



## Interim report January–September 2009

Vitrolife AB (publ)

### Strong cash flow thanks to a favourable growth and good profitability

- Sales increased by 28 percent during the third quarter and amounted to SEK 65.2 (50.9) million. Sales during the first nine months amounted to SEK 207.3 (166.1) million, an increase of 25 percent.
- Gross income for the third quarter increased by 32 percent to SEK 46.5 (35.2) million and the gross margin was 71 (69) percent. Gross income for the first nine months amounted to SEK 145.7 (155.1) million, an increase of 27 percent.
- In the third quarter operating income (EBIT) amounted to SEK 7.2 (5.1) million, an increase of 41 percent, corresponding to an operating margin of 11 (10) percent. Adjusted for one-time expenses affecting comparability the operating margin was 13 (13) percent for the first nine months. These one-time expenses are attributable to the first quarter and apply to the bid for Medicult a/s and moving expenses, which together amount to SEK 3.9 million.
- Operating income before research and development costs was strengthened during the third quarter and gave a margin of 25 (26) percent. This means an increase of 32 percent to SEK 16.6 (12.6) million.
- The Group's net income for the third quarter increased by 22 percent to SEK 7.3 (6.0) million, corresponding to earnings per share of SEK 0.37 (0.30). The Group's net income for the first nine months amounted to SEK 23.3 (20.4) million. Net income includes one-time expenses according to above and amounted approximately to SEK 3.9 million.
- The cash flow from operating activities was strengthened during the third quarter and amounted to SEK 15.3 (5.8) million.
- The equity/assets ratio amounted to 88 percent (84).
- The Swemed Sense™ needle was approved for sales in Australia.
- A new cooperation agreement was signed with Cellartis AB

## Sales and income

Vitrolife's net sales for the third quarter increased by 28.3 percent and amounted to SEK 65.2 (50.9) million. Sales growth in local currencies was 16.4 percent. Net sales for the first nine months amounted to SEK 207.3 (166.1) million, which corresponds to an increase of 24.8 percent compared to the previous year. Sales growth in local currencies for the first three quarters was 8.6 percent.

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

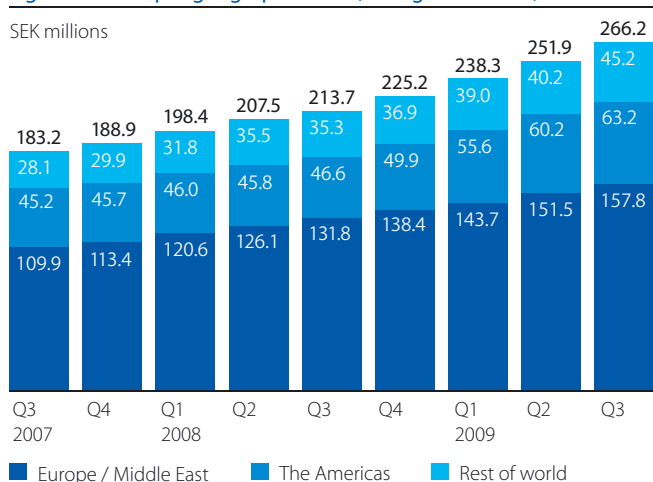
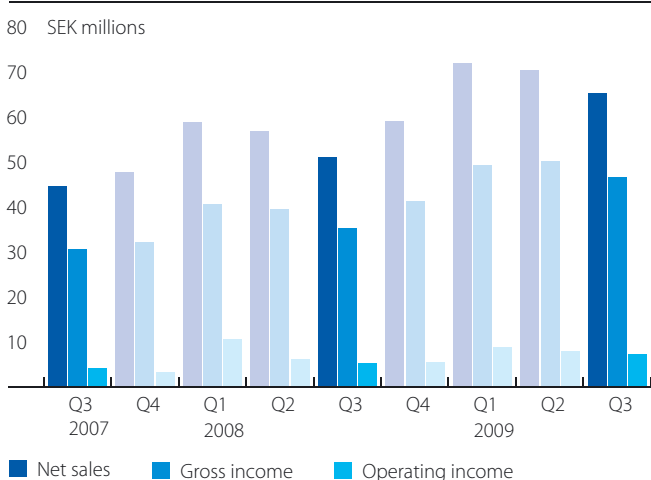


Fig 2. Sales and income per quarter



Gross income for the third quarter amounted to SEK 46.5 (35.2) million and the gross margin to 71.3 (69.2) percent. Gross income for the first nine months amounted to SEK 145.7 (115.1) million and the gross margin was 70.3 percent (69.3).

