



INTERIM REPORT JANUARY-MARCH 2013

Vitrolife AB (publ)

Vitrolife is an international medical device Group. The Fertility product area develops, produces and markets products for the treatment of human infertility. Work is also carried out to enable the use and handling of stem cells for therapeutic purposes.

Vitrolife today has approximately 230 employees and the company's products are sold in approximately 100 markets. The company is headquartered in Gothenburg, Sweden, and there are also offices in USA, Australia, France, Italy, United Kingdom, China, Japan and Hungary. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.

Vitrolife 

High growth and increased income

First quarter

Continuing operations

- Sales growth was 27 percent in local currency. Sales amounted to SEK 105 (86) million, corresponding to an increase of 22 percent in SEK.
- Operating income (EBIT) amounted to SEK 17 (10) million, corresponding to an operating margin of 16 (12) percent.
- The comparative figures for 2012 relate to continuing operations unless otherwise stated.
- Net income amounted to SEK 12 (7) million, which gave earnings per share of SEK 0.61 (0.38).

After the end of the period

- During 2010 Vitrolife entered into a collaboration agreement with the Danish company HertArt ApS with a view to developing a new range of disposable plastic products for IVF under the name of Labware. Vitrolife acquired 25 percent of the shares in HertArt as part of the collaboration agreement. On April 1, 2013 Vitrolife exercised an option to acquire all the shares in the company.

CEO's comments

2013 has got off to a good start. Sales increased by 27 percent in local currency during the first quarter and the operating margin amounted to 16 percent.



Sales growth in the Asia and Pacific region continues its strong development. Growth is driven by an expanding market in countries such as China and India, but also by the fact that the company has been successful in gaining market share in countries such as Japan and Australia, where market growth is more in line with mature markets in Europe and North America. The EMEA region (Europe, the Middle East and Africa) developed well during the quarter with growth of 20 percent in local currency. It was pleasing to note that several markets with low growth in 2012 displayed a strong first quarter in 2013. In the North and South American region, sales increased by 10 percent in local currency, which is higher than market growth there.

The launch of the new range of disposable plastic products for IVF, that is Labware, continued in selected markets during the quarter. The product range will be

gradually launched during 2013, depending on local conditions such as price, transportation and regulatory requirements.

Towards the end of 2012 Cryo Management Ltd, which is based in Hungary, was acquired. It is one of the world's leading players in time-lapse for IVF. A number of customer evaluations of the PrimoVision time-lapse system have been begun since the end of last year and we are now beginning to see the results of this in the form of placed orders. Just as important as selling the systems is the following up of how they are used, so as to ensure that customers achieve maximum results. This is important both for sales of disposable articles for the systems and for sales of new systems, as the IVF field is small and customers exchange experiences and results. Vitrolife will therefore give priority to being in close touch with customers after installation.

Looking forward, the market outlook is essentially unchanged. The growth markets in Asia look as if they will continue to develop well at the same time as certain mature markets in Europe are negatively affected by the difficult economic situation.

Thomas Axelsson, CEO

The Group's Key Figures

SEK millions	Jan – Mar 2013	2012	Whole year 2012
<i>Continuing operations</i>			
Net sales	105	86	362
Net sales growth, local currency, %	27	10	18
Gross margin, %	66	66	66
Operating income before depreciation and amortization (EBITDA)	22	14	67
Operating income (EBIT)	17	10	50
Operating margin, %	16	12	14
Net income	12	7	27
Net debt / Rolling 12 month EBITDA	0.6	0.6*	0.9
Earnings per share, SEK,	0.61	0.38	1.36
Share price on closing day, SEK	52.00	49.10*	40.30
Market cap at closing day	1 031	961*	799

* Includes Xvivo Perfusion AB which was distributed October 1, 2012. Xvivo was listed at 19.80 SEK/share equivalent of a market value of 387 MSEK.

** For definition, see page 15

Vitrolife's 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 net debt in relation to EBITDA should normally not exceed 3 times. Vitrolife's Board targets a profitable growth. The objective for Vitrolife's growth over a three year period is an increase in sales by an average of 20 percent per year, with an operating margin of 15 percent.

First quarter 2013 (January - March)

Continuing operations

Net sales

Vitrolife's net sales increased by 27 percent in local currency in the first quarter and amounted to SEK 105 (86) million. Sales growth in SEK amounted to 22 percent and was negatively affected by the weakening of the currencies EUR, USD and JPY.

