



INTERIM REPORT JANUARY-JUNE 2013

Vitrolife AB (publ)

Vitrolife is an international medical device Group. The Fertility product area develops, produces and markets products for assisted reproduction. 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 110 markets. The company is headquartered in Gothenburg, Sweden, and there are also offices in USA, Australia, France, Italy, United Kingdom, China, Japan, Hungary and Denmark. The Vitrolife share is listed on NASDAQ OMX Stockholm, Small Cap.

Vitrolife 

Continuing good performance

Second quarter

Continuing operations

- Sales growth was 29 percent in local currency. Sales amounted to SEK 116 (95) million, corresponding to an increase of 22 percent in SEK.
- Operating income (EBIT) amounted to SEK 19 (13) million, corresponding to an operating margin of 16 (13) percent.
- The comparative figures for 2012 relate to continuing operations, fertility, unless otherwise stated.
- Net income amounted to SEK 12 (11) million, which gave earnings per share of SEK 0.62 (0.54).

- Dividend of SEK 0.60 (0.60) per share, in total SEK 11,898,562 (11,737,661).
- 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.

First half year

Continuing operations

- Sales growth was 28 percent in local currency. Sales amounted to SEK 221 (181) million, corresponding to an increase of 22 percent in SEK.
- Operating income (EBIT) amounted to SEK 36 (23) million, corresponding to an operating margin of 16 (13) percent.

- The comparative figures for 2012 relate to continuing operations, fertility, unless otherwise stated.
- Net income amounted to SEK 24 (18) million, which gave earnings per share of SEK 1.22 (0.92).

The Group's Key Figures

SEK millions	Apr – Jun 2013	2012	Jan – Jun 2013	2012	Whole year 2012
<i>Continuing operations</i>					
Net sales	116	95	221	181	362
Net sales growth, local currency, %	29	21	28	15	18
Gross margin, %	66	66	66	66	66
Operating income before depreciation and amortization (EBITDA)	24	17	46	31	67
Operating income (EBIT)	19	13	36	23	50
Operating margin, %	16	13	16	13	14
Net income	12	11	24	18	27
Net debt / Rolling 12 month EBITDA	0.6	0.7*	0.6	0.7*	0.9
Earnings per share, SEK,	0.62	0.54	1.22	0.92	1.36
Share price on closing day, SEK	63.00	55.00*	63.00	55.00*	40.30
Market cap at closing day	1 249	1 076*	1 249	1 076*	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 13

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.

CEO's comments

Sales growth continued to be strong in all regions.

The Asia and Pacific region reported growth of 37 percent and sales growth has been driven by good performance in the whole region.

The EMEA region (Europe, the Middle East and Africa) also continues to develop well, with growth of 20 percent during the quarter, adjusted for sales to Xvivo. This growth is considerably higher than market growth in the region. The launch of the PrimoVision embryo monitoring system has contributed to the growth in the region.

The North and South American region developed strongly in the quarter, with growth of 18 percent in local currency. The quarter was positively impacted by distributor sales of laser equipment, which are, however, at lower gross margins than the rest of the product range. Underlying growth in the region adjusted for this amounts to just under 10 percent.

Vitrolife is gaining market share in all product areas. New ideas leading to product development are captured through a close dialogue with customers and distributors. During the past year the company has worked on making product development more customer-driven and efficient. One of the factors behind this is that even minor product improvements can be of great importance for our customers. These product care projects have previously often been given lower priority than major development projects. One example of a successful project in this



spirit is the launch of new, smaller bottle sizes in certain Asian markets. The background to this is that in certain countries in Asia, there are many small clinics that wish to have smaller bottle sizes of media so as to be able to avoid scrapping. The company started a project towards the end of the first quarter to develop smaller bottle sizes for some media, and now, just three months later, we are able to offer customers sales of these products. The speed of product development from idea to completed project will be of great importance for Vitrolife's long-term development.

Another example of the work of making internal processes more efficient is an ongoing project to make capacity available in media production. The basic idea behind the project is to break down work processes into smaller steps so as to thus achieve more even production during the working week. The capacity thus made available in existing facilities enables the production of more units without the addition of new shifts and equipment, which in turn means economies of scale.

