



Interim report January–September 2005

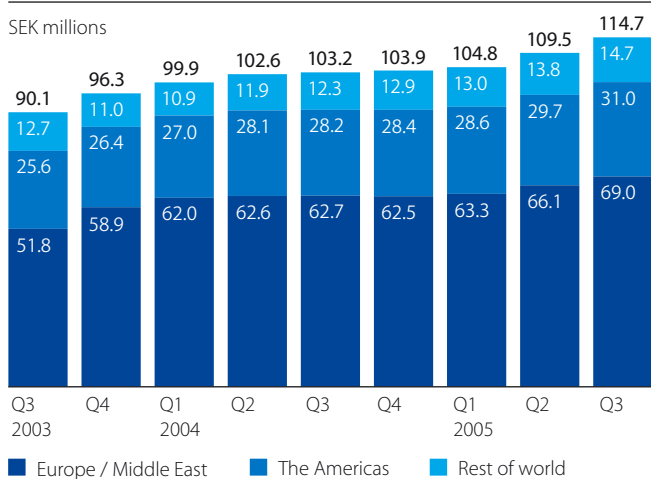
Vitrolife AB (publ)

- Turnover increased to SEK 90.0 (79.3) million, an increase of 14 percent. During the third quarter sales increased by 21 percent to SEK 29.2 (24.1) million.
- Gross income increased by 9 percent to SEK 62.0 (56.9) million and the gross margin amounted to 69 (72) percent. Gross income for the third quarter increased by 14 percent to SEK 20.2 (17.6) million and the gross margin was 69 (73) percent.
- Operating income amounted to SEK 9.7 (12.0) million for the first nine months of 2005 and to SEK 3.2 (3.4) million for the third quarter.
- Income after financial items was SEK 12.3 (12.2) million, of which SEK 3.0 (3.2) million was for the third quarter.
- Net income for the Group was SEK 12.0 (12.4) million, of which SEK 2.9 million (3.3) was for the third quarter.
- Earnings per share amounted to SEK 0.65 (0.68).
- The equity/assets ratio increased to 83 percent (81).
- Cash flow during the third quarter amounted to SEK 6.2 (–4.5) million, which means that the cash flow for the whole period was also positive, SEK 0.5 (–6.5) million.
- The growth in sales of fertility products in Europe during the third quarter was 21 percent.
- The warrants program directed at the personnel was over-subscribed by 30 percent.
- New sales director for Europe/Asia has been recruited.

Sales and income

Vitrolife's net sales for the period January to September 2005 amounted to SEK 90.0 (79.3) million, which is an increase of 14 percent compared to the corresponding period the previous year. Adjusted for exchange-rate effects, where the Euro has had a positive and the USD a negative effect, the increase was also 14 percent. Net sales during the third quarter increased by 21 percent and amounted to SEK 29.2 (24.1) million. Adjusted for exchange-rate effects the increase was 20 percent. In the Europe/Middle East region sales increased by 21 percent during the third quarter (in local currency plus 19 percent), in the American region the increase was 18 percent (in local currency plus 21 percent) and for the remaining markets an increase of 29 percent was noted (in local currency plus 26 percent). In SEK this means during the third quarter SEK 16.5 (13.7) million for Europe/Middle East, SEK 8.6 (7.2) million for the American region and a total of SEK 4.1 (3.2) million for other markets.

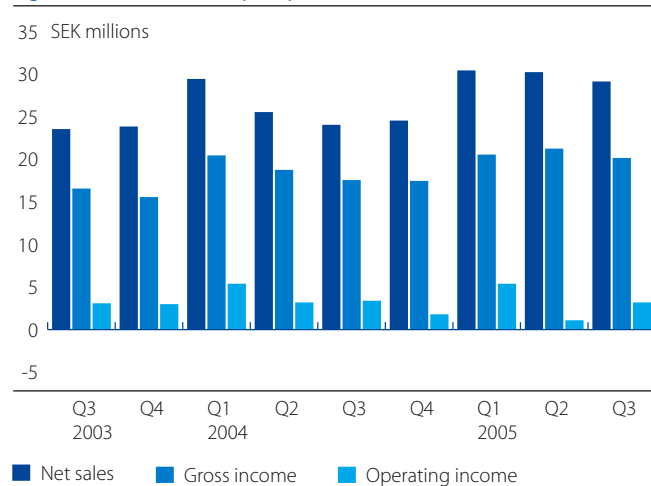
Fig 1. Net sales per geographic area* (rolling 12 months)
Converted to a rolling 12 months, sales amounted to SEK 114.7 (103.2) million, an increase of 11 percent.