Sales for the EMEA region (Europe, the Middle East and Africa) increased by 23 percent in local currency in the first quarter and amounted to SEK 53 (44) million. The increase in SEK amounted to 19 percent. The quarter included sales of contract manufactured STEEN Solution™ to Xvivo to the tune of SEK 1 million. Adjusted for this, growth amounted to 20 percent in local currency and 16 percent in SEK. Belgium, UK, Russia and Egypt displayed strong growth during the quarter.

Sales in the North and South American region amounted to SEK 19 (17) million. In local currency the increase amounted to 10 percent, corresponding to an increase of 5 percent in SEK.

Sales in the Asia and Pacific region increased by 49 percent in local currency and amounted to SEK 33 (24) million. The increase amounted to 38 percent in SEK. Growth was primarily generated by continuing good development in China, Japan, Australia and India.

The media product group increased by 18 percent in local currency in the quarter and amounted to SEK 70 (63) million, corresponding to an increase of 12 percent in SEK. Other IVF products increased by 55 percent in local currency and amounted to SEK 31 (20) million, corresponding to an increase of 49 percent in SEK. The increase consisted amongst other things of the PrimoVision time-lapse system, the launch of the new Labware product range in selected markets and an increase in disposable instruments in Asia. Sales of contract manufactured STEEN Solution™ to Xvivo amounted to SEK 1 (-) million and freight revenues to SEK 3 (2) million

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

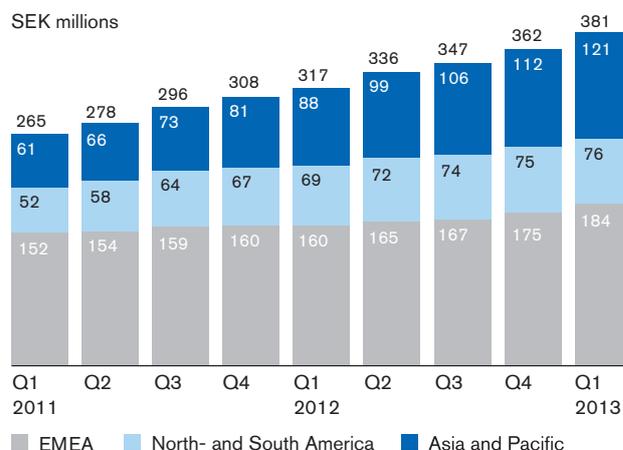


Fig 2. Sales development (per quarter)

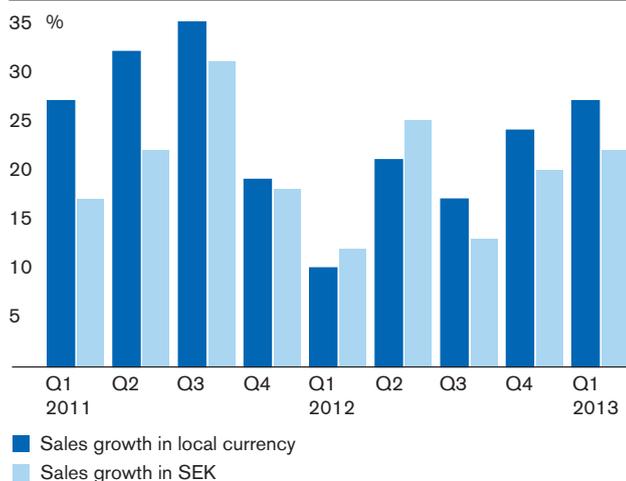
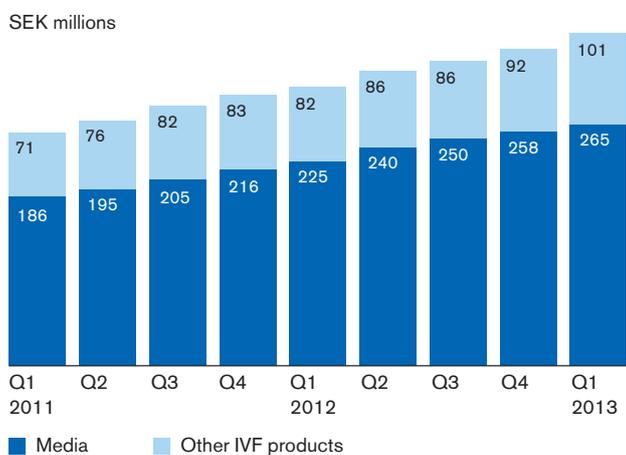


Fig 3. Net sales per product group (rolling 12 months)



Update on the lawsuits in the USA

During 2012 three lawsuits were filed against Vitrolife's American subsidiary together with Southwest Transplant Alliance and the University of Texas, in which damages were being claimed in connection with three lung transplants. For Vitrolife all the lawsuits concern product responsibility, where the plaintiffs claim that Vitrolife has manufactured and sold defective fluid for organ preservation (Perfadex) or provided erroneous instructions, which are claimed to have caused harm to the patients.

