



# Interim report January–June 2010

Vitrolife AB (publ)

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

**Vitrolife**   
Innovative Cell and Tissue Technology

# Good growth in sales and profitability with continuing strategic investments.

## Period in brief

- Growth in local currency was 14 percent. Sales amounted to SEK 149 (142) million, corresponding to an increase of 5 percent in SEK.
- Operating income before research and development costs increased by 14 percent and amounted to SEK 41 (36) million.
- Operating income (EBIT) increased by 13 percent and amounted to SEK 19 (17) million. The operating margin was 13 (12) percent.
- The Group's net income amounted to SEK 19 (16) million.

## Second quarter

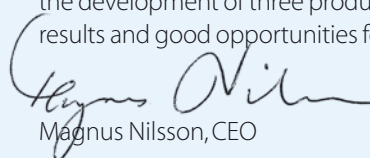
- Growth in local currency was 13 percent. Sales amounted to SEK 73 (70) million, corresponding to an increase of 4 percent in SEK.
- Operating income before research and development costs increased by 7 percent and amounted to SEK 20 (19) million.
- Operating income (EBIT) increased by 11 percent and amounted to SEK 9 (8) million. The operating margin was 12 (11) percent.
- The Group's net income amounted to SEK 9 (7) million, which gives earnings per share of SEK 0.48 (0.38)
- The cash flow from operating activities was SEK 13 (12) million.
- Dividend paid SEK 0.50 per share.
- The clinical study on STEEN Solution™ presented good treatment results.
- Collaboration agreement with University of Melbourne regarding development of stem cell media.
- Collaboration agreement with the Danish company HertART Aps regarding development of fertility products.
- Good clinical results from Swemed Sense™ multicenter study presented.

## CEO's comments

"Vitrolife continues to develop well, with good sales growth, a retained high gross margin and positive development of profitability, despite a global economic downturn and a strong Swedish krona. We can thus continue to use our own resources to maintain high ambitions in the further development of the company through strategic investments in order to develop three competitive product portfolios and strengthen the resources for customer support and marketing in all important markets.



Particularly pleasing during this quarter was the good reception of the launch of Vitrolife's new complete system for the cold storage of embryos. The cold storage technology is becoming more and more important for fertility clinics as improved treatment results have meant that only one embryo is transferred to the woman in each treatment. A need for improved cold storage is thereby created in order to enable more embryo transfers without repeated hormone treatments. Further product launches within the fertility area are planned during the latter part of the year. Other pleasing news during the quarter has been the publishing of two clinical studies within fertility treatment where Vitrolife's products display significantly better clinical results than competitors and existing products. Good clinical results were also published for Vitrolife's products within the transplantation area, where 22 patients received new lungs using the new Steen Solution™ technology. This shows that Vitrolife's purposeful investments in the development of three product portfolios are giving good results and good opportunities for continuing growth."

  
Magnus Nilsson, CEO

## The Group's key figures

SEK millions	Second quarter		Jan – Jun		Jul 2009	Whole year
	2010	2009	2010	2009	– Jun 2010	2009
Net Sales	73	70	149	142	281	275
Gross Profit	52	50	104	99	197	193
Gross Margin, %	71	71	70	70	70	70
Operating income (EBIT)	9	8	19	17	33	30
Operating margin, %	12	11	13	12	12	11
Income after financial items	10	8	20	16	34	31
Net income	9	7	19	16	37	34
Equity/assets ratio, %	85	84	85	84	87	87
Income per share, SEK	0.48	0.38	0.98	0.81	1.91	1.75
Shareholders' equity per share, SEK	16.96	15.21	16.96	15.21	16.19	15.94
Share price on closing, SEK	35.90	27.50	35.90	27.50	n/a	34.80
Market cap at closing,	702	538	702	538	n/a	680

### Financial objectives

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

# Key figures

## Second quarter 2010 (April – June)

### Net Sales

Vitrolife's net sales for the second quarter increased by 4 percent and amounted to SEK 73 (70) million. Sales growth in local currencies was 13 percent.