* Excluding A-Life, which was sold in August 2003.

As can be seen in Figure 2, Vitrolife's sales have historically been higher in the first quarter than in other quarters. This is due to

Fig 2. Sales and income per quarter*



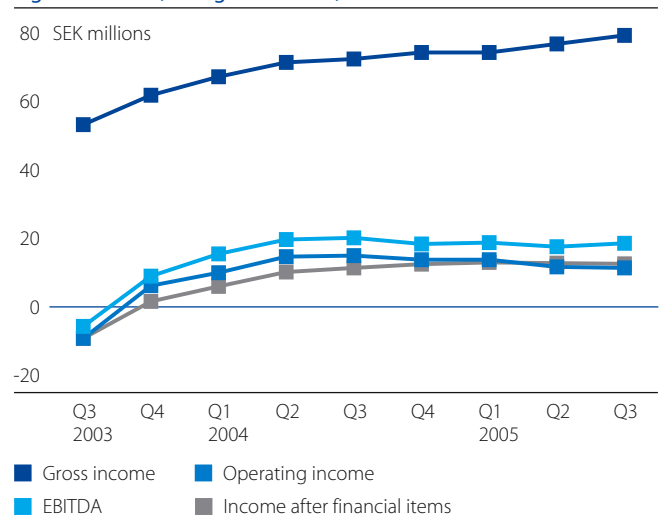
* Excluding A-Life, which was sold in August 2003.

the fact that shipments have been made to the fertility clinics every fourth week and there have been four shipments during the first quarter and three during the others. As from 2005 there is a gradual transition to shipments being made directly upon order, and thus it can be anticipated that a levelling out between the quarters will begin.

The gross margin during the first nine months amounted to 69 (72) percent. Gross income was SEK 62.0 (56.9) million. Gross income for the third quarter amounted to SEK 20.2 (17.6) million and the gross margin to 69 (73) percent. As has been communicated previously, the starting up of the factory in Denver means that the gross margin will deteriorate a couple of percentage points during a transition phase. The factory in Denver has a higher degree of automation and a substantially higher capacity, and thus economies of scale are expected to have a positive effect in time. During the third quarter the Denver facility has been used mainly for commercial production, which has meant that full depreciation for the facility has been charged against income.

Operating income was SEK 9.7 (12.0) million, which corresponds to a margin of 10.7 (15.2) percent. For the third quarter operating income amounted to SEK 3.2 (3.4) million. Operating expenses for the first nine months, excluding depreciation and amortization, increased from SEK 42.5 million to 53.3 million. For the third quarter they increased from SEK 13.4 million to 17.0 million. Selling expenses increased for the period January to September by 49 percent compared with the corresponding period the previous year, which is a reflection of the building up of the sales organization. Administrative expenses have decreased while the strong focus on product development and registration activities increased R&D costs for the period by 48 percent. Depreciation and amortization of SEK 6.1 (3.5) million has been charged against the whole period and SEK 2.6 (1.2) million against the third quarter. Depreciation attributable to the production facility in Denver was SEK 1.0 (-) million during the third quarter. Other operating revenues include a capital gain of SEK 2.4 million for the first quarter, from the sale of the shares in Cellartis AB, a repaid insurance premium of SEK 0.2 mil-

Fig 3. Income* (rolling 12 months)



* Excluding A-Life, which was sold in August 2003.

lion and an item of SEK 1.2 million regarding a settlement in the USA. The settlement concerned costs for the delayed start of production at the Denver factory, which was due to a production module being destroyed in a traffic accident in 2002.

Net income amounted to SEK 12.0 (12.4) million, of which SEK 2.9 (3.3) million was for the third quarter. Net financial income amounted to SEK 2.7 (0.2) million, of which SEK –0.2 (–0.2) million was for the third quarter. Net financial income includes non-realized exchange rate fluctuations regarding internal receivables and liabilities of SEK 3.0 (–0.1) million for the period January to September. The restatement of the Parent Company's loan and receivable regarding the American subsidiary Vitrolife, Inc. is booked directly against non-restricted equity. The restatement effect in the financial statements amounted to SEK 0.8 (0.0) million net. Tax for the period amounted to SEK –0.4 (0.3) million and is tax on the Group's internal profits on inventories. Loss carry-forward from previous years means that no tax expense has been charged against net income for the period.