The legal process has continued during the first quarter. The most important development during the quarter was that the University of Texas has filed an appeal against its denied request to reject the plaintiff's claims due to inadequacies in the expert statements. The appeal delays the legal process and the insurance company's lawyers representing Vitrolife assess that it will probably not be until the second half of 2013 before there are any appreciable developments in the case. Vitrolife made a provision of a further USD 50 thousand during the quarter for legal expenses.

Income

Operating income (EBIT) amounted to SEK 17 (10) million, corresponding to an operating margin of 16 (12) percent.

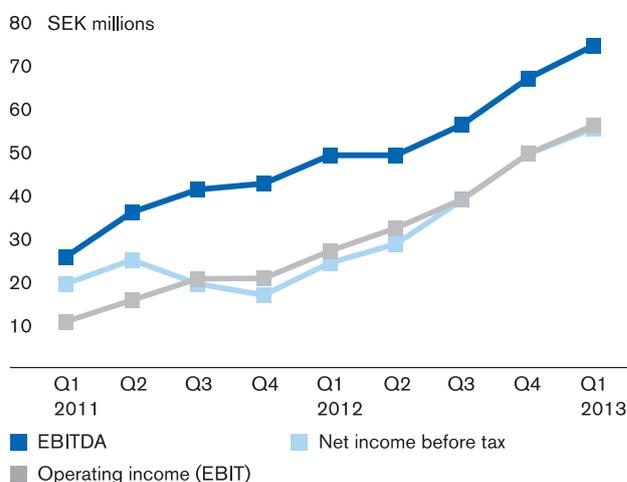
Gross income increased by 21 percent to SEK 69 (57) million. The gross margin amounted to 66 (66) percent and was negatively affected by currency fluctuations and contract manufacturing of STEEN Solution™ for Xvivo, which carries lower gross margins than the rest of Vitrolife's product range.

Selling expenses amounted to 25 (27) percent of sales and the decrease consisted primarily of economies of scale. Administrative expenses amounted to 13 (14) percent of sales. Administrative expenses included a provision for legal expenses of USD 50 thousand related to the lawsuits in the USA regarding Perfadex. R&D costs amounted to 11 (13) percent of sales and the decrease consisted primarily of economies of scale.

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

Net financial items amounted to SEK 0 (1) million. Income before tax amounted to SEK 17 (11) million. Net income amounted to SEK 12 (7) million.

Fig 4. Income (rolling 12 months)



Cash flow

The cash flow from operating activities amounted to SEK 20 (14) million. Changes in working capital amounted to SEK 3 (0) million and consisted primarily of increased trade payable as a result of expanding business operations. Gross investments in tangible assets amounted to SEK 3 (2) million and consisted primarily of the purchase of equipment. Investments in intangible fixed assets amounted to SEK 1 (0) million. The cash flow from financing activities was SEK -8 (-2) million and consisted of reduced utilization of a bank overdraft facility and the repayment of borrowings.

Cash and cash equivalents at the end of the period amounted to SEK 19 (27) million.

Financing

Vitrolife's total credit facilities amounted to SEK 114 (93) million, of which SEK 75 (63) million was utilized. The credit facilities were used for the financing of business activities in the form of an overdraft in the subsidiary Vitrolife Sweden AB, corporate acquisition credit and loans for financing of the new MEA laboratory in Denver.

The equity/assets ratio was 61 (74) percent. Net debt in relation to income for a rolling 12 months before depreciation and amortization (EBITDA) amounted to 0.6 (0.6) times.

Parent Company

Business activities focus on company-wide management and the company has no employees. There were no revenues for the period (-). Income before tax for the first quarter amounted to SEK 0 (-3) million. Cash and cash equivalents amounted to SEK 1 (1) million.

Prospects for 2013

Continuing operations

As the standard of living rises in several developing countries, more and more people choose to wait before they have children. This trend, which has existed in the West for decades, leads to reduced fertility, which in turn drives the fertility treatment market. The same trend is now developing in new emerging countries such as 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 using IVF. Vitrolife therefore anticipates a constantly expanding market which in monetary terms is expected to grow by 5–10 percent per year in the foreseeable future. In several of the more mature markets in Europe, however, low or negative growth can be seen at present as a result of the difficult economic situation. This will probably characterize the development of these markets during 2013. However, despite the difficult economic situation in some markets, Vitrolife sees business opportunities in all parts of the world.

