



Report on operations 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 220 employees and its products are sold in more than 85 markets. The company is headquartered in Gothenburg, Sweden, and there are subsidiaries in USA, Australia, France, Italy, United Kingdom and Japan. Production facilities are located in Sweden and the USA. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.

Vitrolife 
Innovative Cell and Tissue Technology

A quarter with record sales concluded a year that set the stage for an increased potential in growth.

The year in brief

- Sales growth was 17 percent (in local currency). Sales amounted to SEK 298 (275) million, corresponding to an increase of 8 percent in SEK. This includes sales of SEK 5 million for the acquired business in San Diego.
- Operating income (EBIT) increased by 9 percent and amounted to SEK 33 (30) million. The operating margin was 11 (11) percent. Adjusted for one-time expenses of SEK 2 million regarding the acquisition of Conception Technologies, operating income increased by 15 percent and amounted to SEK 35 (30) million, corresponding to an operating margin of 12 percent. Operating income before research and development costs increased by 10 percent and amounted to SEK 76 (69) million.
- Income before tax increased by 32 percent to SEK 41 (31) million. Net income amounted to SEK 29 (34) million.
- Dividend paid SEK 0.50 (0.40) per share.
- A collaboration agreement was entered into with Finn-Medi Research Ltd concerning the Stem Cell area.
- 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. Launching is estimated to the first quarter of 2011. A participating interest in HertART Aps was acquired by Vitrolife.
- Good clinical results from Swemed Sense™ multicenter study presented.
- New study shows better survival with Perfadex®.

Fourth quarter

- Sales growth was 29 percent (in local currency). Sales amounted to SEK 81 (67) million, corresponding to an increase of 20 percent in SEK. This includes sales of SEK 5 million for the business in San Diego acquired during the fourth quarter.
- Operating income (EBIT) increased by 28 percent and amounted to SEK 9 (7) million. The operating margin was 11 (10) percent. One-time expenses of SEK 0.3 million regarding the acquisition of Conception Technologies are included. Operating income before research and development costs increased by 9 percent and amounted to SEK 18 (16) million.
- Income before tax amounted to SEK 11 (7) million. Net income amounted to SEK -1 (11) million, which gave earnings per share of SEK -0.04 (0.56).
- The operative cash flow was SEK 21 (17) million.
- Acquisition of products and manufacturing unit from Conception Technologies Inc., San Diego, USA.
- Launch of new generation of growth factors and cytokines for stem cell cultivation.

After the end of the period

- The Board's proposed dividend is SEK 0.60 (0.50) per share.

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.

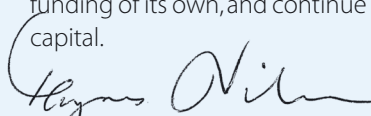
CEO's comments

The year ended with a quarter of record sales, which confirmed the upward trend during 2010. The company has also grown strongly in terms of resources: the number of employees has increased from approximately 170 to approximately 220, which has meant that more customers can now be reached directly all around the world. Future competitiveness has also been strengthened by making the product portfolio broader, by making the production structure even more efficient and by providing R&D with more resources. All this has been done at the same time as profit margins have been retained and in some cases strengthened. At the beginning of 2011 a further twenty or so products within the fertility area will be launched, this time a completely new series of utensils for embryo cultivation, tested using uniquely sensitive quality control methods, which gives increased treatment reliability for the clinics and patients. With these launches Vitrolife will have a fully comprehensive fertility product line which will be an industrial leader both regarding quality safety and treatment efficacy.



The company has also had very positive development during the year within Vitrolife's other product areas. The company can look forward to a very interesting 2011 as well within the Transplantation area as the unique Steen Solution™ technology for warm perfusion of organs outside the body is becoming increasingly more accepted. Using STEEN Solution™ more than seventy patients have now received new lungs which it would not have been possible to use for transplantation without this technology. A clinical study including 12 patients is planned to start shortly in the USA with a view to achieving marketing approval there, as it is in this market that most transplantations are performed.

Vitrolife has not only come through the past few years' economic downturn unscathed, but has also during this time been able to strengthen its market position, systematically build competitiveness and development resources through funding of its own, and continue to give a return on invested capital.


