

ORIGIO a/s

Financial Report 1st Quarter, 2011



Jesper Funding Andersen, CEO, ORIGIO a/s:

"It is encouraging to start 2011 with organic growth above 20% as it proves that ORIGIO is taking advantage of the growth opportunities within the global IVF market. It also shows that the platform ORIGIO has built over the last years, in terms of enlargement of the range of quality products for IVF treatment and geographical expansion into key IVF markets is paying off. We intend to continue to strengthen our position along these dimensions going forward, in combination with increased focus on emerging technologies for IVF-treatment."

FINANCIAL HIGHLIGHTS Q1 2011

Income statement

Total revenue for Q1 2011 was DKK 92.4 million which is 27% higher than Q1 2010. Organic growth, on a constant currency basis, amounted to 25% for Q1 2011. Organic growth is seen both within disposables and equipment, and across all three geographical regions; Europe, Americas and Rest of World.

For Q1, the gross contribution was DKK 54.9 million against DKK 45.0 million in Q1, 2010. The gross contribution margin was 59.4 against 61.7 in Q1, 2010. This is primarily due to a changed product mix, with higher percentage of equipment sales in Q1, 2011.

Total capacity cost was up by 22% and totaled DKK 38.7 million in Q1, 2011. The main reason for the increase is higher sales and marketing expenses, as a consequence of the fact that ORIGIO has expanded its geographical presence and scaled up the sales and marketing activities during 2010.

EBITDA before special items increased by 21% to DKK 16.2 million, generating an EBITDA-margin before special items in line with the level of 2010 of 18%. The increase in EBITDA before special items is mainly a result of higher revenue.

Depreciation in the quarter was DKK 2.8 million versus DKK 1.1 million in the same quarter 2010. The higher depreciation is related to the depreciation of the newly constructed media manufacturing and headquarters building in Måløv, Denmark. Amortization amounted to DKK 1.8 million in Q1 2011, or DKK 0.1 million lower than Q1 2010.

Net financial items amounted to DKK -3.2 million, which is DKK 0.4 million higher than Q1, 2010. Corporate tax for Q1 2011 was DKK 3.3 million compared to DKK 3.1 million in Q1 2010.

Net profit for the quarter ended at DKK 4.6 million.

Statement of Financial Position

Total assets increased from DKK 529.9 million at the end of 2010 to DKK 536.9 million at the end of Q1 2011. Net equity was DKK 198.5 million at the end of Q1 2011, generating an equity ratio of 36%.

Statement of Cash Flows

Cash flow from operating activities was DKK 0.8 million for Q1 2011. This is DKK 4.1 million higher than in Q1 2010, primarily due to increased focus on cash management.

The financial items and tax paid are DKK 7.5 million higher than in Q1 2010. The increase is mainly related to changes in timing of payment of corporate tax.

SALES & MARKETING UPDATE

Organic growth amounted to 25% in constant currency in Q1 2011.

Organic growth for disposables was 13% with positive development in all product categories; MediCult Media, Humagen Pipets and MidAtlantic Devices.

The equipment product range continued its positive development and realized 95% organic growth in Q1, 2011. Equipment makes now up 22% of total sales, compared to 14% in Q1 2010. The growth is to a big degree driven by US sales and ORIGIO ScanLab Equipment, who has experienced high demand for IVF equipment since its inception in June 2010.

Product split of revenue

DKK million	Q1 2011	Organic growth Q1*
Disposables	72	13%
Equipment	20	95%
Total	92	25%

* Constant currency

On the geographical dimension, organic growth was above 20% in all three regions. Americas realized organic growth of 29% driven by high equipment sales. Europe experienced 21% organic growth in Q1, while Rest of World showed organic growth of 28% for Q1 2011.

Geographical split of revenue

DKK million	Q1 2011	Organic growth Q1*
Europe	49	21%
Americas	26	29%
Rest of World	17	28%
Total	92	25%

* Constant currency

Acquisitions

In January 2011, ORIGIO completed an asset acquisition (Intellectual Property Rights) from the US-based Incept BioSystems, Inc. (Incept). Incept has developed an innovative and patented microfluidics system 'SMART Start™' that mimics in vivo conditions and thereby delivers unique control and physiologic conditions expectedly ideal for embryo culture in the assisted reproduction lab. For further details please refer to page 3.