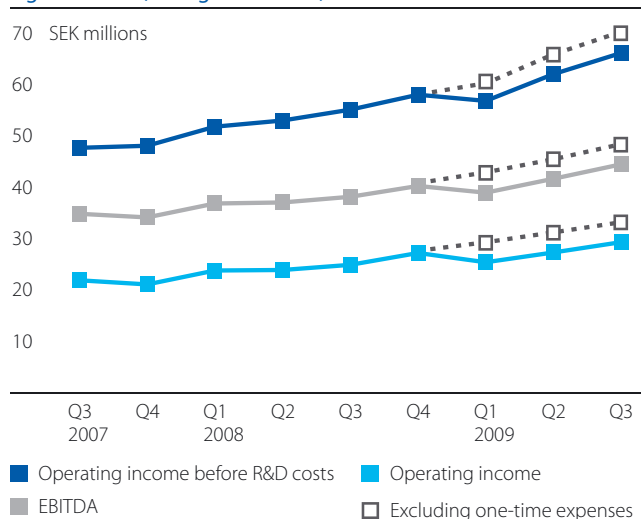
For the third quarter operating income amounted to SEK 7.2 (5.1) million. Selling expenses as a percentage of sales amounted to 29.3 percent (29.4), administrative expenses to 14.1 percent (15.4) and R&D costs to 14.5 percent (14.7). Depreciation and amortization amounted to SEK 3.9 (3.2) million.

Operating income for the period January–September was SEK 23.8 (21.7) million, which corresponds to a margin of

11.5 percent (13.0). Selling expenses as a percentage of sales amounted to 28.3 percent (27.8), administrative expenses to 14.2 percent (13.8) and R&D costs to 13.9 percent (13.8). During the period operating income was affected by one-time expenses amounting to SEK 3.1 million in connection with the bid for MediCult a/s and moving and restoration expenses totalling SEK 0.8 million. These expenses are recorded as other operating expenses. Operating income excluding these one-time expenses increased by 27.8 percent and amounted to SEK 27.8 (21.7) million, corresponding to an operating margin of 13.3 percent (13.0). Depreciation and amortization of SEK 11.8 (9.8) million have been charged against the period.

As the company not only invests in the existing business operations but also in new technology and business areas, as for example a completely new transplantation method using STEEN Solution™ and products for stem cell cultivation, it is also relevant to assess operating profit before R&D costs. For the third quarter the operating profit before R&D costs amounted to SEK 16.6 (12.6) million, corresponding to a margin of 25.4 percent (24.7). For the period January–September operating profit before R&D costs amounted to SEK 52.6 (44.5) million, or 25.4 percent (26.8) of sales. The operating profit before R&D costs, excluding one-time expenses for MediCult a/s and moving and restoration expenses, increased by 26.9 percent and amounted to SEK 56.5 (44.5) million, corresponding to an operating margin of 27.2 percent (26.8). The third quarter has not been affected by expenses of a one-time nature.

Fig 3. Income (rolling 12 months)



Net income amounted to SEK 23.3 (20.4) million, of which SEK 7.3 million (6.0) for the third quarter. Net income before R&D costs, excluding one-time expenses for the bid of MediCult a/s and moving and restoration expenses, increased by 33 percent to SEK 27.1 (20.4) million. Net financial income amounted to SEK –0.4 (–0.1) million, of which SEK 0 million (1.1) for the third quarter. Net financial income includes non-realized exchange rate fluctuations regarding internal receivables and liabilities of SEK 1.0 (0.3) million. Minorities for the period amounted to SEK –0.2

(–0.4) million of which SEK 0.0 (–0.1) million for the third quarter and concern the minority interest in the Italian company A.T.S. The tax expense for the period amounted to SEK –0.1 (–1.2) million and comprises current tax of SEK –0.5 (–0.5) million and deferred tax on the Group's internal profits from inventories of SEK 0.4 (–0.7) million.