Looking ahead, the market outlook is essentially unchanged. The growth markets in Asia look as if they will continue to develop well, even if the rate of growth in IVF cycles has diminished somewhat in China, at the same time as certain mature markets in Europe that have previously been negatively affected by the difficult economic situation appear to be undergoing a normalization process.

Thomas Axelsson, CEO

Second quarter 2013 (April - June)

Continuing operations

Net sales

Vitrolife's net sales increased by 29 percent in local currency in the second quarter and amounted to SEK 116 (95) million. Sales growth in SEK amounted to 22 percent.

Sales for the EMEA region (Europe, the Middle East and Africa) increased by 27 percent in local currency in the second quarter and amounted to SEK 55 (45) million. The increase in SEK amounted to 22 percent. The quarter included sales of contract manufactured STEEN Solution™ to Xvivo to the tune of SEK 3 million. Adjusted for this, growth amounted to 20 percent in local currency and 15 percent in SEK.

Sales in the North and South American region amounted to SEK 21 (19) million. In local currency the increase amounted to 18 percent, corresponding to an increase of 12 percent in SEK. The quarter was positively affected by distributor sales of laser equipment, which are, however, at lower gross margins than the rest of the product range. Sales in the Asia and Pacific region increased by 37 percent in local currency and amounted to SEK 40 (31) million. The increase amounted to 27 percent in SEK.

The media product group increased by 18 percent in local currency in the quarter and amounted to SEK 77 (69) million, corresponding to an increase of 11 percent in SEK. Other IVF products increased by 49 percent in local currency and amounted to SEK 32 (23) million, corresponding to an increase of 42 percent in SEK. The increase consisted amongst other things of the PrimoVision time-lapse system and distributor sales of laser equipment in the American region. Sales of contract manufactured STEEN Solution™ to Xvivo amounted to SEK 3 (-) million and freight revenues to SEK 3 (3) million.

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

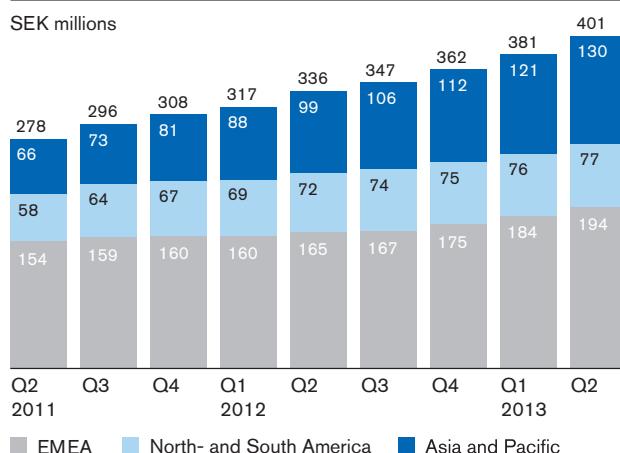


Fig 2. Sales development (per quarter)

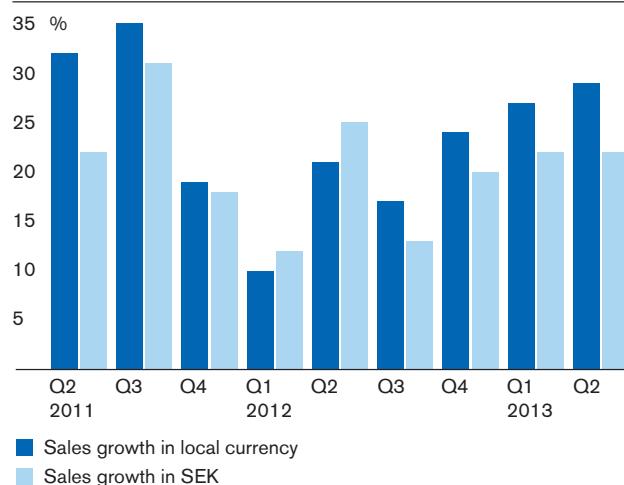
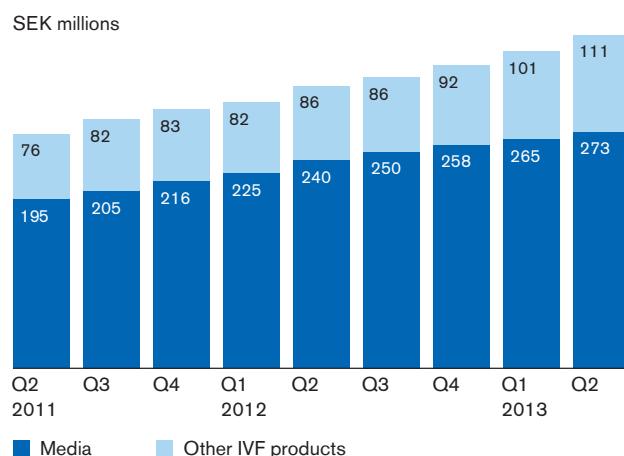