Magnus Nilsson, CEO

The Group's key figures

SEK millions	Quarter		Whole year	
	2010	2009	2010	2009
Net Sales	81	67	298	275
Gross Profit	55	47	206	193
Gross Margin, %	68	70	69	70
Operating income (EBIT)	9	7	33	30
Operating margin, %	11	10	11	11
Income after financial items	11	7	41	31
Net income	-1	11	29	34
Equity/assets ratio, %	76	87	76	87
Income per share, SEK	-0.04	0.56	1.48	1.75
Shareholders' equity per share, SEK	16.66	15.94	16.66	15.94
Share price on closing, SEK	37.80	34.80	37.80	34.80
Market cap at closing,	740	681	740	681

The Group's key ratios

Fourth quarter 2010

(October – December)

Net Sales

Vitrolife's net sales increased by 29 percent during the fourth quarter in local currency and amounted to SEK 81 (67) million. Sales growth was 20 percent in SEK. This includes sales of SEK 5 million for the business in San Diego acquired during the fourth quarter.

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

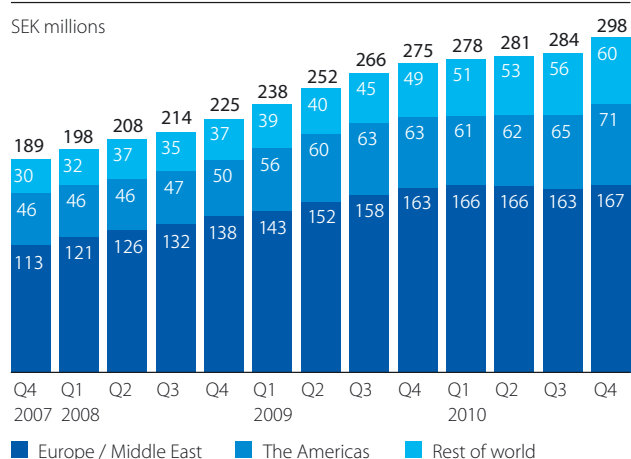
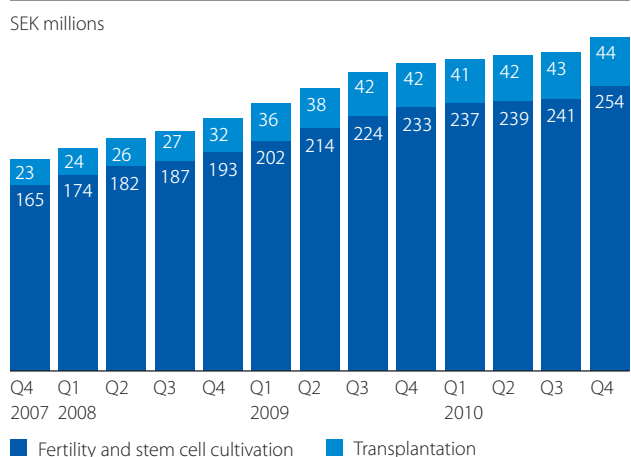


Fig 2. Net sales per product area (rolling 12 months)



Income

Operating income increased by 28 percent and amounted to SEK 9 (7) million, corresponding to an operating margin of 11 (10) percent

The gross margin during the fourth quarter decreased somewhat and was 68 (70) percent. The decrease was primarily due to a less favourable product mix and exchange rates. The gross income increased by 16 percent to SEK 55 (47) million.

Selling expenses compared to the previous year were unchanged and amounted to 32 (32) percent of sales during the fourth quarter, while administrative expenses decreased

and amounted to 13 (14) percent of sales R&D costs amounted to 12 (14) percent of sales.

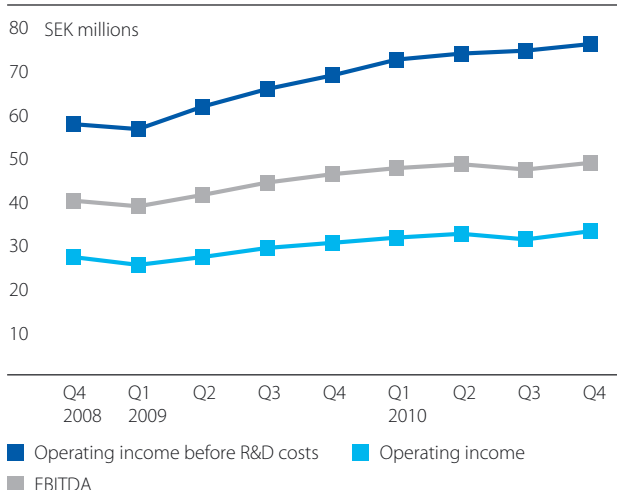
Other operating expenses were affected negatively by the currency translation adjustment of accounts receivable and amounted to SEK -0 (0) million. Income includes net income of SEK -0 million (-) from the participating interest in the Danish company HertART Aps, which was acquired during the second quarter. Depreciation and amortization of SEK 4 (4) million were charged against net income for the quarter.