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

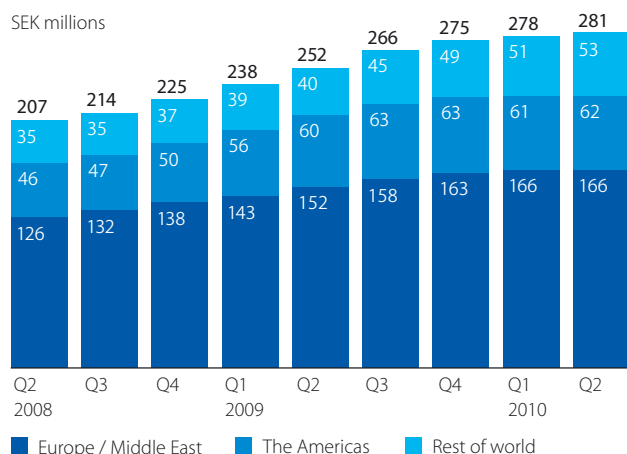
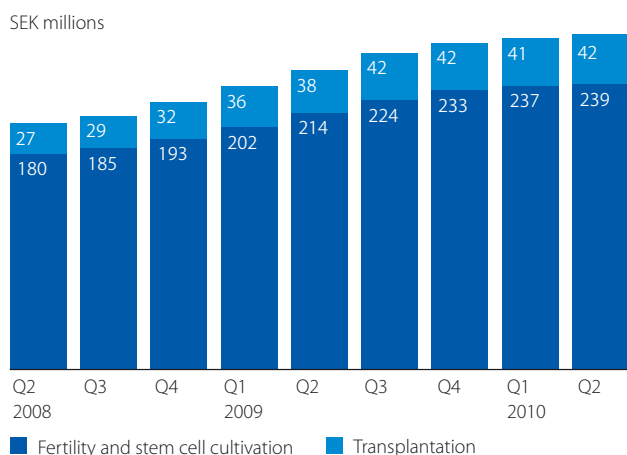


Fig 2. Net sales per product area (rolling 12 months)

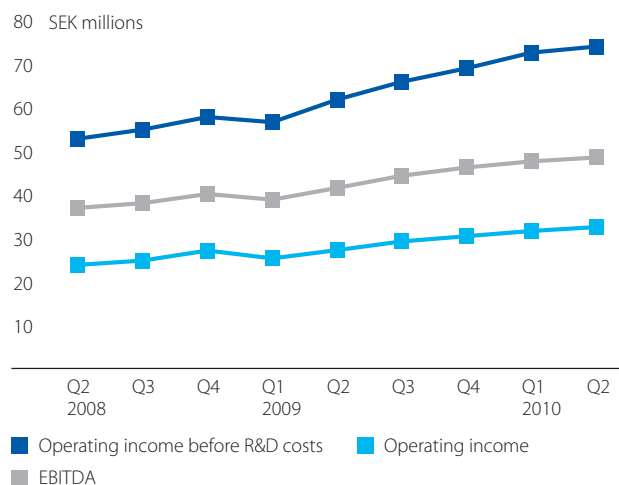


### Income

Operating income increased by 11 percent and amounted to SEK 9 (8) million, corresponding to an operating margin of 12 (11) percent. The gross margin during the second quarter increased to 71 percent and gross income increased by 4 percent to SEK 52 (50) million. Selling expenses remained unchanged compared to last year to 29 percent of sales, while administrative expenses decreased somewhat during the second quarter and amounted to 13 (14) percent of sales. R&D costs stayed at the same level as the corresponding quarter last year at 16 (16) percent of sales. Other operating expenses were affected negatively by the currency translation adjustment of accounts receivable attributable to the beginning of the year and amounted to SEK -1 (-1) million. Depreciation and amortization of SEK 4 (4) million were charged against net income for the period.

In addition to current business activities, the company is also investing in new technologies and business areas, such as completely new transplantation methodologies using STEEN Solution™ and products for the cultivation of stem cells. It is thus also relevant to assess the operating profit before R&D costs. During the second quarter this amounted to SEK 20 (19) million, corresponding to a margin of 27 (27) percent.