Fig 3. Net sales per product group (rolling 12 months)



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. As the products were sold before the distribution of Xvivo, Vitrolife will also handle the lawsuits in the future and Xvivo has the legal responsibility for products sold from October 1, 2012. Vitrolife has insurance covering damages and is represented by lawyers hired by the insurance company, Vitrolife's insurance policy contains excess, whereby Vitrolife is obliged to pay for legal costs and damages up to USD 50 thousand per lawsuit. Vitrolife has in total made a provision of USD 100 thousand per June 30, 2013.

The legal process has continued during the quarter and the insurance company's lawyers representing Vitrolife assess that it will probably not be until the end of the year before there are any appreciable developments in the case.

Acquisition of remaining shares in HertArt ApS

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.

Income

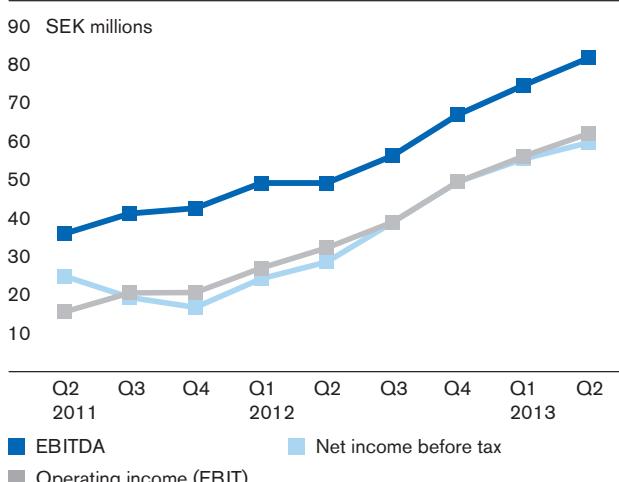
Operating income (EBIT) amounted to SEK 19 (13) million, corresponding to an operating margin of 16 (13) percent.

Gross income amounted to SEK 76 (63) million. The gross margin amounted to 66 (66) percent and was negatively affected by distributor sales of laser equipment in the American region and contract manufacturing of STEEN Solution™ for Xvivo and positively affected by economies of scale.

Selling expenses amounted to 25 (28) percent of sales and the decrease consisted primarily of economies of scale. Administrative expenses amounted to 13 (13) percent of sales. R&D costs amounted to 11 (11) percent of sales. Depreciation and amortization of SEK 5 (4) million were charged against net income.

Net financial items amounted to SEK -1 (1) million. Income before tax amounted to SEK 18 (13) million. Net income amounted to SEK 12 (11) million.

Fig 4. Income (rolling 12 months)



Cash flow

The cash flow from operating activities amounted to SEK 18 (19) million. Changes in working capital amounted to SEK -6 (3) million and consisted primarily of increased accounts receivables as a result of increased sales. Gross

investments in tangible assets amounted to SEK -1 (-9) million. Investments in intangible fixed assets amounted to SEK -1 (-1) million. Acquisition of the remaining shares in HertArt ApS amounted to SEK -2 (-) million. The cash flow from financing activities was SEK -15 (-10) million and consisted foremost of dividend of SEK -12 million and the repayment of borrowings. Cash and cash equivalents at the end of the period amounted to SEK 19 (22) million.

Financing

Vitrolife's total credit facilities amounted to SEK 107 (98) million, of which SEK 65 (66) 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, which was completed during the end of 2012. The equity/assets ratio was 61 (71) percent and the decrease was primarily due to the distribution of Xvivo. Net debt in relation to income for a rolling 12 months before depreciation and amortization (EBITDA) amounted to 0.6 (0.7) 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 second quarter amounted to SEK -4 (0) million. Cash and cash equivalents amounted to SEK 1 (0) million.