In addition to current business activities, Vitrolife is 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 fourth quarter this amounted to SEK 18 (16) million, corresponding to a margin of 22 (24) percent.

Net financial income amounted to SEK 2 (1) million and has been affected positively, amongst other things, by revaluation of the internal liabilities between Vitrolife Sweden AB and Vitrolife Inc and realized forward contracts. Net financial income includes non-realized exchange rate fluctuations regarding receivables and liabilities of SEK 1 (0) million for the fourth quarter.

Income before tax amounted to SEK 11 (7) million, which corresponds to an increase of 50 percent. Net income amounted to SEK -1 (11) million and was affected negatively by SEK -11 (4) million through the dissolution of deferred tax assets attributable to previously capitalized loss carry forward. The minority interest's share of net income in A.T.S Srl amounted to SEK 0 (0) million.

Fig 3. Income (rolling 12 months)

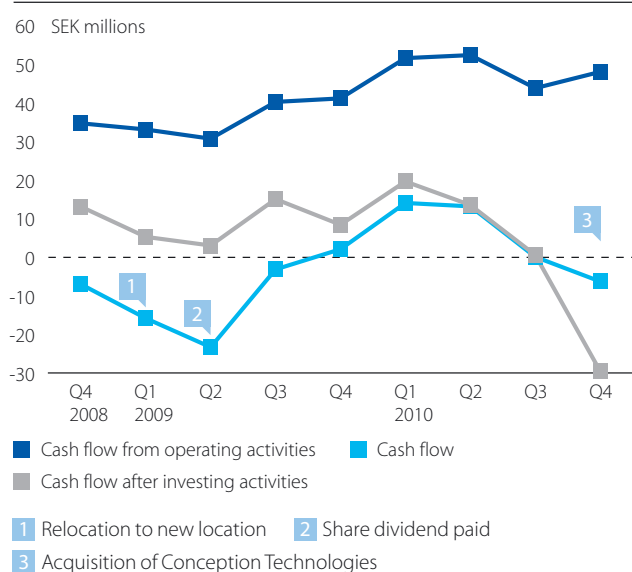


Cash Flow

The cash flow from operating activities during the fourth quarter amounted to SEK 21 (17) million. Operating capital increased by SEK 6 (6) million during the quarter, where the changes were affected by the acquired business-related receivables and liabilities regarding Conception Technologies (see note 3)

and by exchange rates. Investments amounted to SEK 46 (12) million in total and relate mainly to the acquisition of Conception Technologies and gross investments in intangible assets, primarily in STEEN Solution™, the scope of which is estimated to decrease during 2011. Investments in property, plant and equipment amounted to SEK 3 (1) million. The cash flow from financing activities was SEK 34 (1) million and consisted mainly of borrowings in connection with the acquisition of Conception Technologies, amortization of debts and a change in the bank overdraft facility. Cash and cash equivalents at the end of the period amounted to SEK 19 (16) million.

Fig 4. Cash flow (rolling 12 months)



Financing

Vitrolife's total credit facilities amounted to SEK 61 (28) million and they were utilized mainly for the financing of business activities in the form of a bank overdraft facility in the subsidiary Vitrolife Sweden AB and the subsidiary Vitrolife Inc. for the financing of the acquisition of the business activities in Conception Technologies during the fourth quarter. Of the Group's total credit facilities SEK 50 (8) million was utilized. These consisted of the company's long-term financing in the form of interest bearing loans of SEK 39 (3) and short-term financing amounting to SEK 11 (5) million.

The equity/assets ratio was 76 (87) percent and was during the fourth quarter affected by borrowings in the amount of SEK 35 million in connection with the acquisition of Conception Technologies. The return on capital employed amounted to 15 (12) percent. Capital employed amounted to SEK 367 (312) million at the end of the period.

Shareholders' equity per share amounted to SEK 16.66 (15.94).

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 for the fourth quarter amounted to SEK -1 (0) million. For the full year income before tax amounted to SEK -6 (-8) million. Cash and cash equivalents amounted to SEK 0 (0) million.

The Vitrolife share is listed on the NASDAQ OMX Stockholm Small Cap list under the symbol VITR. The closing price on December 31, 2010 was SEK 37.80 (34.80).

The Group's key ratios

The full year 2010 (January – December)

Net Sales

Vitrolife's net sales increased by 17 percent during the year in local currency and amounted to SEK 298 (275) million. Sales growth amounted to 8 percent in SEK.