The purchase price amounted to a minimum of USD 300,000 and a maximum of USD 1,050,000 with addition of royalty payments for the life of the patents. At closing of the transaction, the sellers received a payment of USD 300,000 in ORIGIO a/s shares equaling 120,449 ORIGIO shares. The remainder of the purchase price is due upon completion of certain milestones.

R&D PIPELINE UPDATE

ORIGIO possesses a world-leading pipeline of R&D projects within ART and the related stem cell field.

GM-CSF/EmbryoGen®

In December 2010, ORIGIO completed the world's largest clinical study of IVF culture media; "The effect of granulocyte-macrophage colony stimulating factor (GM-CSF) during in vitro culture of human embryos on subsequent implantation rates".

The study, which included 1,332 patients, demonstrated that exposure to GM-CSF improved the ongoing implantation rate in the commercially attractive subgroup comprising women who have previously experienced miscarriage. The study showed that exposure to GM-CSF increased the overall ongoing implantation rate for this subgroup by 44.1% ($p = 0.001$) in week 7 and by 40.6% in week 12 ($p = 0.003$) compared to the control group. This improvement correlates well with the scientific hypothesis that GM-CSF positively influences the embryo implantation potential.

ORIGIO has intensively been working on regulatory approvals of the new product, EmbryoGen®, and preparation of the launch. The official launch is expected to take place at ESHRE in Stockholm on July 3-6, 2011 and the product will afterwards be available in selected countries, depending on regulatory approvals. EmbryoGen® has so far obtained regulatory approval in Canada and is expected to receive CE-marking during Q3, 2011. A launch in the USA is expected late 2012, as the

FDA requires data on children born via the completed GM-CSF study.

Iloprost

The study which, on a preliminary basis, investigates the efficacy of the prostacyclin analogues, Iloprost, on implantation rates is ongoing. The study will include approximately 100 patients and is expected to be completed by Q3, 2011.

The first part of the safety and efficacy study was completed successfully in March 2010. The study has proven that the addition of Iloprost to Blastocyst culture medium is safe as evaluated on embryo development.

The study is an investigator initiated study taking place in Houston, USA. ORIGIO has world-wide rights to the patent that comprises the application of Iloprost added to media for ART.

IGF-II

Since 2005, ORIGIO has worked with University of Adelaide, Australia on research activities related to IGF-II (insulin-like growth factor-II).

The results have shown that addition of IGF-II in combination with urokinase plasminogen activator (uPA) and plasminogen to culture media increased the implantation rate in mice by 28% compared to controls. The active ingredients need to be accessible as registered drugs (i.e. have an approved drug master file) in order for such medium to potentially constitute an attractive business case. This issue is currently being investigated before further activities are initiated.

EmbryoSure™

There is a growing trend within ART towards single embryo transfer rather than transfer of multiple embryos in order to reduce the risk of adverse effects on mother and child. Today, the selection of embryos is based entirely on visual/morphological scoring of the embryos.

In Q1 2009, ORIGIO signed a definitive agreement with Novocellus Ltd. (Guildford, UK) to license the non-invasive embryo selection technology, EmbryoSure™, developed by Professor Henry Leese at the University of York, UK. The technology is based on amino acid profiling. By gaining access to this leading-edge technology, ORIGIO positions

itself at the forefront of the emerging trend of single embryo transfer in ART. As part of the agreement, ORIGIO and Novocellus will co-fund a human study program. The purpose of the clinical program is to investigate the extent to which EmbryoSure™ is superior to current visual techniques in selecting the most implantation competent embryos. The clinical program will imply an exploratory study followed by a prospective efficacy study. The exploratory study is to determine the algorithm for the selection of the embryos and is expected to take place in 4-6 clinics and involve 400 patients. All approvals have been obtained and the first patients are expected to be included in May 2011.

Results from the exploratory study are expected Q4 2011.

Microfluidics/SMART Start™

SMART Start™ is an innovative and patented microfluidics system that mimics in vivo conditions in the fallopian tube and thereby delivers unique control and physiologic conditions expectedly ideal for embryo culture in the assisted reproduction lab.

An investigational human study evaluating the SMART Start™ system was concluded in October 2010. The study assessed the system's capacity to safely support morphological embryo development and survival rates in comparison to the existing practice of growing embryos in a conventional culture dish. Data from the study showed that the SMART Start™ embryo culture system met the primary endpoint of non-inferiority to the conventional static dish culture.