The focus during 2013 will continue to be on the external processes within marketing and sales, primarily in the emerging markets. The company continues to work on further refining and communicating the concept of best partner and total supplier to the customers. Work is also being done to secure that the internal processes are run in a rational and cost-effective way.

The company in brief

Continuing operations

Business concept

Vitrolife's business concept is to develop, produce and market advanced, effective and safe products and systems used for fertility treatment.

Goal

Vitrolife's goal is to become a world-leading supplier of medical technology products for the treatment of human infertility.

Strategies

- Have a fully comprehensive product range of effective and quality-assured fertility products.
- Have world-leading production with the highest quality control and efficiency.
- Have a global sales and/or support organization.

Other information

Organization and personnel

During the first quarter the average number of employees was 226 (203), of whom 120 (114) were women and 106 (89) were men. Of these 128 (125) people were employed in Sweden, 54 (60) in the USA and 44 (18) in the rest of the world. The number of people employed in the Group at the end of the period was 239 (213).

Information on transactions with related parties

No transactions that have substantially affected the company's results and financial position have been carried out with related parties during the period. For information on related parties, see the Annual Report for 2012, note 28.

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. The Board and CEO have accordingly proposed that the Annual General Meeting on April 29, 2013 adopt a dividend of SEK 0.60 (0.60) per share.

Risk management

Vitrolife is constantly working to identify, evaluate and manage risks in different systems and processes. During 2010 Enterprise Risk Management (ERM) was introduced, a system which aims to ensure that identified risks are handled in a systematic way. Risk analyses are performed continually with regard to the company's normal business activities and

also in connection with activities that are outside Vitrolife's regular quality system. In this way the company can have a high rate of development and at the same time be aware of both the opportunities and risks. The most important strategic and operative risks regarding Vitrolife's business and field are described in detail in the Annual Report for 2012. These are primarily constituted by the company's market investments, product development investments, currency risks and legal risks. The company's management of risks is also described in the Corporate Governance Report in the same Annual Report under the heading "Internal Control Report". The same applies to the Group's management of financial risks, which are described in the Annual Report for 2012, note 24. The risks reported as they are described in the Annual Report for 2012 are assessed to be essentially unchanged for 2013.

Seasonal effects

Vitrolife's sales are affected relatively marginally by seasonal effects. There is often a downturn in orders before and during holiday periods. The reason that orders tail off before holiday periods is that fertility clinics minimize their stock, primarily of fertility media, as these have a relatively short shelf life, so as not to risk rejects. The third quarter has the greatest negative effect from holiday periods, as July and August are affected by holiday periods, primarily in Europe. During the first quarter sales in China are affected negatively by the Chinese New Year in January or February. During the fourth quarter sales in December are negatively affected by the Christmas and New Year holidays. All in all, total sales are usually relatively even between the first and second half of the year and the third quarter is usually the weakest period of the year.

Events after the end of the period

During 2010 Vitrolife entered into a collaboration agreement with the Danish company HertArt ApS with a view to developing a new range of disposable plastic products for IVF under the name of Labware. Vitrolife acquired 25

percent of the shares in HertArt as part of the collaboration agreement. On April 1, 2013 Vitrolife exercised an option to acquire all the shares in the company. The purchase sum amounted to DKK 2 million and can be increased to DKK 3 million if certain defined sales objectives are met. The initial purchase sum of DKK 2 million was paid in cash and was financed from Vitrolife's cash funds. It is estimated that the acquisition will only entail a marginal effect on Vitrolife's earnings per share for 2013.

No other events have occurred after the end of the period that significantly affect the assessment of the financial information in this report.

Annual General Meeting and Annual Report

The Annual General Meeting will be held on April 29, 2013 at 5 p.m. on Vitrolife's premises in Gothenburg, visiting address Gustaf Werners gata 2. For more information, please see Vitrolife's website.

Vitrolife's Annual Report for 2012 is available for download on Vitrolife's website and as a printed version at the company's head office in Gothenburg. The Annual Report has been sent to all new shareholders and to other shareholders who have previously registered that they wish to receive the printed version.