Fig 3. Income (rolling 12 months)

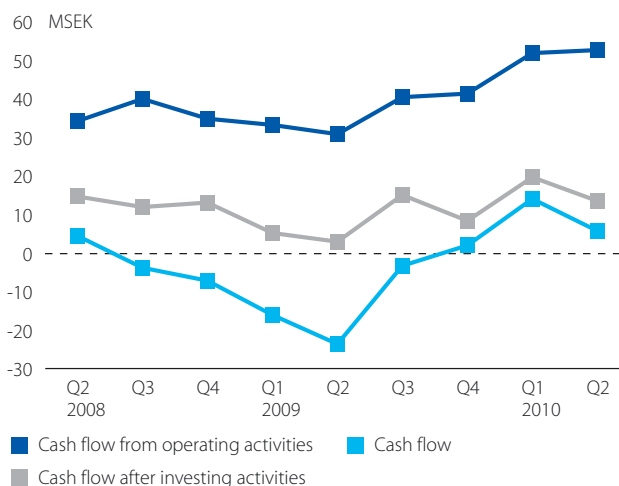


Net income amounted to SEK 9 (7) million. Net financial income amounted to SEK 1 (0) million. Net financial income includes non-realized exchange rate fluctuations regarding internal receivables and liabilities of SEK 2 (0) million for the second quarter. The minority interest share of the profit in A.T.S Srl amounted to SEK 0 (-0) million.

### Cash Flow

The cash flow from operating activities increased by the second quarter and amounted to SEK 13 (12) million. Operating income decreased during the period by SEK -1 (-2) million and is mainly explained by increased level of raw material in stock for production. Investments amounted to SEK 14 (7) million and relates mainly to gross investments in intangible assets,

Fig 4. Cash flow (rolling 12 months)





primarily in STEEN Solution™, and acquisition of shares in the associated company Hert ART Aps. Investments in property, plant and equipment amounted to SEK 2 (4) million. The cash flow from financing activities was SEK -4 (3) million and relates to dividends paid during the period and amortization of debts. Cash and cash equivalents at the end of the period amounted to SEK 11 (10) million.

## Financing

Vitrolife's total credit facilities amount to SEK 25 (24) million and are utilized mainly for the financing of business activities in the form of a bank overdraft facility in the subsidiary Vitrolife Sweden AB. Of the company's total credit facilities SEK 13 million was utilized. These consist of the company's long-term financing interest bearing loans of SEK 3 (2) and the short-term financing of SEK 10 (14) million.

The equity/assets ratio was 85 (84) percent. The return on capital employed amounted to 13 (11) percent. Capital employed amounted to SEK 345 (313) million at the end of the period.

Shareholders' equity per share amounted to SEK 16.96 (15.21).

## Parent Company

Business activities focus on company-wide management and the company has no employees. There were no revenues for the period (-). The costs that arise are mainly attributable to the Board, to NASDAQ OMX Stockholm and the listing of the company's shares. Income before tax amounted to SEK 0 (-2) million for the second quarter. Income before tax for the first six months amounted to SEK -1 (-5) million. Liquid funds amounted to SEK 1 (1) million. Investment in the associated company, Hert ART Aps, was made during the second quarter at an amount of SEK 3 million.

The Vitrolife share is listed on the NASDAQ OMX Stockholm Small Cap list under the symbol VITR. The closing price on June 30, 2010 was SEK 35.90 (27.50).

## Key Figures Period 2010 (January – June)

### Net Sales

Vitrolife's net sales for the first half year increased by 5 percent and amounted to SEK 149 (142) million. Sales growth in local currency was 14 percent.