ORIGIO is currently performing internal studies on bovine embryos prior to initiating a second phase human clinical study.

Stem cells

ORIGIO has developed a superior well-defined growth media for the culture of adult stem cells and embryonic stem cells. The patented SSRx media supplement is free of any human or animal derived components and is broadly applicable to other stem cell lines or bio-industrial lines. The ORIGIO technology has shown increased mesenchymal stem cell growth by 50% compared to serum-free control media without SSRx.

Material transfer agreements have been signed with potential partners, and external tests are ongoing to validate ORIGIO's results. However, the external testing period has proven longer than anticipated. This is primarily due to individual test protocol requirements and because potential partners generally tend to focus on their own pipeline, meaning that testing of external concepts is often postponed.

Management still believes that ORIGIO has an interesting concept for serum free culture of stem cells. However, due to the delay of the external tests, ORIGIO does not expect to be able to sign any partnering agreements in Q2 2011, as previously indicated. Updates on the partnering process will be given on a quarterly basis.

R&D pipeline

Product	Research		Development			Next milestone	Est. Revenue potential*** (DKK million/year)	
	Preclinical	Human safety	Human efficacy		Regulatory			
Probability of success		0 - 10%	10 - 20%	Without transfer	With transfer	80 - 100%		
IVF	IVF medium	EmbryoGen®				Q3 2011	Sequential launch	100+
		Iloprost**	Q3 2011				Pilot impl. data	0 - 100+
		IGF-II	Q3 2011				Doc.raw materials	0 - 350+
	Embryo selection	EmbryoSure*	Q4 2011				Exploratory data	0 - 350+
Micro-fluidics		SMART Start	Q4 2011				Bovine test	0 - 200+
Stem cells	Stem cell medium	Stem cells	Different development path			Agreement	0 - significant	

* Probability at this stage estimated at 20-40% for EmbryoSure due to other uncertainties related to clinical use

** Timeline uncertain due to investigator initiated study. Probability at this stage estimated at 20 - 40%

*** ORIGIO estimate. Revenue potentials may not be additive for IVF media projects

FINANCIAL GUIDANCE 2011

The financial outlook for 2011 remains unchanged but will be reassessed in connection with the Q2 2011 report, at the latest.

DKK	Financial guidance 2011
Revenue	DKK 330-340 million*, incl. constant currency organic growth of 7-10%
EBITDA% before special items	13-15%*
Capital expenditures	DKK 10-15 million
Cash flow from operations	More than DKK 25 million

*Excluding EmbryoGen® launch effects and related costs. The guidance is based on a full year USD/DKK rate of 5.35.

OTHER INFORMATION

The Board of Directors supports a continuation of the growth strategy. This includes an acquisition strategy capable of strengthening ORIGIO's leading position in the IVF market by: 1) adding synergetic products for IVF professionals, 2) expanding the geographical presence in key markets, and 3) adding new innovative concepts to strengthen the pipeline and thereby improve the "baby-take-home-rate". Specific candidates have already been identified along the three dimensions. In order to pursue this strategy, the Board of Directors will seek authorization at the Annual General Meeting to increase the share capital to reach a level of NOK 130 million in proceeds. The anticipated proceeds will accelerate the execution of the acquisition and growth strategy.

At the AGM the Board of Directors will furthermore seek authorization to accomplish a dual-listing of the Company's shares on NASDAQ OMX Copenhagen. A dual-listing is believed to diversify the shareholder base and increase market awareness which the Board of Directors believes will constitute a stronger platform for ORIGIO to build from.

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

There have been no significant transactions between the company and related parties.

RISK MANAGEMENT

The ORIGIO business model involves, as any other commercial business model, a number of risk factors that potentially could impact its earning power and future business life.

There are no major changes in key risk elements, which are depicted in ORIGIO's Annual Report 2010, pages 24-25.

