



CELLAVISION AB (publ)

Interim report for the period January 1 – June 30, 2009

Increased gross margin and next generation analyzer ready for launch

- Net sales for the period amounted to SEK 42.7 million (41.3), an increase of 2 %. The second quarter accounted for SEK 20.7 million (22.8) of this amount.
- The operating profit for the period was SEK 1.8 million (2.8) and for the second quarter SEK 1.0 million (1.5).
- Earnings per share for the period amounted to SEK 0.06 (0.11).
- Cash and cash equivalents were SEK 9.3 million (16.9) by the end of the quarter.
- The new analyzer CellaVision® DM1200 was presented in Europe, and the first orders were taken.
- CellaVision was awarded the SwedenBIO Award for its successes during 2008.
- CellaVision's Japanese subsidiary received its first order.
- CellaVision qualified for trade on the NASDAQ OMX First North Premier.

CellaVision in summary

| (MSEK) | Jan - June 2009 | Jan - June 2008 | Full year 2008 |
|------------------|--------------------|--------------------|-------------------|
| Net sales | 42.7 | 41.3 | 100.4 |
| Gross profit | 30.9 | 25.8 | 63.5 |
| Operating result | 1.8 | 2.8 | 13.4 |
| Net result | 1.4 | 2.6 | 13.1 |
| Cash flow | -10.3 | 0.6 | 3.3 |

CEO's comment

"CellaVision's products are still receiving a great deal of attention on our main markets. The hospital market is being increasingly affected by the global financial crisis and decisions to purchase are taking longer, which is most apparent on the US market. Having said that, it is worth noting that we are still showing a positive result despite a financially unstable world market," says Yvonne Mårtensson, CEO of CellaVision.

"Our new product, the CellaVision DM1200 provides CellaVision with a wider and stronger range of products, giving us a more competitive edge. The product was shown in Europe for the first time during this quarter. The analyzer was very well received and CellaVision has already taken its first orders from Sysmex in Europe. We are now waiting for the product to be ready for sale in the end of July, and the next step will be to obtain the approvals needed to sell the CellaVision DM1200 on other markets. The development of this product has demanded large resources during the period, which has contributed to the negative cash flow."

"Our investments in our own sales organizations in Japan and North America have resulted in the first Japanese order received from one of Japan's largest laboratory chains as well as several important orders in Canada. North America accounted for 54 % during the period."

For further information, please contact:

Yvonne Mårtensson, CEO. Phone: +46 708 33 77 82, e-mail: yvonne.martensson@cellavision.com

Johan Wennerholm, CFO. Phone: +46 708 33 81 68, e-mail: johan.wennerholm@cellavision.com



CELLAVISION IN BRIEF

CellaVision AB develops, markets, and sells the market leading image analysis based systems for routine analysis of blood and other body fluids. The company has a core competence in development of software and hardware for automatic image analysis of cells and cell changes for applications in health and medical care. The company offers cutting edge expertise in advanced imaging analysis, artificial intelligence, and automated microscopy.

Currently the company focuses on the following three products: CellaVision® DM8, CellaVision® DM96, and CellaVision® Competency Software. The CellaVision DM product family includes analyzers which automate manual differential counts of white blood cells and characterization of red blood cells. The products provide an unprecedented level of efficiency, consistency and collaboration between laboratory staff and sites. CellaVision Competency Software is a combined proficiency testing and educational software for manual blood cell differential in laboratories. Additional software applications are under development.

The CellaVision customers are large and medium sized hospital-laboratories and independent commercial laboratories in mainly Europe and the US. In most countries the products are sold through distributors. In the Nordic countries and through subsidiaries in the US, Canada and Japan, CellaVision sells direct.

SUMMARY OF THE PERIOD JANUARY – JUNE

Market and sales

Sales increased by 2 % to SEK 42.7 million (41.3) during the period as compared to the same period the previous year. Europe accounted for 44 % (56) of sales, North America for 54 % (42), and the rest of the world for 2 % (2).