Income

Operating income increased by 9 percent and amounted to SEK 33 (30) million, corresponding to an operating margin of 11 (11) percent. Adjusted for one time-time expenses of SEK 2 million regarding the acquisition of Conception Technologies, the operating income increased by 15 percent and amounted to SEK 35 (30) million, corresponding to an operating margin of 12 percent.

The gross margin decreased somewhat and was 69 (70) percent, which was primarily due to a less favourable product mix and exchange rates. The gross income did, however, increase by 7 percent to SEK 206 (193) million.

Selling expenses for the full year amounted to 29 (29) percent of sales and the administrative expenses to 13 (14) percent. 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 -4 (-6) million. Income includes net income of SEK 0 million from the participating interest in the Danish company HertART Aps, which was acquired during the second quarter. Depreciation and amortization of SEK 16 (16) million were charged against net income for the full year.

Operating income before R&D expenses during the period amounted to SEK 76 (69) million, equivalent to a margin of 26 (25) percent.

Income before tax amounted to SEK 41 (31) million, which corresponds to an increase of 35 percent. Net income amounted to SEK 29 (34) million, which was affected negatively by SEK -11 (4) million through the dissolution of deferred tax assets attributable to previously capitalized loss carry forward. Net financial

income amounted to SEK 8 (0) million. Net financial income includes non-realized exchange rate fluctuations regarding receivables and liabilities of SEK 1 (1) million for the full year. The minority interest's share of net income in A.T.S Srl amounted to SEK 0 (0) million.

Cash Flow

The cash flow from operating activities amounted to SEK 48 (41) million. Operating income decreased during the year by SEK 7 (-3) million and is mainly attributable to an increase in trade receivables as a consequence of increased sales and also to some building up of inventories of primarily raw materials for production. The changes were also affected by the acquired business-related receivables and liabilities regarding Conception Technologies (see note 3) and by exchange rates. Investments amounted to SEK 78 (33) million and relate mainly to the acquisition of Conception Technologies (see note 3), gross investments in intangible assets, primarily in STEEN Solution™, and investment in a participating interest in the Danish company HertART Aps during the second quarter. Investments in property, plant and equipment amounted to SEK 8 (13) million. The cash flow from financing activities was SEK 33 (-6) million and consists, amongst other things, of borrowings in connection with the acquisition of Conception Technologies, dividends paid during the second quarter, amortization of debts and a change in the bank overdraft facility. Cash and cash equivalents at the end of the period amounted to SEK 19 (16) million.

Product Areas

Fertility



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

- Sales increased by 31 percent during the fourth quarter in local currency and amounted to SEK 69 (57) million. Sales growth was 20 percent in SEK.
- Acquisition of supplementary products together with accompanying manufacturing from Conception Technologies, Inc, USA.
- The U.S. Food and Drug Administration, FDA, approves Vitrolife's products for vitrification (freeze storage) of embryos.

Sales for 2010 increased by 19 percent in local currency and amounted to SEK 254 (233) million. Sales growth was 8 percent in SEK. This includes sales of SEK 5 million for the business in San Diego acquired during the fourth quarter.

The increase in sales in the American market amounted to 25 percent in local currency and was up at a high level for 2010. The increase corresponds to 17 percent in SEK. Sales growth for

the fourth quarter was 74 percent in local currency, corresponding to an increase of 69 percent in SEK. This includes SEK 5 million from the acquired business in Conception Technologies.

In Asia sales increased substantially by 38 percent in local currency during 2010, corresponding to an increase of 25 percent in SEK. The corresponding figure for the fourth quarter was 56 percent in local currency and 42 percent in SEK. Development in China and Japan continues to be very strong. India is yet another market that developed strongly both during the year and during the last quarter.

Sales in the direct markets in Europe and Australia increased by 14 percent in local currency, corresponding to an increase of 5 percent in SEK. The corresponding figures for the fourth quarter were 14 percent in local currency and 4 percent in SEK. The Nordic market and Italy continued to be strong during the fourth quarter. Germany finished the year well, with several major clinics as new customers.

Sales in the distributor markets in Europe, the Middle East and Africa increased by 12 percent in local currency during 2010, corresponding to an increase of 1 percent in SEK. The corresponding figures for the fourth quarter were 18 percent in local currency and 6 percent in SEK. Within the region the Middle East and Africa developed strongly, as did certain countries in Europe. In Southern Europe the unstable economic situation has curbed the increase in demand for fertility treatment.

The collaboration with HertART continued during the fourth quarter and this will mean that during the first quarter of 2011 Vitrolife will launch more than twenty laboratory products, consisting of bowls, tubes and pipettes.