Income Statement

DKK'000	Q1 2011	Q1 2010	% Diff
Revenue	92,402	73,029	27%
Cost of sales	37,472	27,982	34%
Gross contribution	54,930	45,047	22%
GCM %	59.4%	61.7%	-2%p
Sales and marketing	23,936	18,503	29%
Administrative	9,485	8,374	13%
Research and development	5,282	4,781	10%
Total capacity expenses	38,703	31,658	22%
EBITDA before special items	16,227	13,389	21%
EBITDA% before special items	17.6%	18.3%	-1%p
Depreciations	2,778	1,106	151%
EBITA before special items	13,449	12,283	9%
EBITA% before special items	14.6%	16.8%	-2%p
Amortization	1,814	1,869	-3%
EBIT before special items	11,635	10,414	12%
EBIT% before special items	12.6%	14.3%	-2%p
Special items	-490	0	-
EBIT	11,145	10,414	7%
EBIT%	12.1%	14.3%	-2%p
Net finance	-3,190	-2,768	15%
EBT	7,955	7,646	4%
EBT%	8.6%	10.5%	-2%p
Income tax expense	-3,330	-3,091	8%
Net profit	4,625	4,555	2%
Net profit %	5.0%	6.2%	-1%p

Distribution of net profit

Minority interests	920	59
Transferred to retained earnings	3,705	4,496
Net Profit	4,625	4,555

Earnings per share

Earnings per share (EPS)	0.13	0.13
Earnings per share diluted (EPS diluted)	0.13	0.16

Comprehensive income

Net profit/loss	4,625	4,555	2%
Other comprehensive income:			
Interest swap	4,130	-3,031	-236%
Exchange rate adjustment regarding foreign subsidiaries	-5,463	5,078	-208%
Comprehensive income	3,293	6,602	-50 %

Statement of Financial Position

DKK'000	End Q1 2011	End Q1 2010	End 2010
Goodwill	132,698	137,748	139,450
Licenses and rights	1,442	1,956	1,829
Development projects in progress	10,249	6,760	9,635
Other intangible assets	41,023	20,767	37,279
Intangible assets	185,412	167,231	188,193
Properties	159,051	30,868	158,824
Plant and equipment	14,811	4,765	14,590
Assets under construction	4,059	127,095	2,636
Other fixtures and fitting, tools and equipment	17,250	8,537	17,462
Property, plant and equipment	195,171	171,265	193,512
Other investments	525	7,180	561
Deferred tax asset	18,674	18,948	18,977
Financial non-current assets	19,199	26,128	19,538
Total non-current assets	399,782	364,624	401,243
Inventories	38,605	34,951	39,622
Trade receivables	64,392	56,615	53,408
Other receivables	3,861	7,527	2,409
Prepayments	4,683	6,215	2,254
Receivables	72,936	70,357	58,071
Securities	420	25,197	437
Cash and cash equivalents	13,145	19,230	18,560
Assets classified as held for sale	11,995	0	11,995
Total current assets	137,101	149,735	128,685
Total assets	536,883	514,359	529,928
Total equity	198,522	185,466	192,931
Bank and other credit institutions	186,011	202,714	203,147
Other non-current liabilities	5,242	9,785	529
Deferred tax	465	464	465
Non-current liabilities	191,718	212,963	204,141
Short-term portion of non-current liabilities	36,618	26,965	26,832
Bank borrowings	22,408	13,768	20,554
Trade payables	28,446	33,287	27,097
Income taxes	1,488	3,981	3,252
Other payables	46,534	37,929	43,726
Other current liabilities	135,494	115,930	121,461
Liabilities associated with assets held for sale	11,149	0	11,395
Total current liabilities	146,643	115,930	132,856
Total liabilities	338,361	328,893	336,997
Total equity and liabilities	536,883	514,359	529,928

Net interest bearing debt amounted to DKK 232.9 million as per March 31, 2011

Statement of Cash Flows

DKK '000	Q1 2011	Q1 2010
Result for the period	4,625	4,555
Amortizations and depreciations	4,592	2,975
Warrants	0	369
Financial items and tax	6,520	5,859
Change in inventories	-245	-3,283
Change in receivables	-15,273	-15,278
Change in other working capital items	8,237	1,584
Cash flow from operations before financial items & tax	8,456	-3,219
Financial items and tax paid	-7,659	-121
Cash flow from operating activities	797	-3,340
Investment in intangible assets	-866	-581
Investment in property, plant and equipment	-4,367	-38,371
Free cash flow	-4,436	-42,292
Investment in financial assets	17	36,536
Cash flow from investment activities	-5,216	-2,416
Cash flow before financing activities	-4,419	-5,756
Cash flow from financing activities, net	-2,497	-53
Net cash flow	-6,916	-5,809