Traditionally, CellaVision has an uneven flow of orders, which is true for the industry as a whole, and is largely due to the distributors' sales successes and inventory levels. There can be significant variations in the order volumes for individual quarters.

Interest for digital cell morphology is continuously on the rise and demand for CellaVision's products is particularly strong in Europe and North America. CellaVision's products are becoming an increasingly important component in the chain of automated laboratory instruments and during the period a number of hospitals have made their routine analysis more efficient using CellaVision's products. Importantly, many of our pioneering customers like the University Hospital of Lund continue replacing their earlier models with the next generation of analyzers. This confirms our perception that CellaVision's products offer clinical laboratories valuable benefits.

The global financial situation has come to a point where it has an effect on the demand also for CellaVision's products. This is most notable on the US market where studies are indicating that hospitals are taking longer to reach decisions on investments. Despite this, the North American market continues to develop positively, due to our own sales organization in combination with the distributor Sysmex America.



During the period three analyzers were sold to the university hospital in Montreal, Canada – Centre hospitalier de l'Université de Montréal (CHUM). The analyzers will be installed at the hospitals of Notre-Dame, Hôtel-Dieu, and Saint-Luc. As yet, the Canadian subsidiary has sold more than 25 instruments to laboratory customers, particularly in and around the Ontario province as well as on the Canadian west coast.

The three first orders for the new analyzer CellaVision® DM1200 were received from the distributor Sysmex Europe. The product was presented during spring at a scientific seminar and was very well received by distributors and potential customers. The official product launch will take place at the international convention, the AACC Annual Meeting & Clinical Lab Expo, in Chicago, USA on the 19-23 July. The product will be commercially available in the end of July, and the next step will be to obtain the product registrations needed to sell the CellaVision DM1200 on the North American and Japanese markets.

The Japanese subsidiary was fully operative by the start of the year and received its first order during the second quarter. The CellaVision® DM96 analyzer will be installed at the National Hospital Organization Tokyo Medical Center Medicine Laboratory, which is part of one of Japan's largest laboratory chains. This order indicates that our product meets the high Japanese demands of analytical quality and efficiency, and is an important guide for our future penetration of the Japanese market.

China is an emerging market with long-term potential. During the period the distributor Vastec sold a CellaVision DM96 analyzer to a hospital in Beijing. This was the second instrument sales; the first one was in 2008 when the product was introduced on the Chinese market.

During the second quarter CellaVision was awarded the 2009 SwedenBio Award for its exceptional contributions to the life-science industry during the year of 2008. CellaVision was given the prize for its combination of innovative strength in an important field, endurance, customer-focused marketing, and good business conduct. The award was handed to CEO Yvonne Mårtensson by Swedish Minister for Trade Ewa Björling at a ceremony at SwedenBIO's Annual General Meeting in Stockholm on May 27.

Research and development

During the period CellaVision has focused on the development of the new hardware platform, which has demanded large resources both in terms of funding as well as manpower. Our third generation analyzer, the CellaVision® DM1200 analyses blood and other body fluids and is intended for hospitals with medium-sized sample volumes. The benefits that the CellaVision DM1200 offers are similar to our other analyzers – time-reductions and more standardized results, digital archiving of results together with patient records as well as transfer of digital images to remote experts. Test results are an important part of diagnosing a number of diseases, including different types of infections and leukemia.



During the period the company obtained three new patents in Europe (Great Britain, Germany, and France). The patents describe a positioning method using overlapping images to very precisely position a test slide during analysis. At the end of the quarter a total of 18 patented inventions had generated 30 patents.

SALES, INCOME, AND INVESTMENTS

Net sales for the Group amounted to SEK 42.7 million (41.3), an increase of 2 % as compared to the same period the previous year. Net sales during the second quarter were SEK 20.7 million (22.8).