### Income

Operating income increased by 13 percent and amounted to SEK 19 (17) million, corresponding to an operating margin of 13 (12) percent. The gross margin remained unchanged at 70 percent and gross profit increased by 5 percent to SEK 104 (99) million. Selling expenses amounted to 28 percent of sales which is the same as the corresponding period last year, administrative expenses decreased somewhat and amounted to

13 (14) percent of sales. R&D costs increased as a consequence of investments in mainly the stem cell and transplantation areas and amounted to 15 (14) percent of sales. Other operating expenses were affected negatively by the currency translation adjustment of accounts receivable attributable to the beginning of the year and amounted to SEK -2 million. Depreciation and amortization of SEK 8 (8) million were charged against net income for the period.

Operating income before R&D expenses amounted to SEK 41 (36) million, equivalent to a margin of 28 percent (25).

The net result amounted to SEK 19 (16) million. The net financial income of SEK 1 (0) million includes non realized exchange rate fluctuations regarding receivables and liabilities of SEK 3 (-1) million for the second quarter. The minority interest share of the profit in A.T.S Srl amounted to SEK -0 (-0) million.

## Cash Flow

The cash flow from operating activities increased and amounted to SEK 20 (9) million. Operating income decreased during the period by SEK -8 (-14) million and is mainly explained by increased level of raw material in stock for production and increase of trade receivables outstanding as a consequence of increased sales. Investments amounted to SEK 21 (15) million and relates mainly to gross investments in intangible assets, primarily in STEEN Solution™, and acquisition of shares in the associated company Hert ART Aps. Investments in property, plant and equipment amounted to SEK 3 (9) million. The cash flow from financing activities was SEK -4 (2) million and relates to dividends paid during the period and amortization of debts. Cash and cash equivalents at the end of the period amounted to SEK 11 (10) million.

## Product Areas Fertility



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

- Sales for the second quarter amounted to SEK 61 (59) million, corresponding to an increase of 3 percent. Sales growth in local currency was 12 percent.
- Collaboration agreement with the Danish company HertART Aps regarding development of fertility products.
- Good clinical results from Swemed Sense™ multicenter study presented.
- Results from a study shows that Vitrolife media among other generates higher pregnancy rates.

Sales in the Europe/Middle East region decreased by 3 percent during the second quarter. In local currencies this corresponds to an increase of 7 percent. The Middle East and Africa developed strongly, as did most of the countries within Europe. The exception is Southern Europe, where the economic situation in the countries is still unstable. During the first six months sales in the region increased in total by 1 percent. The corresponding increase in local currencies was 11 percent.

In the Rest of the World region sales increased by 19 percent during the second quarter. This corresponds to an increase of 29 percent in local currencies. Development in China and Japan continues to be very strong. During the first six months of the year sales in the region increased in total by 23 percent. The corresponding increase in local currencies was 33 percent.

During the second quarter a recovery in the American market was also noted. Sales growth amounted to 8 percent in local currencies. Growth during the first six months of the year was 9 percent.

Vitrolife entered into an agreement with the Danish company HertART Aps concerning product development and distribution of IVF products, mainly with regard to products for in-vitro fertilization, but with points of contact within the stem-cell area as well. The collaboration constitutes an opportunity to fill the research and development portfolio more quickly within the framework of Vitrolife's long-term development objectives. At the same time Vitrolife acquired a participation of 25 percent in the company, with an option to acquire up to 100 percent. The purchase sum amounted to SEK 2.0 million.

The results of the multicenter study carried out on the follicle aspiration needle Swemed Sense™ was presented during the ESHRE, the European Society of Human Reproduction and Embryology, conference in Rome in the end of June. The study has investigated how the sensation of pain in women undergoing oocyte aspiration before IVF differs if a new needle with a thinner tip (Swemed Sense™) is used, compared with a conventional, thicker needle. The results show that a needle with a thinner tip give less pain and bleeding compared with a conventional needle. The time taken to retrieve oocytes and the number of undamaged oocytes were not different in the two groups.

## Transplantation



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

- Sales for the second quarter amounted to SEK 10 (9) million, an increase of 17 percent. Calculated in local currency growth was 25 percent.
- The clinical study on STEEN Solution™ presented good treatment results.