The period 2013 (January - June)

Continuing operations

Net sales

Vitrolife's net sales increased by 28 percent in local currency in the first half year and amounted to SEK 221 (181) million. Sales growth in SEK amounted to 22 percent. Sales for the EMEA region increased by 26 percent in local currency during the period and amounted to SEK 108 (89) million. The increase in SEK amounted to 21 percent. The period included sales of contract manufactured STEEN Solution™ to Xvivo to the tune of SEK 5 million. Adjusted for this, growth amounted to 21 percent in local currency and 16 percent in SEK. Sales in the North and South American region amounted to SEK 40 (37) million. In local currency the increase amounted to 14 percent, corresponding to an increase of 8 percent in SEK. Sales in the Asia and Pacific region increased by 43 percent in local currency and amounted to SEK 73 (55) million. The increase amounted to 32 percent in SEK.

Income

Operating income (EBIT) amounted to SEK 36 (23) million, corresponding to an operating margin of 16 (13) percent.

Gross income amounted to SEK 145 (120) million. The gross margin amounted to 66 (66) percent. Selling expenses amounted to 25 (28) percent of sales. Administrative expenses amounted to 13 (13) percent of sales. R&D costs amounted to 11 (12) percent of sales. Depreciation and amortization of SEK 10 (8) million were charged against net income. Net financial items amounted to SEK -1 (2) million. Income before tax amounted to SEK 35 (24) million. Net income amounted to SEK 24 (18) million.

Cash flow

The cash flow from operating activities amounted to SEK 37 (33) million. Gross investments amounted to SEK -7 (-13) million and the cash flow from financing activities was SEK -23 (-12) million. Cash and cash equivalents at the end of the period amounted to SEK 19 (22) million.

Prospects for 2013

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 rapidly. Still only a few percent of all the couples in the world who have fertility problems 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, even if there are signs of normalization in several of these countries. 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

Business concept

Vitrolife's business concept is to develop, produce and market advanced, effective and safe products and systems for assisted reproduction.

Goal

Vitrolife's goal is to become the world-leading supplier of medical devices for assisted reproduction.

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 half year the average number of employees was 229 (211), of whom 120 (119) were women and 109 (92) were men. Of these 130 (132) people were employed in Sweden, 54 (61) in the USA and 45 (18) in the rest of the world. The number of people employed in the Group at the end of the period was 247 (228).

Carsten Browall was appointed as new Chairman of the Board at the Annual General Meeting on April 29.

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.

Dividend

It was decided at the Annual General Meeting on April 29 that the proposed dividend of SEK 0.60 per share would be paid out to the shareholders. Payment of the dividend took place on May 3.

Audit committee

During the second quarter, Vitrolife's Board decided to institute an audit committee to prepare financial matters to the Board and to support the Board in its oversight of the company's financial processes. Tord Lendau was appointed chairman of the audit committee and Pia Marions and Carsten Browall were appointed committee members.

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. The same applies to the Group's management of financial risks, which are described in the Annual Report for 2012, note 24. During the quarter, a review and classification of company risks was conducted. The conclusion was that the risks 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

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

Certification

The Board and the CEO certify that the half-year report gives a true and fair view to 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 12, 2013
Gothenburg, Sweden