At the end of October a product line together with the accompanying competitive production structure was acquired from Conception Technologies Inc., San Diego, USA. The products supplement Vitrolife's existing range of products and create for the first time together with the laboratory products from the HertART collaboration a complete line of products which are used at all stages of an in vitro fertility treatment. The acquisition also leads to a strengthening of the market share, customer base and market presence in North America, which means a more competitive position in this market region.

In December Vitrolife obtained approval from the U.S. Food and Drug Administration, FDA, for the products RapidVit™ Blast and RapidWarm™ Blast. 510(k) clearance has been obtained for these products, which are used for vitrification, that is rapid freezing and thawing of blastocysts (embryos day 5-7 after fertilization). Vitrolife already has approved products for the vitrification of embryos at an earlier stage of development (embryos day 2-3 after fertilization). The products are being launched on the American market at the beginning of January. This approval means that Vitrolife gains access to a market that has not yet been processed and to opportunities for additional sales to current customers.

Transplantation



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

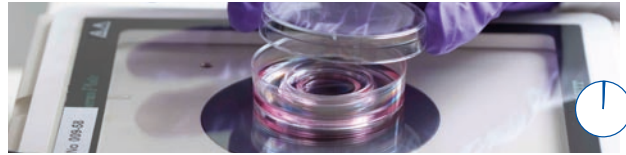
- Sales for the fourth quarter increased by 27 percent in local currency and amounted to SEK 12 (10) million. Sales growth was 20 percent in SEK.
- More than 70 transplantations have now been performed in the world using the new STEEN Solution™ technology, which has been met with increasingly great interest internationally, not least in the USA.

Sales for all of 2010 amounted to SEK 44 (40) million, an increase of 17 percent in local currency. Growth was 9 percent in SEK. Sales are primarily of Perfadex®. However, we see an increasing but as yet limited proportion of sales of STEEN Solution™. When STEEN Solution™ becomes more clearly established in the clinics, the potential for further sales growth will increase for all products within the transplantation area. The sales potential for this new series of products is in the short and medium term greatest in the North American market when sales approval has been given by the authorities. The timing of this depends amongst other things on the result of the fairly small clinical study which the American FDA wants to see performed in the USA and which is planned to start in the first quarter of 2011. It is estimated that it will take approximately six months to perform. More than 70 lung transplantations in total have been performed in Europe and North America using the STEEN Solution™ technology. Interest in and acceptance for this revolutionary technology continues to increase among internationally leading researchers and clinics.

Continued efforts are being made to establish the 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 the technology in other organs, such as the liver.

Interest in our products and in knowledge about the STEEN Solution™ technology is increasing on the part of both existing and new customers. We can also see increasing interest from new markets, where the number of lung transplantations is growing. Clinical use has also increased among the established centers.

Stem Cell Cultivation



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

- Sales for the fourth quarter amounted to SEK 0.2 (0.3) million.
- Launch of a new generation of growth factors and cytokines for stem cell cultivation.
- Development of new clinical stem cell media is continuing.

Sales for all of 2010 amounted to SEK 0.7 (1.6) million. Sales for the Stem Cell product area are at present primarily constituted by stem cell knives and an older generation of media for use in research.

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

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 pluripotent stem cells.

During the third quarter a distribution agreement was signed with ORF Genetics, which means that Vitrolife has secured worldwide rights to distribute, market and sell growth factors and cytokines produced from barley grain. The use of barley grain as the production organism makes the products xeno-free and endotoxin-free and this constitutes a new alternative for stem cell cultivation.

Vitrolife views the product area's prospects positively, as there are several reports of clinical trials having been started using stem cells. This will probably become an established clinical treatment, which means an increased demand for media produced in accordance with authority requirements regarding medical devices, which Vitrolife has great experience of. Vitrolife will therefore continue its investments in product development within the area together with leading industrial and scientific collaboration partners.

Prospects for 2011

As the standard of living rises in several developing countries, more and more people choose to wait before they have children. This trend that we have seen in the West for decades leads to reduced fertility, which in turn drives the fertility treatment market. We can observe that exactly the same trend is developing in the new emerging countries China and India, where the demand for this treatment is increasing very rapidly. Still only a few percent of all the couples in the world who are infertile are treated. We therefore anticipate a constantly expanding market which in monetary terms is expected to grow by 5–10 percent per year in the foreseeable future. The market for the traditional part of the portfolio within the transplantation area is limited by the number of available donors but we also anticipate some growth here as well. Vitrolife's new organ preservation technology, STEEN Solution™ has been developed in-house and is patented-protected, and opens up the way for increased use of the current number of donated organs, and also makes more donors available. It has the potential to radically increase the use of this life-saving treatment and thereby to a corresponding extent the size of the market.