Fertility products

- Sales amounted to SEK 76.5 (70.2) million, an increase of 9 percent. Also adjusted for exchange-rate effects sales increased by 9 percent. For the third quarter sales increased by 17 percent to SEK 24.1 (20.7) million. Adjusted for exchange-rate effects sales increased by 16 percent.
- A new sales director for the Swedish subsidiary was recruited.

The development of sales was good in Europe and a rise of 12 percent for the first nine months was noted. During the third quarter the increase was 21 percent. It is primarily Scandinavia, Germany, England, Spain, Belgium and Greece that have had positive development. Germany, where development was negative the previous year due to considerably reduced reimbursement levels, is now displaying an above-average increase and as far as Vitrolife is concerned is now back at the same level as before the change in the system. This means that there has been an appreciable increase in the company's market share. In Italy sales have begun to increase again after a previous decline that was due to the more restrictive legislation that was introduced during the beginning of 2004.

In the American region sales increased by 1 percent, corresponding to the previous year in local currency, but as the translation rate was lower than the previous year, it was unchanged in SEK. There has been a positive restructuring of the customer base, where the percentage of customers using Vitrolife's GIII series of culture media has increased.

In the Rest of the World region sales increased by 18 percent during the whole period and by 27 percent during the third quarter. Australia/New Zealand, where Vitrolife has operated under its own management since the beginning of the year, displayed the greatest increase. Sales in China increased during the third quarter and seen over the whole period sales there are now back on a par with levels from the previous year. At the end of the previous year the authorities began a regulation of the market by requiring certification of the IVF clinics, which meant that a large number of clinics discontinued their business activi-

ties until they obtained certification.

Development continued to be positive during the third quarter in those markets in Europe where the recently strengthened sales organization is operating with its own sales people. During the period a new sales director was recruited for the Swedish subsidiary, responsible for Europe/Rest of the World. Further recruitments, for sales people in Europe and the USA, are ongoing.

Transplantation products

- Sales increased by 48 percent to SEK 13.0 (8.8) million. Adjusted for exchange-rate effects, sales increased by 49 percent. For the third quarter sales amounted to SEK 4.8 (3.4) million, an increase of 41 percent. Adjusted for exchange-rate effects sales increased by 43 percent.
- The process of obtaining CE approval for Steen Solution™, a solution for functional testing of lungs outside the body before transplantation, is proceeding according to plan.
- Great interest in the starting up of new clinical verification of functional testing of lungs using Steen Solution™ in the USA and elsewhere has led to increased use of Perfadex®.

The interest in Vitrolife's coming product Steen Solution™ has led to an increase in the use of Perfadex® during the period. This is due to the fact that Perfadex® together with Steen Solution™ is part of the new method for functional testing and preservation of lungs outside the body. The technology enables heart-dead donors' lungs, or lungs from brain-dead patients which are initially assessed as doubtful, to be tested outside the body for possible use. The number of potential organs that can be transplanted thus increases considerably. During the period, Professor Stig Steen's transplantation team at the University Hospital in Lund has successfully carried out the second lung transplantation in man using this new technology. The application for marketing approval in Europe for Steen Solution™, so-called CE marking, was submitted in October 2004. The product is to be scrutinized by Europe's Medical Products Agency, EMEA. This process is proceeding according to plan and it is estimated that approval will be obtained towards the end of 2005. Preparations for the start of clinical studies in the USA are ongoing.

The Cell Therapy product area is not reported separately as it is still at the research stage and sales are still very small. During the period January to September they were SEK 0.4 (0.3) million.

Investments and cash flow

Gross investments in the Group's fixed assets amounted to SEK 8.9 (13.2) million during the period, of which SEK 2.7 (5.2) million was for the third quarter. As from the third quarter the Denver facility is being fully utilized from an accounting point of view, which has meant a reclassification from construction in progress to the respective facility group. In connection with this a reclassification of SEK 8.4 million has taken place, from a tangible to an intangible fixed asset. Of the investments for the period, SEK 2.0 (9.0) million are attributable to the facility in Denver and SEK 2.5 (2.3) million to the expansion of further warehousing and office space at the facility in Kungsbacka,

which was completed during the third quarter. Consequently this expansion was during the quarter also reclassified from construction in progress to the appropriate asset class.