The gross margin amounted to 72 % (62) during the period and to 81 % (61) during the second quarter. The increase is related to increased sales of software licenses and consumables, and the dollar exchange rate during the quarter.

The Group's operating profit for the period was SEK 1.8 million (2.8). Adjusted for exchange-rate effects the operating profit for the period had been SEK -2.3 million. The Group's operating profit for the second quarter was SEK 1.0 million (1.5). The total operating expenses for the period amounted to SEK 29.1 million (23.0), and for the second quarter to SEK 15.9 million (12.4).

Capitalized costs for development projects during the period amounted to SEK 8.0 million (4.1). Investments in tangible assets during the period amounted to SEK 0.2 million (0.9).

FINANCING

The Group's cash and cash equivalents amounted to SEK 9.3 million (16.9) by the end of the period.

The cash flow from operating activities amounted to SEK -3.2 million (-0.4) during the second quarter. Total cash flow amounted to SEK -10.3 million (0.6) during the period.

The increased direct sales to end users affect payment time in comparison to factoring, which is used for sales through distributors. In combination with the final phase of the hardware development project and the investments in own organizations, this has contributed to the negative cash flow. Capitalized costs for development projects of hardware during the period amounted to SEK 8.0 million (4.1), of which a significant part refers to non-recurring external costs.

To minimize exposure to currency risks, the company continuously hedges 50-75 percent of its anticipated currency net flow twelve months ahead.



PARENT COMPANY

Parent company sales for the period amounted to SEK 45.9 million (41.6). Pre-tax earnings amounted to SEK 12.1 million (4.3). Parent company sales for the second quarter amounted to SEK 22.3 million (22.5) and pre-tax earnings to SEK 6.3 million (2.1).

The parent company's gross investments in tangible assets during the period amounted to SEK 0.2 million (0.9) and net cash flow was SEK -10.8 million (-1.3).

For more, please refer to the financial information concerning the Group.

PERSONNEL

As a result of the strategic decision to invest in the CellaVision sales organization in the North American markets, Dave Autry was appointed President of CellaVision North America. The new president, who took his post on the 4th of May, 2009, has more than 20 years of experience in leading positions from both large international companies and smaller start-up companies in the field of diagnostics and medical technology.

The number of employees in the Group, restated as full-time positions, was 49 (40) at the close of the period. Of these, 31 (26) were men and 18 (14) women.

OTHER INFORMATION

Group

On June 30, 2009, the Group consisted of the parent company and the wholly-owned subsidiaries CellaVision Inc. (USA), CellaVision Canada Inc. (Canada), CellaVision Japan K.K. (Japan) and CellaVision International AB.

Accounting policies

The consolidated accounts are prepared in accordance with International Financial Reporting Standards, IFRS. The interim report of the group is prepared in accordance with IAS 34, Interim Financial Reporting and the interim report of the parent company in accordance with the Annual Accounts Act. As of 1 January 2009 changes in IAS 23 Borrowing Costs came into force. For CellaVision this implies that borrowing costs related to new development projects will be capitalized. During the first quarter no new development projects have been initiated. Changes in IAS 1 Presentation of Financial Statements imply that only transactions with shareholders are recorded in change in equity. Other items, which previously were posted directly to equity, are included in the total profit/loss of the group. The interim report has in other respects been prepared in accordance with accounting policies and methods of calculation appearing in the annual accounts for 2008.



Information about risks and uncertainties

Reduced demand and currency instabilities contribute to a level of uncertainty, although not necessarily risks. For a more detailed description of the risks and uncertainties facing CellaVision, please refer to the risk and sensitivity analysis in the Annual Report for 2008.

Reviews

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

Financial Calendar

| | |
|------------------------|-------------------|
| Interim Jan – Sept | October 23, 2009 |
| Year-end Bulletin 2009 | February 12, 2010 |

The interim reports are available at www.cellavision.com.