### Product area Fertility

- Sales for the third quarter amounted to SEK 53.7 (42.9) million, an increase of 25 percent. Sales growth in local currencies was 14 percent. Sales for the first nine months amounted to SEK 176.1 (144.1) million, an increase of 22 percent. Sales growth in local currencies was 7 percent for the first three quarters.
- Swemed Sense™ needle was approved for sales in Australia.

Sales in the Europe/Middle East region increased by 18 percent, during the period January–September. Growth during the third quarter was particularly strong in BeNeLux area.

In the Rest of the World, region sales increased by 31 percent. It is particularly pleasing to note that sales in China and India were very strong during the third quarter. The company established its own market organization in China during the first half of the year and also in India where the local customer support organization was strengthened, as part of Vitrolife's strategy of operating under its own management in all key markets. The work on building up the market organizations is proceeding according to Vitrolife's strategic plan.

Even though it is assessed that growth in the US market has been substantially curbed, Vitrolife also increased its sales in the American market by 20 percent during the third quarter. This means 4 percent in local currencies. For the first nine months, sales increased by 30 percent. Calculated in local currencies, sales increased by 2 percent.

### Product area Transplantation

- For the third quarter sales amounted to SEK 11.2 (7.6) million, an increase of 48 percent. Sales growth in local currencies increased by 31 percent. Sales for the first nine months amounted to SEK 29.9 (20.7) million, an increase of 45 percent. Sales in local currencies increased by 20 percent.
- More than 30 transplantations have now been performed in the world using the new STEEN Solution™ technology. This technology has been met internationally with great interest, amongst other things in the USA.
- The clinical study using STEEN Solution™ is now in the final phases and is proceeding with continued positive clinical results.

Sales of transplantation products, primarily Perfadex®, which has a very large global market share with regard to clinical lung transplantations, increased by 31 percent during the third quarter measures in local currencies. The sales figure also includes sales of STEEN Solution™. When STEEN Solution™ becomes

more clearly established in the clinics there will be additional good potential for further sales growth for all products within the transplantation area, above all in the important USA market. The timing of this depends amongst other things on sales approval. So far more than 30 lung transplantations in total have been performed in the world using the STEEN Solution™ method and interest continues to be great among internationally leading researchers and clinics.

The clinical study in Canada on STEEN Solution™ is proceeding, with good clinical results. Increasing efforts are being made to establish this revolutionary technology in opinion-leading clinics, amongst other things through training and demonstrations. There is great interest in this technology among internationally leading researchers and clinics. Development and further clinical trials are also ongoing with regard to peripheral products needed in a lung evaluation using STEEN Solution™, such as an organ evaluation box. These products are planned to be launched at the latest in connection with the launch of STEEN Solution™ in the USA.

### Product area Stem Cell Cultivation

Sales amounted to SEK 1.3 (1.3) million for the period, of which SEK 0.4 (0.4) million for the third quarter. Research resources for the development of new products for stem cells have been increased since the summer of 2007 Cellartis AB. A new 3-year collaboration agreement with Cellartis AB was signed during the third quarter and extends the previous collaboration between the companies. Vitrolife views the product area's prospects increasingly positively, as there are more and more reports of clinical trials having been started using stem cells, which indicates that the point in time when this will become an established clinical treatment is approaching. This will then increase the demand for media produced in accordance with authority requirements regarding medical devices, which Vitrolife has great experience of. Vitrolife will therefore continue to gradually increase investments in product development within the area together with leading industrial and scientific collaboration partners.