Segment Information

DKK '000 Business segments	Q1 2011					Q1 2010				
	Dispos-ables	Equip-ment	Fertility Products	Stem Cells	Total	Dispos-ables	Equip-ment	Fertility Products	Stem Cells	Total
Revenue	72,036	20,366	92,402	0	92,402	70,758	2,271	73,029	0	73,029
Research and Development			-4,736	-546	-5,282			-3,911	-870	-4,781
EBIT			11,691	-546	11,145			11,284	-870	10,414

Special Items

DKK '000	Q1 2011	Q1 2010
Property, Jyllinge (former HQ)	247	0
Consultants (novel activities)	243	0
Special items	490	0

Statement of Equity as at March 31, 2011

DKK '000	Share capital	Translation reserve	Retained Earnings	Minority interest	Total
Equity as of January 1, 2011	144,976	-1,383	47,642	1,696	192,931
Comprehensive income	0	-5,463	7,835	920	3,293
Warrants exercised	250	0	323	0	573
Capital increase	602	0	1,124	0	1,726
Equity as at March 31, 2011	145,828	-6,846	56,924	2,616	198,522

Statement of Equity as at March 31, 2010

DKK '000	Share capital	Translation reserve	Retained Earnings	Minority interest	Total
Equity as of January 1, 2010	141,964	-5,585	41,131	985	178,495
Comprehensive income	0	5,078	1,465	59	6,602
Warrants compensation expenses	0	0	369	0	369
Equity as at March 31, 2010	141,964	-507	42,965	1,044	185,466

Earnings per Share

DKK '000	Q1 2011	Q1 2010
No. of shares end period	29,115,695	28,392,897
Avr. No. of shares in period	29,100,973	28,392,897
Net EPS – undiluted	0.13	0.13
Dilution effect of minorities	0%	0%
Dilution effect of warrants	0.09%	0.15%
Net EPS – diluted	0.13	0.16
Net EPS – diluted excl. amort.	0.20	0.23

Employees

	Q1 2011	Q1 2010
Employees end period	233	212

Accounting Policies

The financial report for the period January 1 – March 31, 2011 has been prepared in accordance with IAS 34. The principal accounting policies applied in the preparation of the condensed consolidated financial statements are set out in ORIGIO's Annual Report 2010, pages 56-62. The accounting policies are unchanged from 2010.

Statement by the Executive Board and Board of Directors

The financial report for the period January 1 – March 31, 2011 has been prepared in accordance with IAS 34 as adopted by the EU and Danish disclosure requirements for interim reports for listed companies.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at March 31, 2011 and the results of the group's operations and cash flow for the first quarter.

In our opinion, the report includes a fair view about the development in the group's operations and economic conditions, the results for the quarter, as well as a review of the most significant risks and uncertainties that the group faces.

Måløv, April 28, 2011

Executive Board

Jesper Funding Andersen

Board of Directors:

Flemming Pedersen
Chairman

Jens Zilstorff

Jørgen Drejer

Flemming Juul Jensen

Jaime Grego-Mayor

Bente Jensen

Kirsten Bakkøl

Independent auditor's review report on the financial report for the period January 1 – March 31, 2011

To the shareholders of ORIGIO a/s

We have reviewed the financial report of ORIGIO a/s for the period January 1 – March 31, 2011 which comprise financial highlights Q1 2011, condensed income statement, statement of comprehensive income, condensed statement of financial position, condensed statement of cash flows, statement of changes in equity and selected notes (“the financial report”). The financial report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies. The stated comparative figures for the period January 1 – March 31, 2010 is not part of the review.

Management is responsible for the preparation and presentation of the financial report. Our responsibility is to express an opinion on the financial report based on our review.

Basis of opinion

We conducted our review in accordance with the Danish Standard on Auditing RS 2410 “Review of interim financial information performed by the independent auditor of the entity “. A review of financial reports consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than the scope of an audit conducted in accordance with Danish Standards on Auditing and therefore provides less assurance that we will become aware of all significant matters that might be identified in an audit. We have not conducted an audit, and accordingly we express no audit opinion on the financial report.

Opinion

During our review, nothing has come to our attention that causes us to believe that the financial report for the period January 1 – March 31, 2011 has not been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies.

Copenhagen, on 28 April 2011

Grant Thornton

Incorporated State Authorised Public Accountants

Gert Fisker Tomczyk

State Authorised Public Accountant

Henrik Ødegaard

State Authorised Public Accountant

ORIGIO a/s

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