April 19, 2013
Gothenburg
Vitrolife AB

Thomas Axelsson
CEO

Financial reports

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 2013 it is planned that the following reports will be submitted:

Interim report January – June: Friday July 12

Interim report January – September: Thursday November 7

Queries should be addressed to

Thomas Axelsson, CEO, phone +46 31 721 80 01
Mikael Engblom, CFO, phone +46 31 721 80 14

Vitrolife is required to publish the information in this report in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The report was submitted for publication on Friday April 19, 2013 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 – March		Whole year
	2013	2012	2012
<i>Continuing operations</i>			
Net sales	104 605	85 921	362 020
Cost of goods sold	-35 990	-29 006	-123 720
Gross income	68 615	56 915	238 300
Selling expenses	-26 548	-23 671	-102 028
Administrative expenses	-13 461	-11 756	-45 170
Research and development costs	-11 872	-10 947	-41 204
Other operating revenues and expenses	221	-277	-171
Operating income	16 955	10 265	49 725
Financial income and expenses*	214	992	13
Income after financial items	17 169	11 257	49 738
Taxes	-5 159	-3 803	-23 191
Net Income	12 010	7 454	26 547
<i>Discontinued operations (Whole year 2012 jan-sept)</i>			
Net sales	–	13 803	42 197
Operating Income	–	4 845	7 167
Income after financial items	–	2 781	309 115*
Taxes	–	-840	-1 599
Net Income	–	1 941	307 516
<i>Total group</i>			
Net Sales	104 605	99 724	404 217
Gross income	68 615	67 896	271 888
Operating income	16 955	15 110	56 894
Income after financial items	17 169	14 038	358 855*
Taxes	-5 159	-4 643	-24 790
Net income	12 010	9 395	334 065*
Attributable to			
Parent Company's shareholders	11 878	9 281	333 772*
Minority interest	132	114	293
Earnings per share, SEK	0.61	0.47	17.04*
Earnings per share, SEK**	0.61	0.47	1.56
Average number of outstanding shares	19 830 936	19 562 769	19 585 116
Number of shares at closing day	19 830 936	19 562 769	19 830 936

Depreciation and amortization has reduced income for the period by SEK 5 075 thousand (4 236).

* Includes a non-taxable capital gain related to distribution of Xvivo Perfusion AB of SEK 303 207 thousand.

** Excluding capital gain of SEK 303 207 thousand related to distribution of Xvivo Perfusion AB.

Statement of profit or loss and other comprehensive income, total group

SEK thousands	January – March		Whole year
	2013	2012	2012
Net income	12 010	9 395	334 065
Other comprehensive income			
Amounts which later can be posted to profit and loss			
Change in hedging reserve, net after tax	-1 262	-208	-752
Change in translation reserve, net after tax	-3 795	-3 021	-12 536
Total	-5 057	-3 229	-13 288
Total other comprehensiv income, net after tax	6 953	6 166	320 777
Attributable to			
Parent Company's shareholders	6 821	6 052	320 484
Minority interest	132	114	293

Other key ratios. total group

	January – March		Whole year
	2013	2012	2012
<i>Continuing operations</i>			
Gross margin. %	65.6	66.2	65.8
Operating margin before depreciation and amortization. %	21.0	16.7	18.6
Operating margin. %	16.2	11.9	13.7
Net margin. % *	11.5	8.7	7.3
Equity/assets ratio. %	61.4	73.9*	60.4
Shareholders' equity per share. SEK.	14.35	17.84*	14.01
Return on equity. %.	9.7	10.1*	9.2
Cash flow from operating activities per share. SEK	0.99	0.73	2.99
Net cash (+) / Net debt (-). SEK millions	-47.0	-36.7*	-63.4

* Includes Xvivo Perfusion AB which was distributed October 1. 2012.

Consolidated income statements per quarter

SEK thousands	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011
<i>Continuing Operations</i>								
Net sales	104 605	97 949	82 926	95 224	85 921	81 632	73 266	76 420
Cost of goods sold	-35 990	-34 489	-27 988	-32 237	-29 006	-28 501	-24 643	-26 982
Gross income	68 615	63 460	54 939	62 987	56 915	53 131	48 623	49 438
Selling expenses	-26 548	-29 231	-22 245	-26 881	-23 671	-25 197	-23 205	-22 153
Administrative expenses	-13 461	-11 670	-9 256	-12 488	-11 756	-13 461	-9 696	-10 133
Research and development costs	-11 872	-12 761	-6 991	-10 504	-10 947	-12 626	-7 976	-11 077
Other operating revenues and expenses	221	2 338	-1 805	-428	-277	-341	169	1 290
Operating income	16 955	12 137	14 640	12 686	10 265	1 506	7 915	7 365
Financial income and expenses	214	-414	-1 095	530	992	-497	-4 681	1 479
Income after financial items	17 169	11 723	13 545	13 216	11 257	1 008	3 236	8 844
<i>Discontinued operations</i>								
Net sales	-	-	14 352	14 042	13 803	13 742	11 787	11 234
Operating Income	-	-	-1 652	3 974	4 845	2 319	6 448	5 228
Income after financial items	-	303 207	-1 922	5 048	2 781	3 004	11 280	5 737
<i>Total group</i>								
Taxes	-5 159	-11 988	-3 155	-5 003	-4 643	-1 940	-4 870	-4 568
Net income	12 010	302 942	8 468	13 261	9 395	2 072	9 645	10 013
Attributable to								
Parent Company's shareholders	11 878	302 914	8 410	13 168	9 281	2 068	9 607	9 902
Minority interest	132	28	58	93	114	4	38	111