### Investments and cash flow

Cash flow from operating activities amounted to SEK 24.4 (27.1) million for the period January–September 2009, of which SEK 15.3 (5.8) for the third quarter. The change in trade receivables, mainly accounts receivable, amounted to SEK –5.0 (–7.9) million. The capital tied up in inventories decreased during the period and amounted to SEK 1.9 (increase 0.9) million. Trade payables decreased by SEK 6.2 million (increase of –5.4). The decrease is primarily due to the payment of outstanding liabilities in connection with the move to new premises. The cash flow from investing activities was SEK –21.1 (–22.8) million. Gross investments in the Group's tangible fixed assets amounted to SEK –11.4 (–14.1) million during the period and in intangible fixed assets to –8.5 MSEK (–3.2). Investments in intangible fixed assets for the period mainly consist of STEEN Solution™. Investments in tangible fixed assets largely consist of investments in the new

premises in Gothenburg, to which Vitrolife moved at the end of last year. The premises are rented but the cleanroom facility where production and quality control are carried out have been built by Vitrolife. All facilities in Sweden where production has been carried out previously have thereby been closed. An investment of SEK –1.1 (–5.4) million in a subsidiary, which is constituted by acquisition of 70 percent of the company's former distributor in Italy, A.T.S. (60 percent in 2008 and a further 10 percent in January 2009), is included, after a deduction for acquired liquid funds. The cash flow from financing activities was SEK –9.7 (–4.8) million. This item consists mainly of repayment of loans, SEK –2.1 (–2.1) million and a dividend of SEK –7.8 (0) million. In all, the cash flow for the period amounted to SEK –5.3 (–6.0) million. The Group's liquid funds at September 30, 2009 amounted to SEK 8.5 (12.6) million. The equity/assets ratio for the Group amounted to 88 (84) percent.

### Parent Company

Business activities focus on company-wide management and the company has no employees. There were no revenues for the year (–). The costs that arise are mainly attributable to the Board, to NASDAQ OMX Stockholm and the listing of the company's shares. During the period costs of SEK approximately 3.1 million incurred in connection with the bid for MediCult a/s have been charged against income. Income before tax amounted to SEK –7.7 (–1.2) million. Liquid funds amounted to SEK 0.3 (1.1) million. No investments were made during the period (–).

The Vitrolife share is listed on the NASDAQ OMX Stockholm Small Cap list under the symbol VITR. The closing price on September 30, 2009 was SEK 26.40 (28.30).

### Organization and personnel

During the last quarter of 2008 Vitrolife moved its two production units in Sweden to common premises in Gothenburg. The final completion of the premises extended into the first quarter of 2009. The premises are more suited to the company's purposes and more central, which increases opportunities for attracting the right competence. During 2008 the organization was changed so that it better reflected the value chain and the different process flows in the company. The main processes are defined as "order to delivery" and "product life cycle management". The work of fine-tuning the new organization is now complete.

During the first nine months of 2009 the average number of employees was 156 (135), of whom 94 (84) were women and 62 (51) were men. The number of people employed in the Group at the end of the quarter was 159 (142).

### Information on transactions with related parties

No transactions that have substantially affected the company's financial position and results have been carried out with related parties during the period. For information on related parties, see the Annual Report for 2008, page 58.

### Prospects

Despite the downturn in the demand for fertility treatments round the New Year in certain markets, for example in the US, Vitrolife has increased the underlying rate of growth and the past quarter was the best ever. At the same time profits have also increased in parallel with an ambitiously set growth objective, the building up of in-house marketing and customer-support organizations in several markets, and increased investments in R&D. An important reason for this is the long-term work on maintaining a good gross margin. The cash flow has also been considerably strengthened during the quarter after a period of heavy investments in the new and more efficient production facility in Gothenburg.

It has been particularly interesting to note that most markets in Asia have not been appreciably affected by the economic crisis with regard to the demand for fertility treatments and that Vitrolife's growth continues to be very good. China is now one of the company's absolutely most important individual markets and one where we are making our greatest investments. The Asian markets are also assessed to be the markets which in time will account for the majority of the global market growth within the area.

The fact that it is possible to cover large parts of the world market with a relatively small marketing organization within the niches where Vitrolife is active enables the company to achieve good profitability by being able to take advantage of a major part of the added value from raw material and delivery of the product to the end customer. The long-term strategy, therefore, has been and is to build an in-house marketing and support organization in the 15 most important markets, which contain approximately 80 percent of the total number of treatments performed. The strategy is being carried out according to plan: at present market coverage in North America and Europe is, with one or two exceptions, complete, even if a constant adaptation of personnel resources in individual markets is of course continuing. Great strides forward have been taken in the Asia and Pacific regions.