The Board and CEO assure that the interim report reflects a fair overview of the parent company's and Group's operations, current status, and results and describes possible risks and uncertainties that the parent company and the Group may encounter.

Lund, July 15, 2009

Lars Gatenbeck
Chairman of the Board

Christer Fåhraeus
Member of the Board

Torbjörn Kronander
Member of the Board

Sven-Åke Henningsson
Member of the Board

Niels Freiesleben
Member of the Board

Yvonne Mårtensson
CEO

For further information, please contact:

Yvonne Mårtensson, CEO, CellaVision AB.

Mobile: +46 708 33 77 82, e-mail: yvonne.martensson@cellavision.se

Johan Wennerholm, CFO, CellaVision AB.

Mobile: +46 708 33 81 68, e-mail: johan.wennerholm@cellavision.se

Address

CellaVision AB
Ideon Science Park
SE-223 70 LUND, Sweden

CellaVision's website: www.cellavision.com

Corporate ID: 556500-0998

CellaVision's share is listed on First North Premier at the OMX Stockholm Stock Exchange. CellaVision is traded under the ticker symbol CEVI and the ISIN-code SE0000683484. The company's Certified Advisor is Remium AB.



| Consolidated Income Statement | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| All amount in ' 000 SEK | Apr-Jun 2009 | Apr-Jun 2008 | Jan-Jun 2009 | Jan-Jun 2008 | Jan-Dec 2008 |
| Revenue | 20 704 | 22 809 | 42 663 | 41 319 | 100 444 |
| Cost of goods sold | -3 890 | -8 874 | -11 731 | -15 529 | -36 941 |
| Gross Profit | 16 814 | 13 935 | 30 932 | 25 790 | 63 503 |
| Sales and Marketing expenses | -8 504 | -5 123 | -15 733 | -8 621 | -21 748 |
| Administration expense | -5 068 | -3 984 | -9 093 | -8 071 | -16 461 |
| R&D expenses | -5 635 | -5 430 | -12 386 | -10 050 | -20 669 |
| Other operating income | 114 | 89 | 114 | 89 | - |
| Other operating expenses | - | - | - | -473 | -12 |
| Capitalized development expenditures | 3 238 | 2 031 | 7 990 | 4 113 | 8 771 |
| Operating result | 959 | 1 518 | 1 824 | 2 777 | 13 384 |
| Financial income | 0 | 21 | 13 | 115 | 363 |
| Financial expense | -43 | -115 | -403 | -282 | -693 |
| Profit before income tax | 916 | 1 424 | 1 434 | 2 610 | 13 054 |
| Tax | - | - | - | - | 12 000 |
| Net profit | 916 | 1 424 | 1 434 | 2 610 | 25 054 |

| Consolidated Comprehensive Income Statement | | | | | |
|--|--------------|--------------|--------------|--------------|---------------|
| All amount in ' 000 SEK | Apr-Jun 2009 | Apr-Jun 2008 | Jan-Jun 2009 | Jan-Jun 2008 | Jan-Dec 2008 |
| Net profit for the period | 916 | 1 424 | 1 434 | 2 610 | 25 054 |
| Other comprehensive income: | | | | | |
| Translation difference | -33 | -41 | 1 069 | 237 | 859 |
| Sum of other comprehensive income: | -33 | -41 | 1 069 | 237 | 859 |
| Comprehensive profit for the period | 883 | 1 383 | 2 503 | 2 847 | 25 913 |

| Per share data | Apr-Jun 2009 | Apr-Jun 2008 | Jan-Jun 2009 | Jan-Jun 2008 | Jan-Dec 2008 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Earnings per share, SEK */ | 0,04 | 0,06 | 0,06 | 0,11 | 1,05 |
| Equity per share SEK | 2,03 | 0,96 | 2,00 | 0,96 | 1,93 |
| Equity ratio, % | 61% | 40% | 61% | 40% | 48% |
| Number of shares outstanding | 23 851 547 | 23 851 547 | 23 851 547 | 23 851 547 | 23 851 547 |
| Average number of shares outstanding | 23 851 547 | 23 851 547 | 23 851 547 | 23 851 547 | 23 851 547 |
| Stock exchange rate SEK | 8,80 | 4,90 | 8,80 | 4,90 | 5,05 |