Sales of transplantation products, primarily Perfadex®, increased by 17 percent during the second quarter. Calculated in local currencies the increase was 25 percent. The sales figure also includes an increasing but limited 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 40 lung transplantations in total have been performed in the world using the STEEN Solution™ method and interest is continuously growing among internationally leading researchers and clinics. During the period further European hospitals, amongst other things in Spain and England, have used the STEEN Solution™ method clinically in lung transplantations.

The clinical HELP (Human ex vivo Lung Perfusion) study in Canada on STEEN Solution™ has now been completed and the results of the study showed that transplantation using ex vivo evaluated lungs was at least as good as in the control group. The study, which was presented during the ISHLT congress in Chicago, also showed that by using ex vivo evaluation of lungs, the number of lung transplantations can be increased without the risk of complications in patients increasing. A total of 22 patients with ex vivo evaluated lungs were included in the study. The other 136 patients were transplanted using a conventional method.

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

## Stem Cell Cultivation



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

- Sales for the period amounted to SEK 0.2 (0.7) million.
- Collaboration agreement with University of Melbourne regarding development of stem cell media during the second quarter.

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

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

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.

## Prospects for 2010

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

- Developing, strengthening and expanding the product portfolio within all three product areas, in order to create completely new opportunities for growth through new or improved treatment methods and by maintaining the company's competitive advantage within existing markets.
- Constantly developing and making more effective our product supply and support processes in order to maintain a competitive cost and organization structure, thus retaining competitive prices and developing profitability.

- Further developing and strengthening the customer support and sales organization globally by gradually strengthening our support systems, further developing our expertise and providing new highly qualified co-workers so as to be able to reach out to and directly support more customers in more markets.

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

## Other information

### Organization and personnel

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

During the six first months 2010 the average number of employees was 176 (154), of whom 104 (93) were women and 72 (61) were men. 128 (115) people were employed in Sweden, 36 (34) in the USA and 12 (5) in the rest of the world. Some employees in Sweden are working on several other markets. The number of people employed in the Group at the end of the period was 196 (165).

### Information on transactions with related parties

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

### 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 0.50 per share.

### Miscellaneous

Vitrolife acquired 25 percent of the shares in HertART Aps for 3 MSEK, with the option of acquiring up to 100 percent of the shares in the company. At the same time a collaboration agreement was entered into with the company with regard to product development and distribution of IVF products. More information is to be found in the Fertility section.

A resolution was adopted at the Annual General Meeting held on April 26 that a dividend of SEK 0.50 per share would be paid to the shareholders. The dividend was paid on May 4, 2010.

## Risk management

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

The most important strategic and operative risks affecting Vitrolife's business and field of operations are described in detail in the Annual Report for 2009. 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 in the "Report on Internal Control" section. The same applies to the Group's management of financial risks, which are described in the Annual Report for 2009, note 24. Furthermore, it is assessed that the risks reported essentially remain unchanged.

## Events after the end of the period

There are no events to report after the end of the period.

## Certification

The Board and the CEO certify that the half-year report gives a true and fair view of the company's and the Group's business activities, financial position and results, and describes the essential risks and uncertainty factors that the company and the companies which are part of the Group face.

July 15, 2010

Gothenburg, Sweden

Magnus Nilsson  
*CEO*

Patrik Tigerschiöld  
*Chairman of the Board*

Maris Hartmanis  
*Board member*

Tord Lendau  
*Board member*

Fredrik Mattsson  
*Board member*

Madeleine Olsson-Eriksson  
*Board member*

Barbro Fridén  
*Board member*

## Financial reporting

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

## Reports coming in 2010

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

## Queries should be addressed to

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

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

**Vitrolife is required to publish the information in this press release in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on Tuesday July 15, 2010 at 8.30 am.**