Key ratios per quarter, total group

	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011	Apr-Jun 2011
Shareholders' equity per share. SEK,	14.35	14.01	18.26*	18.15	17.84	17.53	17.35	16.46
Return on equity. %,	10.3	9.2	9.4*	10.8	10.1	9.1	8.6	8.9
Cash flow from operating activities per share. SEK	0.99	0.95	0.32	1.03	0.69	0.52	0.70	0.56

* Distribution of shares in Xvivo Perfusion AB has been moved from short-term non-interest bearing liabilities to equity.

Consolidated balance sheets

SEK thousands	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
ASSETS			
Goodwill	175 586	119 584	182 114
Other intangible fixed assets	32 376	85 746	33 894
Tangible fixed assets	93 873	92 520	94 445
Financial fixed assets	3 225	11 335	3 208
Deferred tax assets	4 918	–	5 721
Inventories	62 450	68 494	62 409
Accounts receivable	56 584	56 704	52 436
Other current receivables	15 873	11 966	16 291
Derivative instruments	1 647	768	–
Liquid funds	19 309	26 764	11 680
Total assets	465 841	473 881	462 198
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity, attributable to the Parent Company's shareholders	284 610	349 022	277 791
Minority interest	1 283	1 036	1 191
Appropriations	1 230	–	1 129
Long-term interest bearing liabilities	49 477	52 763	58 228
Long-term non-interest bearing liabilities	23 235	–	32 605
Short-term interest bearing liabilities	16 826	10 653	16 825
Accounts payable	20 815	23 743	17 444
Deferred tax liabilities	13 343	–	11 085
Other short-term non-interest bearing liabilities	55 022	36 664	45 900
Total shareholders' equity and liabilities	465 841	473 881	462 198
Pledged assets for own liabilities	20 684	20 000	20 684
Contingent liabilities	784	593	805

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, 2012	19 954	208 905	-23 651	137 762	933	343 903
Total comprehensive income	–	–	-13 288	333 772	293	320 777
Increase shareholder's equity acquisition Cryo Management Ltd	274	11 382	–	–	–	11 656
Dividend	–	–	–	-11 738	–	-11 738
Dividend, shares Xvivo Perfusion AB	–	–	–	-387 343	–	-387 343
Effect on deferred tax due to change of swedish tax rate	–	–	–	1 762	–	1 762
Other transactions with minority shareholders	–	–	–	–	-35	-35
Closing balance December 31, 2012	20 228	220 287	-36 939	74 215	1 191	278 982
Opening balance January 1, 2013	20 228	220 287	-36 939	74 215	1 191	278 982
Total comprehensive income	–	–	-5 057	11 876	132	6 953
Dividend	–	–	–	–	–	–
Other transactions with minority shareholders	–	–	–	–	-40	-40
Closing balance March 31, 2013	20 228	220 287	-41 996	86 091	1 283	285 893

Consolidated cash flow statements

SEK thousands	January – March		Whole year 2012
	2013	2012	
Income after financial items	17 168	14 038	358 855
Adjustment for items not affecting cash flow	5 779	5 724	-280 769
Tax paid	-5 949	-6 570	-9 602
Change in inventories	-41	-4 524	-6 918
Change in trade receivables	-3 731	-3 788	-9 991
Change in trade payables	6 412	8 669	8 355
Cash flow from operating activities	19 638	13 549	59 930
Cash flow from investing activities	-3 334	-5 011	-62 539
Cash flow from financing activities	-8 078	-2 025	-5 607
Cash flow for the period	8 226	6 514	-8 216
Liquid funds at beginning of period	11 680	20 873	20 873
Exchange rate difference in liquid funds	-597	-623	-977
Liquid funds at end of period	19 309	26 764	11 680

Includes Cash flow from discontinued operations by SEK - (3) million for the period January - March. See note 5.