Vitrolife's cash flow from operating activities amounted to SEK 10.2 (7.0) million for the period January–September 2005. Accounts receivable increased by SEK 4.5 million to SEK 15.2 (10.7 at December 31, 2004) million. Accounts receivable at the end of 2004 were the lowest that had been achieved during 2004 at the same time as sales during the third quarter of 2005 were 19 percent higher than the last quarter of 2004. Compared to the same period the previous year accounts receivable increased by SEK 1.4 million and sales by SEK 5.1 million. The cash flow from investing activities was SEK –8.9 (–13.2) million and from financing activities SEK –0.8 (–0.3) million. During the second quarter USD 143 thousand (corresponding to SEK 1.1 million) of the Parent Company's loan in USD was paid off. The next payment will be made during the fourth quarter. In all the cash flow for the period amounted to SEK 0.5 (–6.5) million, of which SEK 6.2 (–4.5) million was for the third quarter. The Group's liquid funds at September 30, 2005 amounted to SEK 45.7 (45.1) million. The equity/assets ratio for the Group amounted to 83 (81) percent.

Parent Company

Business activities focus on company-wide management and the company has no employees. Other operating revenues in the Parent Company amounted to SEK 2.4 (–) million and comprise the sale of the shares in Cellartis AB. The costs that arise are mostly attributable to the Board and to the Stockholm Stock Exchange and the listing of the company's shares. Income before tax amounted to SEK 5.1 (–1.0) million. Liquid funds amounted to SEK 37.0 (41.8) million. As in the corresponding period the previous year no investments were made.

The Vitrolife share is listed on the O-list of the Stockholm Stock Exchange under the symbol VITR. The closing price on September 30, 2005 was SEK 26.80 (22.30).

Organization and personnel

Vitrolife's organization has been changed during the year as the Denver factory has been started up and the sales and marketing organization strengthened. In this adaptation the company has encouraged and strived for mobility and flexibility between jobs and places of work. Besides personal development, added value is created within the company through increased cooperation between the departments and strengthened competence among the co-workers.

During the first nine months of 2005 the average number of employees was 82 (74), of whom 54 (50) were women and 28 (24) were men. 67 people were employed in Sweden and 15 in the USA.

Warrants programs

At Vitrolife's Extraordinary General Meeting on August 24, 2005 a resolution was passed concerning warrants programs for Vitrolife employees and for the members of the Board of Vitrolife AB (publ). The warrants program for the employees

comprised a total of 490,000 separable warrants to subscribe for new shares, where each warrant gives the right to subscribe for one new share (each with a nominal value of SEK 1.0) in the company. Subscription for shares in accordance with the conditions for the warrants may take place during the period as from September 3, 2007 up until September 3, 2008. The subscription price amounts to SEK 30.90. The warrants program for the members of the Board of Vitrolife AB (publ), excluding the Chairman of the Board and the proposer Skanditek's CEO Patrik Tigerschiöld, comprised a total of 60,000 warrants. The conditions were otherwise the same as for the warrants program for the employees.

The program directed at the employees was over-subscribed by approximately 30 percent. The warrants were thus allocated in proportion to the number subscribed for. The warrants program for the members of the Board of Vitrolife AB (publ) was fully subscribed.

Prospects

In line with the strategy adopted during 2004, Vitrolife has during the period continued to put a great deal of effort into three main areas:

- Expanded marketing organization and taking over sales so that they are under company management in key markets in order to enable increased direct contact with the customers. Experience shows that the sales process for IVF media often takes six to nine months to carry out. The trend during the third quarter has continued to be positive and new customers have been gained within both main product areas, which suggests that the action taken is beginning to show results.
- An ambitious drive within product development, with the aim of being able to register and launch new products within all product areas during the coming year in order to further enable expansion.
- Completion of the transfer of volume production to the new facility in Denver. The factory in Denver has a higher degree of automation and a substantially higher capacity, and thus the economies of scale are expected to have a positive effect on the gross margin in time.