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

## Income after financial items

SEK thousands	January – June		April – June		Whole year 2009
	2010	2009	2010	2009	
Net sales	148 685	142 019	73 408	70 179	274 626
Cost of goods sold	-44 908	-42 784	-21 429	-20 144	-81 741
<b>Gross income</b>	<b>103 777</b>	<b>99 235</b>	<b>51 979</b>	<b>50 035</b>	<b>192 885</b>
Selling expenses	-41 216	-39 438	-21 475	-20 169	-80 275
Administrative expenses	-19 486	-20 264	-9 639	-10 010	-38 831
Research and development costs	-22 304	-19 383	-11 499	-11 024	-38 574
Other operating revenues and expenses	-2 090	-3 564	-688	-1 039	-4 797
<b>Operating income</b>	<b>18 681</b>	<b>16 586</b>	<b>8 678</b>	<b>7 793</b>	<b>30 408</b>
Financial income and expenses	1 233	-369	1 001	-223	179
<b>Income after financial items</b>	<b>19 914</b>	<b>16 217</b>	<b>9 679</b>	<b>7 570</b>	<b>30 587</b>
Taxes	-692	-244	-233	-160	3 782
<b>Net income</b>	<b>19 222</b>	<b>15 973</b>	<b>9 446</b>	<b>7 410</b>	<b>34 369</b>
<b>Attributable to</b>					
Parent Company's shareholders	18 965	15 787	9 342	7 237	34 114
Minority interest	257	186	104	173	255
Earnings per share, SEK	0,98	0,81	0,48	0,38	1,75
Earnings per share, SEK*	0,98	0,82	0,48	0,38	1,75
Average number of outstanding shares	19 552 857	19 758 940	19 552 857	19 717 724	19 552 857
Average number of outstanding shares*	19 552 857	19 587 170	19 552 857	19 545 953	19 552 857
Number of shares at closing day	19 552 857	19 552 857	19 552 857	19 552 857	19 552 857
Number of shares at closing day*	19 552 857	19 552 857	19 552 857	19 552 857	19 552 857

Depreciation and amortization has reduced income for the period by SEK 8 126 thousand (7 926), of which SEK 4 092 thousand (4 087) for the second quarter.

\* After dilution. Vitrolife has one outstanding share warrant program, comprising 400 000 warrants. The net present values of the issue price in the program 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 – June		April – June		Whole year 2009
	2010	2009	2010	2009	
<b>Net income</b>	<b>19 222</b>	<b>15 973</b>	<b>9 446</b>	<b>7 410</b>	<b>9 446</b>
<b>Other comprehensive income</b>					
Change in hedging reserve, net after tax	2 637	-1 116	-905	1 636	638
Change in translation reserve, net after tax	8 158	-1 580	7 904	-7 747	-7 404
<b>Total other comprehensive income</b>	<b>10 795</b>	<b>-2 696</b>	<b>6 999</b>	<b>-6 111</b>	<b>-6 766</b>
<b>Total income</b>	<b>30 017</b>	<b>13 277</b>	<b>16 445</b>	<b>1 299</b>	<b>2 680</b>
<b>Attributable to</b>					
Parent Company's shareholders	29 760	13 091	16 341	1 126	2 576
Minority interest	257	186	104	173	104

## Other key ratios

	January – June		April – June		Whole year 2009
	2010	2009	2010	2009	
Gross margin, %	69.8	69.9	70.8	71.3	70.2
Operating margin, %	12.6	11.7	11.8	11.1	11.1
Operating margin before R&D costs, %	27.6	25.3	27.5	26.8	25.1
Net margin, %	12.9	11.2	12.9	10.6	12.5
Equity/assets ratio, %	85.2	84.2	85.2	84.2	86.7
Shareholders' equity per share, SEK	16.96	15.21	16.96	15.21	15.94
Shareholders' equity per share, SEK*	16.96	15.21	16.96	15.21	15.94
Return on equity, %	11.8	13.0	11.8	13.0	11.3
Return on capital employed, %	12.6	11.3	12.6	11.3	11.9
EBITDA, %	18.0	17.3	17.4	16.9	16.8