Income statements for the Parent Company

SEK thousands	January – March		Whole year 2012
	2013	2012	
Administrative expenses	-1 485	-1 659	-7 563
Research and development costs	–	-50	-50
Other operating revenues and expenses	4	0	16
Operating income	-1 481	-1 709	-7 597
Financial income and expenses	1 899	-870	-1 465
Income after financial items	418	-2 579	-9 062
Taxes	-92	678	2 068
Net income	326	-1 901	-6 994

Depreciation and amortization has reduced income for the period by SEK 8 thousand (8).

Balance sheets for the Parent Company

SEK thousands	Mar 31, 2013	Mar 31, 2012	Dec 31, 2012
ASSETS			
Tangible fixed assets	32	52	40
Participation in affiliated companies	422 175	340 311	422 175
Other current receivables	3 184	2 152	3 781
Receivables from affiliated companies	14 436	49 995	6 315
Liquid funds	672	538	849
Total assets	440 499	393 048	433 160
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	312 630	382 052	312 304
Long-term interest-bearing liabilities	18 103	1 484	20 227
Long-term non-interest-bearing liabilities	33 352	–	34 466
Short-term interest-bearing liabilities	6 009	854	6 009
Accounts payable	706	894	500
Liabilities to group companies	63 681	–	53 695
Other short-term interest-free liabilities	6 018	7 764	5 959
Total shareholders' equity and liabilities	440 499	393 048	433 160
Pledged assets for own liabilities	3 100	3 100	3 100
Contingent liabilities	558	593	577

Note 1. Accounting Principles

Accounting principles

This interim report has been prepared for the Group in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and recommendation RFR 2.2 of the Swedish Financial Reporting Board, Accounting for Legal Entities. Unless otherwise stated below, the accounting principles applied to the Group and the Parent Company are consistent with the accounting principles used in the presentation of the most recent Annual Report. The following IFRS accounting principles are in effect from January 2013 and implemented for the first time in this quarterly report.

IAS 1 Statement of profit or loss and other comprehensive income have been amended, disclosing the amounts which later can be posted to profit and loss.

IFRS 13 Fair value, the valuation of financial instruments is disclosed in a note. This has previously only been disclosed in the annual report according to IFRS 7.

Distribution of Xvivo

On September 24, 2012 an Extraordinary General Meeting of Vitrolife adopted a resolution in favour of the Board's proposal to distribute Vitrolife's transplantation business to the shareholders through distribution of the shares in Vitrolife's subsidiary Xvivo Perfusion AB in accordance with "Lex Asea". The record day was October 1, 2012. Pursuant to the rules of IFRIC 17 (IFRS) the difference between the market value of the Xvivo shares upon listing and the booked value of Xvivo's net assets in Vitrolife at the time of distribution is reported as a non-taxable capital gain in net financial items, 2012. The market value was estimated in accordance with the share price when the Xvivo share was listed on NASDAQ OMX First North on October 8. The capital gain amounted to SEK 303,207 thousand. After distribution, the transplantation business is reported separately as discontinued operations pursuant to the rules of IFRS 5. For reasons of comparability, the development of the continuing operations, Fertility, is primarily commented on in this report.

Note 2. IFRS 13 Fair value

Derivatives for hedging purposes consist of currency futures and are valued to fair value in accordance with level 2, which means that there is an official valuation. Fair value measurement of currency futures is based on currency future prices quoted by the bank in an active market. Discounting does not have any significant effect on the valuation of derivatives within level 2. Derivatives for hedging purposes before tax amounted to SEK 1,647 (768) thousand at 31 of March. Derivatives for hedging purposes at 31 of December 2012 amounted to SEK 29 thousand. The fair value of trade receivables and other receivables, other current receivables, cash and other cash equivalents, accounts payable and other liabilities, and long-term liabilities are estimated to equal their book value. For interest-bearing long-term liabilities, the market interest rate is considered to correspond to the discounted interest rate, and thus no translation to fair value has been performed in this interim report. The Group's valuation process is carried out within the framework of the Group Finance Department, where a team works with the valuation of financial assets and liabilities that the Group holds.

Note 3. Financial data per segment, Group

SEK thousands	January – March		Whole year
	2013	2012	2012
Fertility			
<i>Continuing operations</i>			
Net sales	104 605	85 921	362 020
Gross income	68 615	56 635	238 300
Selling expenses	-26 548	-23 390	-102 028
Administrative exp.	-13 461	-11 756	-45 170
R&D expenses	-11 872	-10 947	-41 204
Other expenses	221	-276	-171
Operating income	16 955	10 265	49 725
Total Assets	465 841	378 681	462 198