These three measures are being carried out with the aim of enabling long-term growth together with profitability. The measures aimed at the market organization and product development are continuing, while the need for investments in production is decreasing substantially as the transfer of volume production to Denver is being completed.

October 27, 2005
Kungsbacka, Sweden

Magnus Nilsson
CEO

Consolidated income statements

| (SEK thousands) | January–September | | July–September | | Whole year |
|---------------------------------------|-------------------|---------------|----------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 | |
| Net sales | 90 005 | 79 283 | 29 203 | 24 136 | 103 855 |
| Cost of goods sold | -28 031 | -22 352 | -9 048 | -6 492 | -29 481 |
| Gross income | 61 974 | 56 931 | 20 155 | 17 644 | 74 374 |
| Selling expenses | -29 105 | -19 629 | -10 193 | -6 313 | -28 216 |
| Administrative expenses | -15 310 | -16 502 | -4 506 | -4 902 | -20 590 |
| Research and development costs | -11 934 | -8 374 | -3 513 | -2 846 | -11 499 |
| Other operating revenues and expenses | 4 026 | -412 | 1 234 | -135 | -298 |
| Operating income | 9 651 | 12 014 | 3 177 | 3 448 | 13 771 |
| Financial income and expenses | 2 675 | 151 | -166 | -229 | -1 318 |
| Income after financial items | 12 326 | 12 165 | 3 011 | 3 219 | 12 453 |
| Tax on income for the period | -373 | 264 | -99 | 40 | 212 |
| Net income | 11 953 | 12 429 | 2 912 | 3 259 | 12 665 |
| Earnings per share, SEK | 0.65 | 0.68 | 0.16 | 0.18 | 0.69 |
| Average number of outstanding shares | 18 390 157 | 18 390 157 | 18 390 157 | 18 390 157 | 18 390 157 |
| Number of shares at closing day | 18 390 157 | 18 390 157 | 18 390 157 | 18 390 157 | 18 390 157 |

Depreciation and amortization has reduced income for the period by SEK 6 101 thousand (3 451), of which SEK 2 559 thousand (1 175) is for the third quarter. Income for the period January – September 2004 has been adjusted by SEK 547 thousand and for the whole of 2004 by SEK 729 thousand. This is due to the reversed amortization of goodwill in accordance with the restatement of the comparative figures in accordance with IFRS.

Outstanding option programs do not entail any dilution effects since the net present values of the strike prices are greater than the share price.

Other key ratios

| | January–September | | July–September | | Whole year |
|-------------------------------------|-------------------|------|----------------|------|------------|
| | 2005 | 2004 | 2005 | 2004 | |
| Gross margin, % | 68.9 | 71.8 | 69.0 | 73.1 | 71.6 |
| Operating margin, % | 10.7 | 15.2 | 10.9 | 14.3 | 13.3 |
| Net margin, % | 13.3 | 15.7 | 10.0 | 13.5 | 12.2 |
| Equity/assets ratio, % | 83.3 | 80.9 | 83.3 | 80.9 | 81.2 |
| Shareholders' equity per share, SEK | 9.37 | 8.51 | 9.37 | 8.51 | 8.23 |
| Return on equity, % | 7.5 | 11.5 | 7.5 | 11.5 | 8.3 |
| Return on capital employed, % | 8.7 | 10.4 | 8.7 | 10.4 | 9.2 |

Consolidated income statements per quarter

| (SEK thousands) | Jul–Sep | Apr–Jun | Jan–Mar | Oct–Dec | Jul–Sep | Apr–Jun |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2005 | 2005 | 2005 | 2004 | 2004 | 2003 |
| Net sales | 29 203 | 30 284 | 30 518 | 24 572 | 24 136 | 25 602 |
| Cost of goods sold | -9 048 | -9 018 | -9 965 | -7 129 | -6 492 | -6 813 |
| Gross income | 20 155 | 21 266 | 20 553 | 17 443 | 17 644 | 18 789 |
| Selling expenses | -10 193 | -10 301 | -8 611 | -8 587 | -6 313 | -6 675 |
| Administrative expenses | -4 506 | -5 594 | -5 210 | -4 089 | -4 902 | -6 254 |
| Research and development costs | -3 513 | -4 540 | -3 881 | -3 124 | -2 846 | -2 378 |
| Other operating revenues and expenses | 1 234 | 249 | 2 544 | 114 | -135 | -270 |
| Operating income | 3 177 | 1 080 | 5 394 | 1 757 | 3 448 | 3 212 |
| Financial income and expenses | -166 | 1 808 | 1 033 | -1 469 | -230 | -85 |
| Income after financial items | 3 011 | 2 888 | 6 427 | 288 | 3 218 | 3 127 |
| Tax on income for the period | -99 | -65 | -209 | -52 | 40 | -103 |
| Net income | 2 912 | 2 823 | 6 218 | 236 | 3 258 | 3 024 |