*/ In relation to net profit and outstanding shares

| Quarterly results | | | | | | |
|--------------------------|---------|---------|---------|---------|---------|---------|
| All amount in ' 000 SEK | Q2 2009 | Q1 2009 | Q4 2008 | Q3 2008 | Q2 2008 | Q1 2008 |
| Revenue | 20 704 | 21 959 | 38 326 | 20 799 | 22 809 | 18 510 |
| Gross Profit | 16 814 | 14 118 | 21 143 | 16 570 | 13 935 | 11 855 |
| Gross Margin in % | 81 | 64 | 55 | 80 | 61 | 64 |
| Overhead cost | -15 855 | -13 253 | -14 087 | -13 019 | -12 417 | -10 596 |
| Operating result | 959 | 865 | 7 056 | 3 551 | 1 518 | 1 259 |
| Net profit | 916 | 518 | 19 049 | 3 395 | 1 424 | 1 186 |
| Cashflow | -5 116 | -5 178 | 8 317 | -5 618 | 864 | -272 |



| Consolidated Balance sheet | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| All amount in ' 000 SEK | 2009-06-30 | 2008-06-30 | 2009-03-31 | 2008-12-31 |
| Assets | | | | |
| Intangible assets | 22 339 | 10 893 | 19 382 | 14 910 |
| Tangible assets | 2 632 | 1 803 | 2 774 | 2 824 |
| Financial assets | 12 093 | 71 | 12 104 | 12 095 |
| Inventory | 12 303 | 4 137 | 11 636 | 8 351 |
| Trade receivables | 16 355 | 20 025 | 17 399 | 32 620 |
| Other receivables | 4 278 | 3 579 | 4 436 | 6 035 |
| Cash and bank | 9 344 | 16 939 | 14 460 | 19 638 |
| Total assets | 79 344 | 57 447 | 82 191 | 96 473 |
| Equity and liabilities | | | | |
| Equity | 48 488 | 22 919 | 47 605 | 45 985 |
| Short term debt | 8 419 | 8 168 | 6 656 | 10 567 |
| Short term debt with interest | 11 262 | 15 888 | 9 865 | 20 801 |
| Trade payables | 9 399 | 8 212 | 16 193 | 17 224 |
| Other liabilities | 1 776 | 2 260 | 1 872 | 1 896 |
| Total equity and liabilities | 79 344 | 57 447 | 82 191 | 96 473 |
| Consolidated statement of changes in equity | | | | |
| | 2009-06-30 | 2008-06-30 | 2009-03-31 | 2008-12-31 |
| Balance at the beginning of the year | 45 985 | 20 072 | 45 985 | 20 072 |
| New issues | - | - | - | - |
| Net profit for the year | 2 503 | 2 847 | 1 620 | 25 913 |
| Balance at the end of the year | 48 488 | 22 919 | 47 605 | 45 985 |