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

- developing, strengthening and expanding the product portfolio within all three product areas, in order to continue to strengthen the opportunities for growth through new or improved treatment methods and by maintaining the company's competitive advantage within existing markets.
- constantly developing and making our product supply and support processes more effective 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 as well as product distribution globally by gradually strengthening our support systems, further developing our expertise and providing new qualified co-workers so as to be able to reach out to and directly support more customers in more markets.

Other information

Organization and personnel

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 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 has been going on in all parts of the organization.

During the year 2010, the average number of employees was 179 (159), of whom 103 (94) were women and 76 (65) were men. 123 (119) people were employed in Sweden. The number of people employed in the Group at the end of the period was 218 (168).

Information on transactions with related parties

During 2010 Maris Hartmanis has invoiced Vitrolife via his company Hartmind the sum of SEK 780 thousand for work within the stem cell area. The other members of the Vitrolife Board have not received any remuneration other than their Board fee.

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 0.60 per share (0.50).

Miscellaneous

The American company Mentor Corp. acquired Vitrolife's A-life business in 2003, which developed products based on hyaluronic acid, above all for the treatment of facial wrinkles. In addition to a cash payment, the purchase agreement included certain royalties to Vitrolife when sales of USD 40 million in total had been achieved. In January 2009 Mentor Corp. was acquired by Johnson & Johnson. No royalties have been paid to Vitrolife since the launch of the first product as the sales have not reached the royalty-based level. It is Vitrolife's assessment that it is highly unlikely that any payment will be made in the future either as product strategies and priorities have changed considerably after Johnson & Johnson's acquisition of Mentor Corp. Information regarding this matter in future will only be commented on if any positive changes occur.

The CEO, Magnus Nilsson, increased his shareholding in Vitrolife during the fourth quarter through further purchase of 50,000 warrants in Vitrolife.

Risk management

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

The most important strategic and operative risks affecting Vitrolife's business and field are described in detail in the Annual Report for 2009 (pages 40-42). These are constituted primarily 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, of which an account is given in the Annual Report for 2009, note 24. The world economy has improved but the strength of the recovery is difficult to assess. Otherwise, the risks reported are assessed to be essentially unchanged.

Events after year end

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

Election committee

The following people have been appointed as members of Vitrolife's election committee for the 2011 Annual General Meeting:

Henrik Blomquist, representing Bure Equity AB
Johan Ståhl, representing Lannebo Fonder
Martin Lewin, representing Eccenovo AB
Patrik Tigerschiöld, Chairman of the Board

The appointments have been made in accordance with the instructions regarding principles for the appointment of the company's election committee, which were adopted at the Annual General Meeting of Vitrolife on April 26, 2010.

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

Annual General Meeting and Annual Report

The Annual General Meeting will be held on Wednesday April 27, 2011, at 5 pm at Vitrolife's premises in Gothenburg, visitors' address Gustaf Werners gata 2. Shareholders will be invited to attend through an announcement in the Swedish Official Gazette and in Dagens Industri no earlier than six weeks and no later than four weeks before the meeting.

It is estimated that Vitrolife's Annual Report for 2010 will be available at the company's head office in Gothenburg during the week commencing April 4. The Annual Report is sent out to all shareholders and is published on the company's website as a pdf-file.

February 9, 2011
Gothenburg

The board of directors

Financial reporting

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

During 2011 it is planned that the following reports will be submitted:

Interim report January – March: Wednesday April 27, 8.30 am
Interim report January – June: Thursday July 14, 8.30 am
Interim report January – September: Thursday October 27, 8.30 am

Queries should be addressed to

Magnus Nilsson, CEO, phone +46 31 721 80 61
Anne-Lie Sveder, 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 Wednesday February 9, 2011 at 8.30 am.