Thomas Axelsson
CEO

Carsten Browall
Chairman of the Board

Maris Hartmanis
Board member

Tord Lendau
Board member

Fredrik Mattsson
Board member

Barbro Fridén
Board member

Pia Marions
Board member

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 – 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 July 12, 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 – June 2013	2012	April – June 2013	2012	Whole year 2012
<i>Continuing operations</i>					
Net sales	220 594	181 145	115 991	95 224	362 020
Cost of goods sold	-75 843	-61 243	-39 853	-32 237	-123 720
Gross income	144 751	119 902	76 138	62 987	238 300
Selling expenses	-55 512	-50 552	-28 964	-26 881	-102 028
Administrative expenses	-29 062	-24 244	-15 601	-12 488	-45 170
Research and development costs	-24 065	-21 451	-12 194	-10 504	-41 204
Other operating revenues and expenses	-522	-704	-743	-428	-171
Operating income	35 589	22 951	18 636	12 686	49 725
Financial income and expenses	-886	1 522	-1 101	530	13
Income after financial items	34 703	24 473	17 535	13 216	49 738
Taxes	-10 413	-6 503	-5 253	-2 700	-23 191
Net Income	24 290	17 970	12 282	10 516	26 547
<i>Discontinued operations (Whole year 2012 jan-sept)</i>					
Net sales	–	27 845	–	14 042	42 197
Operating Income	–	8 819	–	3 974	7 167
Income after financial items	–	7 829	–	5 048	309 115*
Taxes	–	-3 143	–	-2 303	-1 599
Net Income	–	4 686	–	2 745	307 516*
<i>Total group</i>					
Net Sales	220 594	208 990	115 991	109 266	404 217
Gross income	144 751	141 742	76 138	73 846	271 888
Operating income	35 589	31 770	18 636	16 660	56 894
Income after financial items	34 703	32 302	17 535	18 264	358 855*
Taxes	-10 413	-9 646	-5 253	-5 003	-24 790
Net income	24 290	22 656	12 282	13 261	334 065*
<i>Attributable to</i>					
Parent Company's shareholders	23 983	22 449	12 108	13 168	333 772*
Minority interest	307	207	174	93	293
Earnings per share, SEK	1,22	1,15	0,62	0,67	17,04*
Earnings per share, SEK**	1,22	1,15	0,62	0,67	1,56
Average number of outstanding shares	19 830 936	19 562 769	19 830 936	19 562 769	19 585 116
Number of shares at closing day	19 830 936	19 562 769	19 830 936	19 562 769	19 830 936

Depreciation and amortization has reduced income for the period by SEK 10 413 thousand (8 476), of which SEK 5 338 thousand (4 240) for the second quarter.

* 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 – June 2013	2012	April – June 2013	2012	Whole year 2012
Net income	24 290	22 656	12 282	13 261	334 065
<i>Other comprehensive income</i>					
Amounts which later can be posted to profit and loss					
Change in hedging reserve, net after tax	-924	-394	338	-186	-752
Change in translation reserve, net after tax	2 254	1 719	6 040	4 740	-12 536
Total	1 330	1 325	6 378	4 554	-13 288
Total other comprehensive income, net after tax	25 620	23 981	18 660	17 815	320 777
<i>Attributable to</i>					
Parent Company's shareholders	25 313	23 774	18 486	17 722	320 484
Minority interest	307	207	174	93	293

Other key ratios, total Group

	January – June 2013	2012	April – June 2013	2012	Whole year 2012
<i>Continuing operations</i>					
Gross margin. %	65.6	66.2	65.6	66.1	65.8
Operating margin before depreciation and amortization. %	20.9	17.1	20.7	17.6	18.6
Operating margin. %	16.1	12.7	16.1	13.3	13.7
Net margin. %	11.0	9.9	10.6	11.0	7.3
Equity/assets ratio. %	61.0	71.0*	61.0	71.0*	60.4
Shareholders' equity per share. SEK.	14.68	18.15*	14.68	18.15*	14.01
Return on equity. %	10.4	10.8*	10.4	10.8*	9.2
Cash flow from operating activities per share. SEK	1.89	1.72*	0.90	1.03*	2.99
Net cash (+) / Net debt (-). SEK millions	-46.3	-44.5*	-46.3	-44.5*	-63.4

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

Consolidated income statements per quarter

SEK thousands	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011
<i>Continuing Operations</i>								
Net sales	115 991	104 605	97 949	82 926	95 224	85 921	81 632	73 266
Cost of goods sold	-39 853	-35 990	-34 489	-27 988	-32 237	-29 006	-28 501	-24 643
Gross income	76 138	68 615	63 460	54 939	62 987	56 915	53 131	48 623
Selling expenses	-28 964	-26 548	-29 231	-22 245	-26 881	-23 671	-25 197	-23 205
Administrative expenses	-15 601	-13 461	-11 670	-9 256	-12 488	-11 756	-13 461	-9 696
Research and development costs	-12 194	-11 872	-12 761	-6 991	-10 504	-10 947	-12 626	-7 976
Other operating revenues and expenses	-743	221	2 338	-1 805	-428	-277	-341	169
Operating income	18 636	16 955	12 137	14 640	12 686	10 265	1 506	7 915
Financial income and expenses	-1 101	214	-414	-1 095	530	992	-497	-4 681
Income after financial items	17 535	17 169	11 723	13 545	13 216	11 257	1 008	3 236
<i>Discontinued operations</i>								
Net sales	-	-	-	14 352	14 042	13 803	13 742	11 787
Operating Income	-	-	-	-1 652	3 974	4 845	2 319	6 448
Income after financial items	-	-	303 207	-1 922	5 048	2 781	3 004	11 280
<i>Total group</i>								
Taxes	-5 253	-5 159	-11 988	-3 155	-5 003	-4 643	-1 940	-4 870
Net income	12 282	12 010	302 942	8 468	13 261	9 395	2 072	9 645
<i>Attributable to</i>								
Parent Company's shareholders	12 108	11 878	302 914	8 410	13 168	9 281	2 068	9 607
Minority interest	174	132	28	58	93	114	4	38