Consolidated balance sheets

| (SEK thousands) | Sept 30, 2005 | Sept 30, 2004 | Dec 31, 2004 |
|-------------------------------|------------------|------------------|-----------------|
| ASSETS | | | |
| Goodwill | 4 011 | 4 011 | 4 011 |
| Other intangible fixed assets | 19 417 | 8 720 | 8 374 |
| Tangible fixed assets | 88 527 | 86 828 | 83 656 |
| Financial fixed assets | 5 895 | 7 195 | 7 143 |
| Inventories | 24 482 | 23 094 | 21 858 |
| Accounts receivable | 15 235 | 13 853 | 10 696 |
| Other current receivables | 3 434 | 4 472 | 5 594 |
| Cash and bank balances | 45 725 | 45 088 | 44 935 |
| Total assets | 206 727 | 193 261 | 186 267 |

SHAREHOLDERS' EQUITY AND LIABILITIES

| | | | |
|---|----------------|----------------|----------------|
| Shareholders' equity | 172 299 | 156 438 | 151 303 |
| Long-term interest-bearing liabilities | 16 547 | 19 460 | 16 091 |
| Short-term interest-bearing liabilities | 2 579 | 1 395 | 2 245 |
| Accounts payable | 6 855 | 6 563 | 8 680 |
| Other short-term interest-free liabilities | 8 447 | 9 405 | 7 948 |
| Total shareholders' equity and liabilities | 206 727 | 193 261 | 186 267 |

Change in shareholders' equity

| (SEK thousands) | January–September 2005 | 2004 | Whole year 2004 |
|--------------------------------|---------------------------|----------------|--------------------|
| Amount at beginning of year | 151 303 | 143 435 | 143 435 |
| Translation difference | 8 508 | 574 | -4 797 |
| Warrants programs | 535 | — | — |
| Net income for the period | 11 953 | 12 429 | 12 665 |
| Amount at end of period | 172 299 | 156 438 | 151 303 |

Consolidated cash flow statements

| (SEK thousands) | January–September 2005 | 2004 | Whole year 2004 |
|--|---------------------------|---------------|--------------------|
| Income after financial items | 12 326 | 12 165 | 11 724 |
| Adjustment for items not affecting cash flow | 221 | 3 157 | 4 634 |
| Change in inventories | -1 892 | -1 573 | -508 |
| Change in trade receivables | -1 795 | -3 231 | -2 464 |
| Change in trade payables | 1 361 | -3 516 | 619 |
| Cash flow from operating activities | 10 221 | 7 002 | 14 005 |
| Cash flow from investing activities | -8 901 | -13 213 | -17 854 |
| Cash flow from financing activities | -799 | -267 | -2 626 |
| Cash flow for the period | 521 | -6 478 | -6 475 |
| Liquid funds at beginning of period | 44 935 | 51 549 | 51 549 |
| Exchange rate difference in liquid funds | 269 | 17 | -139 |
| Liquid funds at end of period | 45 725 | 45 088 | 44 935 |

Financial data per geographic area

| (SEK thousands) | January–September 2005 | 2004 | Whole year 2004 |
|-----------------------------|---------------------------|--------|--------------------|
| Europe / Middle East | | | |
| Net sales | 54 192 | 47 810 | 62 541 |
| Operating income | 5 811 | 7 245 | 8 293 |
| The Americas | | | |
| Net sales | 24 230 | 21 642 | 28 389 |
| Operating income | 2 598 | 3 279 | 3 764 |
| Rest of world | | | |
| Net sales | 11 583 | 9 831 | 12 925 |
| Operating income | 1 242 | 1 490 | 1 714 |

Accounting principles

This interim report for the Group has been drawn up in accordance with IAS 34, Interim Financial Reporting. Vitrolife reports in accordance with IAS 14, Segment Reporting, geographic areas as primary segment.