Within the Transplantation product area the intensive development is continuing of Vitrolife's new revolutionary method for preserving and assessing organs outside the body with the aid of a physiologically adapted fluid, STEEN Solution™, which is pumped through the organ's system of vessels at body temperature. The technology allows more than twice as many patients to be treated with the life-saving lung transplantation with the same number of donated organs as today, as many of the donated organs which are not used become usable through the use of STEEN Solution™. The clinical study using STEEN Solution™, which is being carried out in Toronto, Canada, is in the final stages and the clinical results have so far been very good. Unfortunately Sweden is in the process of missing the chance of being the pioneer of a new medical technology which could lengthen the lives of many patients with lung disease, despite the fact that it has been developed in Lund by Stig Steen, the

internationally prominent Norwegian thorax surgery professor who works in Sweden.

Within the stem cell cultivation product area a new agreement has been entered into during the period with regard to continued research collaboration with Cellartis, a well-reputed company within the field of stem cell development. The aim is to develop improved culture media suitable for clinical use of stem cells, by using Cellartis' expertise within the field of stem cell cultivation together with Vitrolife's knowledge and experience of development, production and registration of media to be used in human clinical treatment.

Vitrolife's strong financial position and continued sales growth enable continued work to advance the company's position both within the development of the product portfolio and within the market organization, at the same time retaining good profit levels and a strong cash flow.

### Miscellaneous

At the Annual General Meeting on April 27, 2009 resolutions were adopted to pay a dividend of SEK 0.40 per share and to reduce the company's share capital by 247,300 kronor through the cancellation of 247,300 of the company's own shares bought back by the company. The total number of shares after the reduction now amounts to 19,552,857, corresponding to 19,552,857 votes.

### Significant risks and uncertainty factors

There have been no significant changes in the Parent Company's and the Group's risks and uncertainty factors during the period. For a review of risks and uncertainty factors, see the Annual Report for 2008, pages 38–40, 56–57 and 58.

### Events after closing day

There are no events to report after closing day.

October 26, 2009  
Gothenburg

Magnus Nilsson  
CEO

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

## Consolidated income statements

SEK thousands	January – September		July – September		Whole year
	2009	2008	2009	2008	
Net sales	207 267	166 100	65 247	50 868	225 141
Cost of goods sold	-61 537	-51 031	-18 752	-15 654	-68 891
<b>Gross income</b>	<b>145 730</b>	<b>115 069</b>	<b>46 495</b>	<b>35 214</b>	<b>156 250</b>
Selling expenses	-58 587	-46 100	-19 149	-14 958	-64 869
Administrative expenses	-29 475	-23 908	-9 211	-7 819	-35 449
Research and development costs	-28 813	-22 856	-9 430	-7 476	-30 669
Other operating revenues and expenses	-5 074	-542	-1 510	141	1 862
<b>Operating income</b>	<b>23 781</b>	<b>21 663</b>	<b>7 195</b>	<b>5 102</b>	<b>27 125</b>
Financial income and expenses	-361	-134	9	1 128	89
<b>Income after financial items</b>	<b>23 420</b>	<b>21 529</b>	<b>7 204</b>	<b>6 230</b>	<b>27 214</b>
Taxes	-142	-1 152	101	-240	2 986
<b>Net income</b>	<b>23 278</b>	<b>20 377</b>	<b>7 305</b>	<b>5 990</b>	<b>30 200</b>
<b>Attributable to</b>					
Parent Company's shareholders	23 047	19 960	7 260	5 916	29 995
Minority interest	231	417	45	74	205
Earnings per share, SEK	1.18	1.01	0.37	0.30	1.52
Earnings per share, SEK*	1.19	1.01	0.37	0.30	1.52
Average number of outstanding shares	19 690 246	19 800 157	19 800 157	19 800 157	19 729 677
Average number of outstanding shares*	19 513 116	19 800 157	19 623 027	19 800 157	19 729 677
Number of shares at closing day	19 552 857	19 800 157	19 552 857	19 800 157	19 800 157
of which own shares	—	—	—	—	247 300
Number of shares at closing day*	19 552 857	19 800 157	19 552 857	19 800 157	19 800 157
of which own shares	—	—	—	—	247 300

Depreciation and amortization has reduced income for the period by SEK 11 849 thousand (9 774), of which SEK 3 923 thousand (3 160) is for the third quarter.