Key ratios per quarter, total Group

	Apr-Jun 2013	Jan-Mar 2013	Oct-Dec 2012	Jul-Sep 2012	Apr-Jun 2012	Jan-Mar 2012	Oct-Dec 2011	Jul-Sep 2011
Shareholders' equity per share. SEK.	14.68	14.35	14.01	18.26*	18.15	17.84	17.53	17.35
Return on equity. %	10.4	10.3	9.2	9.4*	10.8	10.1	9.1	8.6
Cash flow from operating activities per share. SEK	0.90	0.99	0.95	0.32	1.03	0.69	0.52	0.70

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

Consolidated balance sheets

SEK thousands	Jun 30. 2013	Jun 30. 2012	Dec 31. 2012
ASSETS			
Goodwill	182 670	120 952	182 114
Other intangible fixed assets	40 760	23 682	33 894
Tangible fixed assets	93 005	101 019	94 445
Financial fixed assets	1 161	13 686	8 929
Inventories	64 295	63 161	62 409
Accounts receivable	68 046	52 088	52 436
Other current receivables	10 804	12 076	16 291
Derivative instruments	–	515	–
Liquid funds	18 824	19 115	11 680
Assets, discontinued operations	–	95 176	–
Total assets	479 565	501 471	462 198
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity, attributable to the Parent Company's shareholders	291 205	355 007	277 791
Minority interest	1 493	1 122	1 191
Appropriations	1 355	851	1 129
Long-term interest bearing liabilities	47 860	53 953	58 228
Long-term non-interest bearing liabilities	25 922	–	32 605
Short-term interest bearing liabilities	17 219	12 413	16 825
Accounts payable	16 788	21 258	17 444
Other short-term non-interest bearing liabilities	77 723	48 999	56 985
Liabilities, discontinued operations	–	7 869	–
Total shareholders' equity and liabilities	479 565	501 471	462 198
Pledged assets for own liabilities	21 085	20 000	20 684
Contingent liabilities	812	1 577	805

Consolidated changes in shareholders' equity

SEK thousands	Attributable to the Parent Company's shareholders				Minority interest	Total share-holders' 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 for period	–	–	-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	–	–	1 330	23 983	307	25 620
Dividend	–	–	–	-11 899	–	-11 899
Other transactions with minority shareholders	–	–	–	–	-5	-5
Closing balance Jun 30, 2013	20 228	220 287	-35 609	86 299	1 493	292 698

Consolidated cash flow statements

SEK thousands	January – June 2013	2012	April – June 2013	2012	Whole year 2012
Income after financial items	34 703	32 302	17 535	18 265	358 855
Adjustment for items not affecting cash flow	13 094	7 767	7 315	2 043	-280 769
Tax paid	-7 315	-7 167	-1 366	-597	-9 602
Change in inventories	-1 887	-11 991	-1 846	-7 467	-6 918
Change in trade receivables	-12 362	-9 858	-8 631	-6 071	-9 991
Change in trade payables	11 255	22 613	4 844	13 944	8 355
Cash flow from operating activities	37 488	33 667	17 851	20 118	59 930
Cash flow from investing activities	-6 987	-20 374	-3 653	-15 364	-62 539
Cash flow from financing activities	-22 901	-12 201	-14 823	-10 176	-5 607
Cash flow for the period	7 600	1 092	-625	-5 422	-8 216
Liquid funds at beginning of period	11 680	20 873	19 310	26 764	20 873
Exchange rate difference in liquid funds	-456	-52	139	571	-977
Liquid funds at end of period	18 824	21 913	18 824	21 913	11 680

Includes cash flow from discontinued operations by SEK - (-7) million for the period January – June, of which SEK - (-4) million for the second quarter. See note 3.