| Cash flow analysis | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| All amount in ' 000 SEK | Apr-Jun 2009 | Apr-Jun 2008 | Jan-Jun 2009 | Jan-Jun 2008 | Jan-Dec 2008 |
| Result before taxes | 916 | 1 424 | 1 434 | 2 610 | 13 054 |
| Adjustment for items not included in cash flow | 1 505 | 215 | -1 271 | 1 143 | 5 255 |
| Taxes | - | - | - | - | - |
| Cash flow from operations before changes in working capital | 2 421 | 1 639 | 164 | 3 753 | 18 309 |
| Changes in working capital | -5 642 | -2 059 | 7 311 | -6 515 | -17 039 |
| Cash flow from operations | -3 222 | -420 | 7 475 | -2 762 | 1 270 |
| Capitalisation of development costs | -3 238 | -2 031 | -7 990 | -4 113 | -8 771 |
| Aquisitions in financial non-current assets | - | - | 0 | -54 | -67 |
| Aquisitions in tangible non-current assets | -53 | -824 | -238 | -914 | -2 488 |
| Cash flow from investment activities | -3 291 | -2 855 | -8 228 | -5 081 | -11 326 |
| New loans and instalments of dept | 1 397 | 4 139 | -9 540 | 8 435 | 13 347 |
| Cash flow from financing activities | 1 397 | 4 139 | -9 540 | 8 435 | 13 347 |
| Total cash flow | -5 116 | 864 | -10 294 | 592 | 3 291 |
| Liquid funds at beginning of period | 14 460 | 16 075 | 19 638 | 16 347 | 16 347 |
| Liquid funds at end of period | 9 344 | 16 939 | 9 344 | 16 939 | 19 638 |



Income Statement - Parent Company

| All amount in ' 000 SEK | Apr-Juni 2009 | Apr-Jun 2008 | Jan-Jun 2009 | Jan-Jun 2008 | Jan-Dec 2008 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 22 305 | 22 476 | 45 893 | 41 647 | 100 793 |
| Cost of goods sold | -4 814 | -8 933 | -13 755 | -16 222 | -45 812 |
| Gross Profit | 17 491 | 13 543 | 32 138 | 25 425 | 54 981 |
| Sales and Marketing expenses | -3 854 | -3 909 | -6 346 | -5 929 | -10 461 |
| Administration expense | -5 068 | -4 129 | -9 093 | -8 689 | -16 461 |
| R&D expenses | -5 635 | -5 430 | -12 386 | -10 050 | -20 669 |
| Other operating income | 114 | 89 | 114 | 89 | - |
| Other operating expenses | - | - | - | -473 | -12 |
| Capitalized development expenditures | 3 238 | 2 031 | 7 990 | 4 113 | 8 771 |
| Operating result | 6 286 | 2 195 | 12 417 | 4 486 | 16 149 |
| Financial income | 1 | 21 | 13 | 115 | 358 |
| Financial expense | -24 | -113 | -313 | -280 | -692 |
| Profit before income tax | 6 263 | 2 103 | 12 117 | 4 321 | 15 815 |
| Tax | - | - | - | - | 12 000 |
| Net profit | 6 263 | 2 103 | 12 117 | 4 321 | 27 815 |

Balance sheet - Parent Company

| All amount in ' 000 SEK | 2009-06-30 | 2008-06-30 | 2009-03-31 | 2008-12-31 |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Assets | | | | |
| Intangible assets | 22 339 | 10 893 | 19 382 | 14 910 |
| Tangible assets | 2 447 | 1 699 | 2 617 | 2 695 |
| Financial assets | 12 704 | 704 | 12 704 | 12 704 |
| Inventory | 7 708 | 3 459 | 7 238 | 5 736 |
| Trade receivables | 26 882 | 23 222 | 28 334 | 32 320 |
| Other receivables | 11 336 | 4 697 | 3 786 | 12 725 |
| Cash and bank | 6 284 | 14 580 | 9 408 | 17 113 |
| Total assets | 89 700 | 59 254 | 83 469 | 98 203 |
| Equity and liabilities | | | | |
| Equity | 58 724 | 23 114 | 52 460 | 46 606 |
| Short term debt | 8 453 | 16 595 | 8 196 | 11 733 |
| Short term debt with interest | 11 262 | 9 156 | 9 864 | 20 801 |
| Trade payables | 9 485 | 8 129 | 11 077 | 17 167 |
| Other liabilities | 1 776 | 2 260 | 1 872 | 1 896 |
| Total equity and liabilities | 89 700 | 59 254 | 83 469 | 98 203 |