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

## Statement of comprehensive income

SEK thousands	January – September		July – September		Whole year
	2009	2008	2009	2008	
<b>Net income</b>	<b>23 278</b>	<b>20 377</b>	<b>7 305</b>	<b>5 990</b>	<b>30 200</b>
<b>Other comprehensive income</b>					
Change in hedging reserve, net after tax	392	—	-724	—	—
Change in translation reserve, net after tax	-9 623	-1 196	-7 873	3 431	14 685
<b>Total other comprehensive income</b>	<b>-9 231</b>	<b>-1 196</b>	<b>-8 597</b>	<b>3 431</b>	<b>14 685</b>
<b>Total income</b>	<b>14 047</b>	<b>19 181</b>	<b>-1 292</b>	<b>9 421</b>	<b>44 885</b>
<b>Attributable to</b>					
Parent Company's shareholders	13 816	18 764	-1 337	9 347	44 680
Minority interest	231	417	45	74	205

## Other key ratios

	January – September		July – September		Whole year
	2009	2008	2009	2008	
Gross margin, %	70.3	69.3	71.3	69.2	69.4
Operating margin, %	11.5	13.0	11.0	10.0	12.0
Operating margin other operating revenues and expenses, %	13.9	13.4	13.3	9.8	11.2
Operating margin before R&D costs, %	25.4	26.8	25.5	24.7	25.7
Net margin, %	11.2	12.3	11.2	11.8	13.4
Equity/assets ratio, %	87.8	84.3	87.8	84.3	85.3
Shareholders' equity per share, SEK	15.25	13.76	15.25	13.76	14.94
Shareholders' equity per share, SEK*	15.25	13.76	15.25	13.76	14.94
Return on equity, %	11.1	10.6	11.1	10.6	11.1
Return on capital employed, %	11.6	9.7	11.6	9.7	10.4

\* After dilution, see above.

## Consolidated income statements per quarter

SEK thousands	Jul-Sep 2009	Apr-Jun 2009	Jan-Mar 2009	Oct-Dec 2008	Jul-Sep 2008	Apr-Jun 2008
Net sales	65 247	70 179	71 840	59 042	50 868	56 562
Cost of goods sold	-18 752	-20 144	-22 640	-17 860	-15 654	-17 223
<b>Gross income</b>	<b>46 495</b>	<b>50 035</b>	<b>49 200</b>	<b>41 182</b>	<b>35 214</b>	<b>39 339</b>
Selling expenses	-19 149	-20 169	-19 269	-18 768	-14 958	-16 758
Administrative expenses	-9 211	-10 010	-10 254	-11 542	-7 819	-8 428
Research and development costs	-9 430	-11 024	-8 359	-7 813	-7 476	-7 679
Other operating revenues and expenses	-1 510	-1 039	-2 525	2 403	141	-501
<b>Operating income</b>	<b>7 195</b>	<b>7 793</b>	<b>8 793</b>	<b>5 462</b>	<b>5 102</b>	<b>5 973</b>
Financial income and expenses	9	-223	-146	223	1 128	82
<b>Income after financial items</b>	<b>7 204</b>	<b>7 570</b>	<b>8 647</b>	<b>5 685</b>	<b>6 230</b>	<b>6 055</b>
Taxes	101	-160	-84	4 137	-240	2
<b>Net income</b>	<b>7 305</b>	<b>7 410</b>	<b>8 563</b>	<b>9 822</b>	<b>5 990</b>	<b>6 057</b>
<b>Attributable to</b>						
Parent Company's shareholders	7 260	7 237	8 550	10 035	5 916	5 951
Minority interest	45	173	13	-213	74	106