\*After dilution, see above



## Consolidated income statements per quarter

SEK thousands	Apr–Jun 2010	Jan–Mar 2010	Oct–Dec 2009	Jul–Sep 2009	Apr–Jun 2009	Jan–Mar 2009
Net sales	73 408	75 278	67 360	65 247	70 179	71 840
Cost of goods sold	-21 429	-23 480	-20 206	-18 752	-20 144	-22 640
<b>Gross income</b>	<b>51 979</b>	<b>51 798</b>	<b>47 154</b>	<b>46 495</b>	<b>50 035</b>	<b>49 200</b>
Selling expenses	-21 475	-19 740	-21 688	-19 149	-20 169	-19 269
Administrative expenses	-9 639	-9 847	-9 355	-9 211	-10 010	-10 254
Research and development costs	-11 499	-10 805	-9 761	-9 430	-11 024	-8 359
Other operating revenues and expenses	-688	-1 403	276	-1 510	-1 039	-2 525
<b>Operating income</b>	<b>8 678</b>	<b>10 003</b>	<b>6 626</b>	<b>7 195</b>	<b>7 793</b>	<b>8 793</b>
Financial income and expenses	1 001	232	540	9	-223	-146
<b>Income after financial items</b>	<b>9 679</b>	<b>10 235</b>	<b>7 166</b>	<b>7 204</b>	<b>7 570</b>	<b>8 647</b>
Taxes	-233	-459	3 925	101	-160	-84
<b>Net income</b>	<b>9 446</b>	<b>9 776</b>	<b>11 091</b>	<b>7 305</b>	<b>7 410</b>	<b>8 563</b>
Attributable to						
Parent Company's shareholders	9 342	9 623	11 067	7 260	7 237	8 576
Minority interest	104	153	24	45	173	-13

## Consolidated balance sheets

SEK thousands	Jun 30, 2010	Jun 30, 2009	Dec 31, 2009
<b>ASSETS</b>			
Goodwill	97 301	89 294	97 301
Other intangible fixed assets	48 163	28 440	34 506
Tangible fixed assets	94 142	98 763	93 038
Financial fixed assets	34 036	28 115	30 652
Inventories	47 834	44 828	41 847
Accounts receivable	44 083	44 185	37 993
Other current receivables	8 045	9 887	7 125
Derivative instruments	4 445	—	866
Liquid funds	11 344	9 806	15 987
<b>Total assets</b>	<b>389 393</b>	<b>353 318</b>	<b>359 315</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity, attributable to the Parent Company's shareholders	331 572	297 431	311 588
Minority interest	692	429	481
Long-term non interest-bearing liabilities	2 535	—	2 489
Long-term interest-bearing liabilities	3 292	2 176	4 704
Short-term interest-bearing liabilities	10 389	13 972	2 981
Accounts payable	16 274	11 523	14 697
Derivative instruments	—	1 116	—
Other short-term interest-free liabilities	24 639	26 671	22 375
<b>Total shareholders' equity and liabilities</b>	<b>389 393</b>	<b>353 318</b>	<b>359 315</b>
Pledged assets for own liabilities	20 000	20 000	20 000
Contingent liabilities	None	None	None

## Consolidated changes in shareholders' equity

SEK thousands	Attributable to the Parent Company's shareholders				Minority interest	Total shareholders' equity
	Share capital	Other capital contributed	Reserves	Retained earnings		
<b>Opening balance January 1, 2009</b>	19 800	208 566	-11 475	75 170	327	292 388
Total comprehensive income			-6 766	34 114	255	27 603
Dividend				-7 821		-7 821
Increased in share capital via bonus issue	391		-391			—
Cancellation of own shares	-247		247			—
Other transactions with minority shareholders					-101	-101
<b>Closing balance December 31, 2009</b>	19 944	208 566	-18 385	101 463	481	312 069
<b>Opening balance January 1, 2010</b>	19 944	208 566	-18 385	101 463	481	312 069
Total comprehensive income			10 795	18 965	257	30 017
Dividend				-9 776		-9 776
Other transactions with minority shareholders					-46	-46
<b>Closing balance June 30, 2010</b>	19 944	208 566	-7 590	110 652	692	332 264