SEK thousands	January – March		Jan – Sept
	2013	2012	2012
Transplantation			
<i>Discontinued operations</i>			
Net sales	–	13 803	42 197
Gross income	–	10 981	33 588
Selling expenses	–	-1 673	-7 189
Administrative exp.	–	-2 357	-12 825
R&D expenses	–	-2 015	-6 055
Other expenses	–	-91	-353
Operating income	–	4 845	7 167
Total Assets	–	95 200	–

Note 4. Acquisition of subsidiary

In October 2012, Vitrolife acquired all quotas of Cryo Management Ltd including its subsidiary Cryo Innovation Ltd, Hungary. The companies have ca 20 employees and a budgeted sales 2012 of ca EUR 2 million. The acquisition has contributed SEK 3 million to the Group's revenues during 2012. The purchase sum amounted to ca EUR 9 million including milestone payments of maximum EUR 4 million.

Note 5. Cash flow from discontinued operations

TSEK	January – March		Whole year
	2013	2012	2012*
Transplantation			
Cash flow from operating activities	–	-655	1 993
Cash flow from investing activities	–	-2 623	-13 708
Cash flow from financing activities	–	–	–
Cash flow for the period	–	-3 278	-11 715

* January - September

Definitions

Gross margin

Net sales minus the cost of goods sold as a percentage of net sales for the period.

Operating margin before depreciation and amortization

Operating income before depreciation and amortization as a percentage of net sales for the period.

Operating margin

Operating income after depreciation and amortization as a percentage of net sales for the period.

Profit margin

Income for the period as a percentage of net sales for the period.

Return on shareholders' equity

Income for the period as a percentage of the average shareholders' equity for the period.

Equity/assets ratio

Shareholders' equity and minority interest as a percentage of total assets.

Earnings per share

Income for the period in relation to the average number of outstanding shares for the period.

Earnings per share after full dilution

Income for the period in relation to the average number of outstanding shares for the period, taking into

account outstanding share warrants where the net present value of the strike price in the middle of the redemption period or the remaining redemption period is less than the average share price for the period.

Cash flow from operating activities per share

The cash flow from operating activities for the period in relation to the average number of outstanding shares for the period.

Shareholders' equity per share

Shareholders' equity in relation to the number of shares outstanding at closing day.

Shareholders' equity per share after full dilution

Shareholders' equity in relation to the number of shares outstanding at closing day, taking into account outstanding share warrants where the net present value of the strike price in the middle of the redemption period or the remaining redemption period is less than the average share price at closing day.

Net loans receivable/ Net borrowings

Cash and cash equivalents plus interest-bearing receivables minus interest-bearing liabilities and provisions.

Glossary

The following explanations are intended to help the reader to understand certain specific terms and expressions in Vitrolife's reports:

IVF, In Vitro Fertilization

Fertilization between the woman's and the man's sex cells and cultivation of embryos outside the body.

In vitro (Latin "in glass")

A process that has been taken out from a cell to take place in an artificial environment instead, for example in a test tube.

Embryo

A fertilized egg.

Blastocyst

An embryo at days 5-7 after fertilization. Cell division has gone so far that the first cell differentiation has taken place and the embryo thereby now has two different types of cells.

Vitrification

Process for converting a material to a glasslike solid state, for example through rapid freezing, in this case rapid freezing of eggs and embryos, in order to be able to carry out IVF on a later occasion.

IUI

Intra-Uterine Insemination, "artificial insemination". A high concentration of active sperms is injected in order to increase the chance of pregnancy.

Stem cells

Non-specialized cells to be found in all multi-cell organisms. Have the ability to mature (differentiate) into several cell types. Are usually divided up into three groups: adult stem cells (in the fully grown individual), embryonic stem cells and stem cells from the umbilical cord. In the developing embryo stem cells give rise to all tissue in the fetus-to-be. In adult individuals stem cells constitute a repair system to replace damaged cells. As stem cells have the potential to mature into specialized cell types, there are great hopes regarding their medical role.

Cell therapy

Describes the process when new cells are added to tissue in order to treat a disorder.

Preclinical study

Research that is done before a pharmaceutical or a treatment method is sufficiently documented to be studied in people, for example testing of substances on tissue samples and later testing on experimental animals.

Clinical study/trial

An investigation in healthy or sick people in order to study the effect of a pharmaceutical or treatment method.

Biological quality tests

Using biological systems (living cells, organs or animals) to test how well a product or input material functions in relation to a requirement specification.

Medical devices

Comprise devices used to make a diagnosis of a disease, treat a disease and as rehabilitation.

Biotechnology

Combination of biology and technology, which primarily means using cells or components from cells (such as enzymes or DNA) in technical applications.

In vivo

Biological processes in living cells and tissue when they are in their natural place in whole organisms.

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