## Consolidated balance sheets

SEK thousands	Sept 30, 2009	Sept 30, 2008	Dec 31, 2008
<b>ASSETS</b>			
Goodwill	89 294	88 250	88 250
Other intangible fixed assets	30 427	24 992	26 762
Tangible fixed assets	92 990	86 610	94 802
Financial fixed assets	26 955	22 413	27 686
Inventories	42 527	44 208	46 219
Accounts receivable	40 363	36 330	37 054
Other current receivables	7 937	7 327	7 879
Derivative instruments	532	—	—
Liquid funds	8 498	12 552	14 009
<b>Total assets</b>	<b>339 523</b>	<b>322 682</b>	<b>342 661</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity, attributable to the Parent Company's shareholders	298 200	272 469	292 061
Minority interest	451	516	327
Long-term interest-bearing liabilities	1 788	3 952	3 321
Short-term interest-bearing liabilities	3 633	10 859	3 217
Accounts payable	13 075	14 207	23 351
Other short-term interest-free liabilities	22 376	20 679	20 204
<b>Total shareholders' equity and liabilities</b>	<b>339 523</b>	<b>322 682</b>	<b>342 661</b>
Pledged assets for own liabilities	20 000	30 000	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		
<b>Opening balance January 1, 2008</b>	19 800	208 566	-26 161	51 179		253 384
Comprehensive income for the year			14 686	29 995	205	44 886
Personnel warrants				420		420
Buying back of own shares				-6 424		-6 424
Other transactions with minority shareholders					122	122
<b>Closing balance December 31, 2008</b>	19 800	208 566	-11 475	75 170	327	292 388
<b>Opening balance January 1, 2009</b>	19 800	208 566	-11 475	75 170	327	292 388
Total comprehensive income			-9 231	23 047	231	14 047
Dividend				-7 821		-7 821
Increased in share capital via bonus issue	144					144
Other transactions with minority shareholders					-107	-107
<b>Closing balance September 30, 2009</b>	19 944	208 566	-20 706	90 396	451	298 651

## Consolidated cash flow statements

SEK thousands	January – September		July – September		Whole year 2008
	2009	2008	2009	2008	
Income after financial items	23 420	21 529	7 204	6 230	27 214
Adjustment for items not affecting cash flow	10 318	8 941	3 596	1 859	10 865
Change in inventories	1 944	-930	746	564	-859
Change in trade receivables	-5 049	-7 883	4 732	1 294	-7 630
Change in trade payables	-6 225	5 434	-930	-4 191	13 203
Cash flow from operating activities	24 408	27 091	15 348	5 755	42 793
Cash flow from investing activities	-21 063	-22 774	-5 982	-8 489	-26 626
Cash flow from financing activities	-8 633	-10 361	1 330	-5 538	-21 389
<b>Cash flow for the period</b>	<b>-5 288</b>	<b>-6 044</b>	<b>10 696</b>	<b>-8 272</b>	<b>-5 222</b>
Liquid funds at beginning of period	14 009	18 505	-1 948	20 579	18 505
Exchange rate difference in liquid funds	-223	91	-250	245	726
<b>Liquid funds at end of period</b>	<b>8 498</b>	<b>12 552</b>	<b>8 498</b>	<b>12 552</b>	<b>14 009</b>

## Income statements for the Parent Company

SEK thousands	January – September		July – September		Whole year 2008
	2009	2008	2009	2008	
Administrative expenses	-2 994	-2 355	-1 142	-813	-3 105
Research and development costs	-13	-13	-4	-4	-17
Other operating revenues and expenses	-3 073	-78	32	-78	-100
<b>Operating income</b>	<b>-6 080</b>	<b>-2 446</b>	<b>-1 114</b>	<b>-895</b>	<b>-3 222</b>
Financial income and expenses	-1 585	1 293	-1 585	1 889	3 550
<b>Income after financial items</b>	<b>-7 665</b>	<b>-1 153</b>	<b>-2 699</b>	<b>994</b>	<b>328</b>
Taxes	—	1 500	—	—	1 422
<b>Net income</b>	<b>-7 665</b>	<b>347</b>	<b>-2 699</b>	<b>994</b>	<b>1 750</b>