## Consolidated cash flow statements

SEK thousands	January – June		April – June		Whole year 2009
	2010	2009	2010	2009	
Income after financial items	19 914	16 217	9 679	7 570	30 587
Adjustment for items not affecting cash flow	8 430	6 721	3 987	6 447	14 083
Change in inventories	-4 777	1 197	-4 501	1 944	3 098
Change in trade receivables	-6 767	-9 249	2 143	-1 477	-1 575
Change in trade payables	3 555	-5 826	1 701	-2 263	-4 715
Cash flow from operating activities	20 355	9 060	13 009	12 221	41 478
Cash flow from investing activities	-21 228	-15 081	-14 055	-7 124	-32 965
Cash flow from financing activities	-3 937	1 792	-3 712	2 792	-6 384
<b>Cash flow for the period</b>	<b>-4 810</b>	<b>-4 229</b>	<b>-4 758</b>	<b>7 889</b>	<b>2 129</b>
Liquid funds at beginning of period	15 987	14 009	15 871	1 903	14 009
Exchange rate difference in liquid funds	167	26	231	14	-151
<b>Liquid funds at end of period</b>	<b>11 344</b>	<b>9 806</b>	<b>11 344</b>	<b>9 806</b>	<b>15 987</b>

## Income statements for the Parent Company

SEK thousands	January – June		April – June		Whole year 2009
	2010	2009	2010	2009	
Administrative expenses	-2 548	-1 852	-1 534	-945	-3 631
Research and development costs	-8	-9	-4	-5	-16
Other operating revenues and expenses	-21	-3 105	-21	-106	-3 014
<b>Operating income</b>	<b>-2 577</b>	<b>-4 966</b>	<b>-1 559</b>	<b>-1 056</b>	<b>-6 661</b>
Financial income and expenses	1 575	—	1 097	-1 292	-967
<b>Income after financial items</b>	<b>-1 002</b>	<b>-4 966</b>	<b>-462</b>	<b>-2 348</b>	<b>-7 628</b>
Taxes	—	—	—	—	—
<b>Net income</b>	<b>-1 002</b>	<b>-4 966</b>	<b>-462</b>	<b>-2 348</b>	<b>-7 628</b>

Depreciation and amortization has reduced income for the period by SEK 37 thousand (36), of which SEK 18 thousand (18) for the second quarter.

## Balance sheets for the Parent Company

SEK thousands	Jun 30, 2010	Jun 30, 2009	Dec 31, 2009
<b>ASSETS</b>			
Patents	15	30	22
Tangible fixed assets	82	68	42
Participation in affiliated companies	336 994	325 596	334 214
Deferred tax assets	12 897	13 970	12 897
Receivables from affiliated companies	21 686	35 481	36 407
Other current receivables	247	479	770
Liquid funds	543	580	46
<b>Total assets</b>	<b>372 464</b>	<b>376 204</b>	<b>384 398</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	361 174	367 864	371 954
Long-term non interest-bearing liabilities	3 292	—	2 489
Long-term interest-bearing liabilities	2 535	2 176	4 704
Short-term interest-bearing liabilities	2 979	2 217	2 981
Accounts payable	537	1 020	318
Other short-term interest-free liabilities	1 947	2 927	1 952
<b>Total shareholders' equity and liabilities</b>	<b>372 464</b>	<b>376 204</b>	<b>384 398</b>
Pledged assets for own liabilities	3 100	3 100	3 100
Contingent liabilities	20 000	20 000	20 000

### Note 1. Accounting Principles

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

#### Additional accounting principles

##### IAS 28 – Investments in Associates

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

### Note 2. Financial data per segment, Group

SEK thousands	January – June		Whole year
	2010	2009	2009
<b>Fertility and Stem Cell Cultivation</b>			
Net sales	128 469	123 250	234 725
Operating income	8 454	11 742	17 739
Total Assets	347 514	325 322	332 867
<b>Transplantation</b>			
Net sales	20 216	18 769	39 901
Operating income	10 227	4 844	12 669
Total Assets	41 879	16 819	26 448



Innovative Cell and Tissue Technology

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