial income and expenses	670	-147	270	363
Income after financial items	-4 326	-5 904	-1 317	-1 022
Taxes	744	1 552	-47	1 552
Net income	-3 582	-4 352	-1 364	530

Depreciation and amortization has reduced income for the period by SEK 39 (64) thousand, of which SEK 8 (13) thousand is for the fourth quarter.

Balance sheets for the Parent Company

SEK thousands	Dec 31, 2011	Dec 31, 2010
ASSETS		
Patents	0	6
Tangible fixed assets	60	92
Participation in affiliated companies	340 311	340 097
Deferred tax assets	0	4 434
Receivables from affiliated companies	51 708	52 153
Other current receivables	1 839	1 061
Liquid funds	604	196
Total assets	394 522	398 039
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	383 953	385 890
Long-term interest-bearing liabilities	1 708	2 532
Long-term non-interest-bearing liabilities	0	2 285
Short-term interest-bearing liabilities	854	1 816
Accounts payable	79	146
Other short-term interest-free liabilities	7 928	5 370
Total shareholders' equity and liabilities	394 522	398 039
Pledged assets for own liabilities	3 100	3 100
Contingent liabilities	20 611	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 – Dec	
	2011	2010
Fertility		
Net sales	308 065	253 713
Operating income	20 660	12 895
Total Assets	389 289	369 809
Transplantation		
Net sales	48 050	43 852
Operating income	20 257	20 165
Total Assets	77 491	59 579

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 (pub)
Vitrolife Sweden AB
Vitrolife Sweden Instruments AB
Box 9080, SE-400 92 Göteborg
Sweden
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
United Kingdom
Tel +44 800 (0)32 0013
Fax +44 800 (0)32 0014

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

Vitrolife Pty Ltd
Suite 115, 55 Flemington
Road, North Melbourne
VICTORIA 3051
Australia
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
China
Tel +86 10 6593 9890
Fax +86 10 6563 9833

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