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

Consolidated income statements

SEK thousands	January - December		October - December	
	2010	2009	2010	2009
Net sales	297 565	274 626	81 032	67 360
Cost of goods sold	-91 410	-81 741	-26 310	-20 206
Gross income	206 155	192 885	54 722	47 154
Selling expenses	-87 552	-80 275	-26 162	-21 688
Administrative expenses	-39 080	-38 831	-10 485	-9 355
Research and development costs	-43 144	-38 574	-9 399	-9 761
Other operating revenues and expenses	-3 319	-4 797	-168	276
Operating income	33 060	30 408	8 508	6 626
Financial income and expenses	8 193	179	2 267	540
Income after financial items	41 253	30 587	10 775	7 166
Taxes	-12 071	3 782	-11 621	3 925
Net income	29 182	34 369	-846	11 091
Attributable to				
Parent Company's shareholders	28 930	34 114	-809	11 067
Minority interest	252	255	-37	24
Earnings per share, SEK	1.48	1.75	-0.04	0.56
Earnings per share, SEK*	1.48	1.76	-0.04	0.56
Average number of outstanding shares	19 552 857	19 552 857	19 552 857	19 800 157
Average number of outstanding shares*	19 554 262	19 552 857	19 552 857	19 660 644
Number of shares at closing day	19 552 857	19 552 857	19 552 857	19 552 857
of which own shares				
Number of shares at closing day*	19 569 236	19 552 857	19 569 236	19 552 857
of which own shares				

Depreciation and amortization has reduced income for the period by SEK 15 644 thousand (15 816), of which SEK 3 628 thousand (3 967) is for the fourth 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, except for the fourth quarter.

Statement of comprehensive income

SEK thousands	January - December		October - December	
	2010	2009	2010	2009
Net income	29 182	34 369	-846	11 091
Other comprehensive income				
Change in hedging reserve, net after tax	1 904	638	-1 204	246
Change in translation reserve, net after tax	-6 969	-7 404	685	2 170
Total other comprehensive income	-5 065	-6 766	-519	2 416
Total income	24 117	27 603	-1 365	13 507
Attributable to				
Parent Company's shareholders	23 865	27 348	-1 328	13 483
Minority interest	252	255	-37	24

Other key ratios

	January - December		October - December	
	2010	2009	2010	2009
Gross margin, %	69.3	70.2	67.5	70.0
Operating margin, %	11.1	11.1	10.5	9.8
Operating margin other operating revenues and expenses, %	12.2	12.8	10.7	9.4
Operating margin before R&D costs, %	25.6	25.1	22.1	24.3
Net margin, %	9.7	12.5	-1.0	16.5
Equity/assets ratio, %	75.8	86.7	75.8	86.7
Shareholders' equity per share, SEK	16.66	15.94	16.66	15.94
Shareholders' equity per share, SEK*	16.65	15.94	16.65	15.94
Return on equity, %	8.8	11.3	8.8	11.3
Return on capital employed, %	14.6	11.9	14.6	11.9
EBITDA, %	16.4	16.8	15.0	15.7
Net cash	-31.3	8.3	-31.3	8.3

*After dilution, see above

Consolidated income statements per quarter

SEK thousands	Oct–Dec 2010	Jul–Sep 2010	Apr–Jun 2010	Jan–Mar 2010	Oct–Dec 2009	Jul–Sep 2009
Net sales	81 032	67 847	73 408	75 278	67 360	65 247
Cost of goods sold	-26 310	-20 192	-21 429	-23 479	-20 206	-18 752
Gross income	54 722	47 655	51 979	51 799	47 154	46 495
Selling expenses	-26 162	-20 175	-21 475	-19 740	-21 688	-19 149
Administrative expenses	-10 485	-9 109	-9 639	-9 847	-9 355	-9 211
Research and development costs	-9 399	-11 441	-11 499	-10 805	-9 761	-9 430
Other operating revenues and expenses	-168	-1 059	-688	-1 404	276	-1 510
Operating income	8 508	5 871	8 678	10 003	6 626	7 195
Financial income and expenses	2 267	4 693	1 001	232	540	9
Income after financial items	10 775	10 564	9 679	10 235	7 166	7 204
Taxes	-11 621	243	-233	-459	3 925	101
Net income	-846	10 807	9 446	9 776	11 091	7 305
Attributable to						
Parent Company's shareholders	-809	10 776	9 342	9 623	11 067	7 260
Minority interest	-37	31	104	153	24	45

Consolidated balance sheets

SEK thousands	Dec 31, 2010	Dec 31, 2009
ASSETS		
Goodwill	120 289	97 301
Other intangible fixed assets	65 323	34 506
Tangible fixed assets	91 316	93 038
Financial fixed assets	20 897	30 652
Inventories	56 610	41 847
Accounts receivable	41 905	37 993
Other current receivables	10 982	7 125
Derivative instruments	3 449	866
Liquid funds	18 617	15 987
Total assets	429 388	359 315
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity, attributable to the Parent Company's shareholders	325 676	311 588
Minority interest	657	481
Long-term interest bearing liabilities	29 486	4 704
Long-term non-interest bearing liabilities	2 285	2 489
Short-term interest bearing liabilities	20 406	2 981
Accounts payable	26 643	14 697
Other short-term interest-free liabilities	24 235	22 375
Total shareholders' equity and liabilities	429 388	359 315
Pledged assets for own liabilities	20 000	20 000
Contingent liabilities	none	none