Income statements for the Parent Company

SEK thousands	January – June 2013	2012	April – June 2013	2012	Whole year 2012
Administrative expenses	-2 768	-2 397	-1 283	-738	-7 563
Research and development costs	–	-50	–	0	-50
Other operating revenues and expenses	3	-1	-1	-1	16
Operating income	-2 765	-2 448	-1 284	-739	-7 597
Financial income and expenses	-581	-27	-2 479	843	-1 465
Income after financial items	-3 346	-2 475	-3 763	104	-9 062
Taxes	736	651	828	27	2 068
Net income	-2 610	-1 824	-2 935	77	-6 994

Depreciation and amortization has reduced income for the period by SEK 15 thousand (16), of which SEK 7 thousand (8) for the second quarter.

Balance sheets for the Parent Company

SEK thousands	Jun 30. 2013	Jun 30. 2012	Dec 31. 2012
ASSETS			
Tangible fixed assets	25	44	40
Participation in affiliated companies	424 993	340 311	422 175
Other current receivables	1 205	1 317	3 781
Receivables from affiliated companies	17 637	91 402	6 315
Liquid funds	875	380	849
Total assets	444 735	433 454	433 160
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	297 097	370 391	312 304
Long-term interest-bearing liabilities	17 487	1 307	20 227
Long-term non-interest-bearing liabilities	27 447	–	34 466
Short-term interest-bearing liabilities	6 074	854	6 009
Accounts payable	642	248	500
Liabilities to group companies	81 948	56 772	53 695
Other short-term non-interest-bearing liabilities	14 040	3 882	5 959
Total shareholders' equity and liabilities	444 735	433 454	433 160
Pledged assets for own liabilities	3 100	3 100	3 100
Contingent liabilities	586	588	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.

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 -1,156 (515) thousand at 30 of June. 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. Cash flow from discontinued operations

SEK thousands	January – June 2013	January – June 2012	Whole year 2012*
Transplantation			
Cash flow from operating activities	-	617	1 993
Cash flow from investing activities	-	-7 624	-13 708
Cash flow from financing activities	-	-	-
Cash flow for the period	-	-7 007	-11 715

* January - September

Note 4. Financial data per segment, Group

SEK thousands	January – June 2013	January – June 2012	Whole year 2012*
Fertility			
<i>Continuing operations</i>			
Net sales	220 594	181 145	362 020
Gross income	144 751	119 902	238 300
Selling expenses	-55 512	-50 552	-102 028
Administrative exp.	-29 062	-24 244	-45 170
R&D expenses	-24 065	-21 451	-41 204
Other expenses	-522	-704	-171
Operating income	35 589	22 951	49 725
Total Assets	479 565	406 295	462 198
SEK thousands	January – June 2013	January – June 2012	Whole year 2012*
Transplantation			
<i>Discontinued operations</i>			
Net sales	-	27 845	42 197
Gross income	-	21 840	33 588
Selling expenses	-	-3 738	-7 189
Administrative exp.	-	-5 463	-12 825
R&D expenses	-	-3 645	-6 055
Other expenses	-	-175	-353
Operating income	-	8 819	7 167
Total Assets	-	95 176	-

* January - September

Note 5. Acquisition of subsidiary

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 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. HertArt's turnover 2012 amounted to 1 million DKK, entirely to the Vitrolife. Vitrolife acquired the remaining 75 % of the shares as it assessed that HertArt could be run more efficiently as a fully owned subsidiary. It is estimated that the acquisition will only entail a marginal effect on Vitrolife's earning per share for 2013.

The acquisition was completed in DKK and the accounting is done per the currency rate of the acquisition date.

SEK thousands	
Purchase sum per April 1, 2013	
Liquid funds, acquisition 75 %	2 394
Conditional purchase price, acquisition 75 %	1 122
Previously paid, acquisition 25 %	2 779
Total purchase price	6 295
Identified assets and liabilities per April 1, 2013	
Fixed assets	3 870
Production technology	4 597
Current assets	660
Operating liabilities	-4 439
Total acquired assets and liabilities	4 688
Capital loss, revaluation of shares	1 607
Sum	6 295

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 appropriations.

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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