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



## Balance sheets for the Parent Company

SEK thousands	Sept 30, 2009	Sept 30, 2008	Dec 31, 2008
<b>ASSETS</b>			
Patents	25	46	38
Tangible fixed assets	55	108	95
Participation in affiliated companies	325 596	323 610	323 610
Deferred tax assets	13 970	14 310	13 970
Receivables from affiliated companies	30 777	49 322	49 571
Other current receivables	1 114	956	686
Liquid funds	293	1 073	804
<b>Total assets</b>	<b>371 830</b>	<b>389 425</b>	<b>388 774</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	365 165	380 302	380 651
Long-term interest-bearing liabilities	1 788	3 952	3 321
Short-term interest-bearing liabilities	2 217	3 859	3 217
Accounts payable	376	46	68
Other short-term interest-free liabilities	2 284	1 266	1 517
<b>Total shareholders' equity and liabilities</b>	<b>371 830</b>	<b>389 425</b>	<b>388 774</b>
Pledged assets for own liabilities	3 100	3 100	3 100
Contingent liabilities	20 000	10 000	20 000

### Note 1. Accounting Principles

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

#### New Accounting Principles

##### IAS 1 Presentation of Financial Statements

The reworked IAS 1, Presentation of Financial Statements, is applied as of January 1, 2009. The change means, amongst other things, that revenues and expenses that have been recorded directly in shareholders' equity are now also recorded in a separate statement directly after the income statement.

##### IFRS 8 Operating segments

As of January 1, 2009, the company has implemented IFRS 8, Operating Segments. IFRS 8 supersedes IAS 14, Segment Reporting, and adapts segment reporting to the requirements of the US standard, SFAS 131, Disclosures about segments of an enterprise and related information. The new standard requires that segment information be presented from a management perspective, which means that it is presented such as it is used in internal reporting and followed up by the most senior executive decision-maker in the Group, Vitrolife's CEO. Vitrolife presents segment information on the basis of the product areas as of January 1, 2009. The comparative year 2008 has thereby been restated in accordance with IFRS 8.

#### Additional Accounting Principles

The Group classifies its forward contracts used for hedging of forecast flows as cash flow hedges as of January 1, 2009. The effective portion of changes in fair value for a derivative instrument designated as a cash flow hedge and which meets the requirements for hedge reporting is reported in shareholders' equity. The gain or loss attributable to the ineffective portion is reported where appropriate directly in the income statement.

### Not 2. Financial data per segment, Group

SEK thousands	January – September 2009	September 2008	Whole year 2008
<b>Fertility and Stem Cell Cultivation</b>			
Net sales	177 326	145 437	194 710
Operating income	14 161	15 087	16 721
Total Assets	320 104	311 215	329 523
<b>Transplantation</b>			
Net sales	29 941	20 663	30 431
Operating income	9 620	6 576	10 404
Total Assets	19 462	12 028	13 696



Innovative Cell and Tissue Technology

[www.vitrolife.com](http://www.vitrolife.com)

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#### Financial reports

Vitrolife's interim reports are published on the company's homepage, [www.vitrolife.com](http://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 2009 will be published on Wednesday February 10, 2010.**

#### Queries should be addressed to:

Magnus Nilsson, CEO, phone +46 31 721 80 61.

Eva Nilsagård, CFO, phone +46 31 721 80 13.

#### Review report

We have reviewed this report for the period 1 January 2009 to 30 September 2009 for Vitrolife AB (publ) org 556354-3452. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

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

review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 26, 2009  
Örhlings PricewaterhouseCoopers AB

Birgitta Granquist  
Authorised Public Accountant

**Vitrolife is required to publish the information in this press release in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on Monday October 26, 2009 at 3.00 pm.**

Vitrolife is a global biotechnology/medical device Group that works with developing, manufacturing and selling advanced products and systems for the preparation, cultivation and storage of human cells, tissue and organs. The company has business activities within three product areas: Fertility, Transplantation and Stem Cell Cultivation. 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. The Transplantation product area works with solutions and systems to evaluate and maintain organs outside the body in order to select usable organs and keeping them in optimal condition while waiting for transplantation. The Stem Cell Cultivation product area works with media and instruments to enable the use and handling of stem cells for therapeutic purposes. Vitrolife today has approximately 160 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 and Japan. Production facilities are located in Sweden and the USA. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.