As from January 1, 2005, Vitrolife is applying International Financial Reporting Standards (IFRS) in its consolidated accounts. This applies to all listed companies within the EU. When reporting in 2005 comparative figures for 2004 must also be restated in accordance with IFRS.

In the company's Annual Report for the financial year 2004 a description was presented of what effects the changeover has on the Group's income statements, balance sheets and additional information:

- IAS 39 Financial Instruments, Recognition and Measurement: During 2004 there were no financial instruments of such a nature that an effect on position and performance arises. IAS 39 is to be applied as of January 1, 2005 and is exempt from the requirement of restatement of the comparative year.
- IAS 19 Employee Benefits: corresponds to RR 29, which has been applied from 2004. This has not involved any effect on the reported position and performance. The pension plans that exist within the Group involve the payment of insurance premiums and after this the company does not have any pension commitments. The premiums are carried in the period they concern. The company's pensions are thus classified as a defined contribution plan. Furthermore there are no outstanding options programs where the premium has not been at the market rate.
- IAS 16: Property, Plant and Equipment: It is the company's assessment that the changeover to the application of depreciation on a component basis in accordance with IFRS does not have any tangible effects on the opening balance at January 1, 2004 and the closing balance at December 31, 2004.
- IAS 38 Intangible Assets: The company reports intangible assets as previously in accordance with RR 15, which for the most part is in agreement with IAS 38. It is the company's assessment that no tangible effects have affected the company's position and performance.
- IFRS 3: In the financial statements for 2004 goodwill has been amortized by SEK 729 thousand. The goodwill item has been valued for cash flow purposes and there is no write-down requirement. Vitrolife will not restate company acquisitions and mergers retroactively. No company has been acquired during 2004.

Summary of the effect on position and performance for 2004 (SEK thousands):

| Income statement | Jan–Dec | | Jan–Sept | |
|---|----------------------|------------|----------------------|------------|
| | Operating income | Net income | Operating income | Net income |
| 2004 | 13 042 | 11 936 | 11 467 | 11 882 |
| Change in accordance with IFRS 3 | 729 | 729 | 547 | 547 |
| Adjusted income | 13 771 | 12 665 | 12 014 | 12 429 |
| Balance sheet | Shareholders' equity | | Shareholders' equity | |
| | Goodwill | | Goodwill | |
| Closing balance Dec 31, 2003 | 4 011 | 143 435 | | |
| Change in accordance with IFRS 3 | — | — | | |
| Opening balance Jan 1, 2004 | 4 011 | 143 435 | | |
| Closing balance Dec 31, 2004 / Jun 30, 2004 | 3 282 | 150 574 | 3 464 | 155 891 |
| Change in accordance with IFRS 3 | 729 | 729 | 547 | 547 |
| Opening balance Jan 1, 2005 / Jul 1, 2004 | 4 011 | 151 303 | 4 011 | 156 438 |

As of January 1, 2005, the Parent Company applies RR 32, Accounting for Legal Entities. The main significance of RR 32 is that IFRS shall be applied, but with certain exceptions. The application of RR 32 has no effects on the Parent Company's position and performance.

The accounting principles are otherwise unchanged compared with the last Annual Report and a description is to be found in the Annual Report for 2004.

Vitrolife is an international biotechnology/medical device group that develops, produces and markets advanced products and systems for the preparation, cultivation and storage of human cells, tissues and organs. The company has operations within three product areas: Fertility, Transplantation and Cell Therapy. The Fertility product area works with solutions (media) for treatment of human infertility. The Transplantation product area works with solutions and systems designed to keep organs in optimal shape during the required time outside the body, when waiting for a transplant. The Cell Therapy product area works with media in order to be able to use stem cells for therapeutic purposes.

Vitrolife today has approximately 80 employees and the company's products are sold in over 80 markets. The main office is in Kungsbacka, Sweden, with a subsidiary in Denver, USA. The Vitrolife share is listed on the O list of the Stockholm Stock Exchange.

Financial reports

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

The report on operations for 2005 will be published on Wednesday, February 22, 2006.

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This report has not been the subject of review by the company's auditors.

Vitrolife 

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