Consolidated changes in shareholders' equity

SEK thousands	Attributable to the Parent Company's shareholders				Minority interest	Total shareholders' equity
	Share capital	Other capital contributed	Reserves	Retained earnings		
Opening balance January 1, 2009	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
Increase in share capital via bonus issue	391		-391			-
Withdrawal of own shares	-247		247			-
Other transactions with minority shareholders					-101	-101
Closing balance December 31, 2009	19 944	208 566	-18 385	101 463	481	312 069
Opening balance January 1, 2010	19 944	208 566	-18 385	101 463	481	312 069
Total comprehensive income			-5 065	28 930	252	24 117
Dividend				-9 776		-9 776
Other transactions with minority shareholders					-76	-76
Closing balance December 31, 2010	19 944	208 566	-23 450	120 616	657	326 333

Consolidated cash flow statements

SEK thousands	January - December		October - December	
	2010	2009	2010	2009
Income after financial items	41 253	30 587	10 775	7 166
Adjustment for items not affecting cash flow	13 966	14 083	4 095	3 766
Change in inventories	-12 556	3 098	2 308	1 154
Change in trade receivables	-6 339	-1 575	-903	3 474
Change in trade payables	12 075	-4 715	5 052	1 510
Cash flow from operating activities	48 399	41 478	21 327	17 070
Cash flow from investing activities	-78 082	-32 965	-46 467	-11 902
Cash flow from financing activities	32 772	-6 384	34 193	919
Cash flow for the period	3 089	2 129	9 053	6 087
Liquid funds at beginning of period	15 987	14 009	9 608	8 498
Exchange rate difference in liquid funds	-459	-151	-44	1 402
Liquid funds at end of period	18 617	15 987	18 617	15 987

Income statements for the Parent Company

SEK thousands	January - December		October - December	
	2010	2009	2010	2009
Administrative expenses	-5 471	-3 631	-1 355	-637
Research and development costs	-17	-16	-5	-3
Other operating revenues and expenses	-269	-3 013	-25	60
Operating income	-5 757	-6 660	-1 385	-580
Financial income and expenses	-147	-968	363	617
Income after financial items	-5 904	-7 628	-1 022	37
Taxes	1 552	985	1 552	985
Net income	-4 352	-6 643	530	1 022

Depreciation and amortization has reduced income for the period by SEK 64 (69) thousand, of which SEK 13 (18) thousand is for the fourth quarter.

Balance sheets for the Parent Company

SEK thousands	Dec 31, 2010	Dec 31, 2009
ASSETS		
Patents	6	22
Tangible fixed assets	92	42
Participation in affiliated companies	340 097	334 214
Deferred tax assets	4 434	12 897
Receivables from affiliated companies	52 153	36 407
Other current receivables	1 061	770
Liquid funds	196	46
Total assets	398 039	384 398
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	385 890	371 954
Long-term interest-bearing liabilities	2 532	4 704
Long-term non-interest-bearing liabilities	2 285	2 489
Short-term interest-bearing liabilities	1 816	2 981
Accounts payable	146	318
Other short-term interest-free liabilities	5 370	1 952
Total shareholders' equity and liabilities	398 039	384 398
Pledged assets for own liabilities	3 100	3 100
Contingent liabilities	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 – September	
	2010	2009
Fertility and Stem Cell Cultivation		
Net sales	253 713	234 725
Operating income	12 895	17 739
Total Assets	369 809	332 867
Transplantation		
Net sales	43 852	39 901
Operating income	20 165	12 669
Total Assets	59 579	26 448

Note 3. Acquisition of business

In October 2010 Vitrolife acquired the business in Conception Technologies, Inc., USA. The company has approximately 30 employees and annual sales of approximately USD 4 million. The acquisition positively affects the consolidated sales figure for 2010 by SEK 5 million. The purchase sum amounted to USD 5 million and was financed in its entirety through a bank loan. Acquisition costs amount to SEK 2 million and have been carried as an expense in their entirety. At December 31, 2010 the surplus value attributable to the acquisition amounted to approximately SEK 27 million, of which SEK 3 million is constituted by production technology and the remainder by goodwill, which primarily consists of increased market shares and synergy effects within the sales organization. The acquired business has been integrated in Vitrolife's American subsidiary, Vitrolife Inc., which thereby has two production facilities, one in Denver, Colorado and one in San Diego, California.



Innovative Cell and Tissue Technology

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