



CELLAVISION AB (publ)

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

Successful launch of CellaVision® DM1200 and a solid earnings trend

- Net sales increased by 12% to SEK 69.6 million (62.1), of which the third quarter accounted for SEK 27.0 million (20.8).
- The operating profit for the period was SEK 7.3 million (6.3), and for the third quarter SEK 5.5 million (3.6).
- Earnings per share for the period amounted to SEK 0.28 (0.25), and for the third quarter SEK 0.22 (0.14).
- Cash and cash equivalents amounted to SEK 11.9 million (11.3) by the end of the period.
- The new analyzer CellaVision® DM1200 became commercially available in Europe and Canada and was successfully introduced on the market. The first substantial order was taken in Europe.

CellaVision in summary

(MSEK)	Q3 2009	Q3 2008	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Net sales	27.0	20.8	69.6	62.1	100.4
Gross profit	20.1	16.6	51.0	42.4	63.5
Operating result	5.5	3.6	7.3	6.3	13.4
Net result	5.4	3.4	6.8	6.0	13.1
Cash flow	2.6	-5.6	-7.7	-5.0	3.3

CEO's comment

"Our new product CellaVision DM1200 is now commercially available in both Europe and Canada which will be beneficial for sales," says Yvonne Mårtensson, CEO of CellaVision. "We got the first substantial order from our distributor Sysmex Europe. The order comprised close to twenty analyzers, which indicates that adapting our product to the needs of medium-sized hospitals was strategically correct."

"We show solid increase in terms of both revenue and results during the third quarter despite the global financial crisis, and we continue to show a strong gross margin."

"During the quarter our own sales organizations have taken orders from important customers in the USA, Canada, Japan, as well as the Nordic region, and we continue to work hard to strengthen our position in each of those markets."

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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.

The CellaVision DM range of products carries out automated analyses of cells in slides of peripheral blood and other body fluids. The products contribute to increased efficiency and standardization as well as exchange of expertise within and between laboratories.

The CellaVision customers are large and medium sized hospital-laboratories and independent commercial laboratories in mainly Europe and North America. 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 – SEPTEMBER

Market and sales

Sales for the period January-September amounted to SEK 69.9 million (62.1), an increase of 12 % in comparison to the same period the previous year. During the period Europe accounted for 48 % (42) of sales, North American for 49 % (57), and the rest of the world for 3 % (1). 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.

During the quarter CellaVision delivered the first CellaVision® DM1200 analyzers, the new product for medium-sized hospital laboratories. The first substantial order came from the distributor Sysmex Europe, which confirms that there is demand for the product and which contributes to the good sales result in Europe in the period. In July, the product was positively received at the AACC Annual Meeting & Clinical Lab Expo in Chicago where it was presented in both CellaVision's and Sysmex America's display areas. The analyzer also received clearance for sales in Canada during the third quarter. In the US, the product will become commercially available when CellaVision has received the necessary approvals. This is expected to happen during the first half-year of 2010. The potential CellaVision DM1200 customers are to be found among the 15 000 laboratories identified as the company's main market.

The global financial crisis continues to have an effect on the market and is reducing hospitals' demand for the CellaVision products in the short-term. As of yet, the US market has been most affected in that the purchasing processes are taking longer.

CellaVision's products

Analyzers:

CellaVision® DM8
CellaVision® DM96
CellaVision® DM1200

Optional application for body fluids analysis:

CellaVision® Body Fluid Application

Software for networking and remote access:

CellaVision® Remote Review Software

Software for proficiency testing and education:

CellaVision® Competency Software



Despite this, the CellaVision sales organization in North America has received another couple of orders during the third quarter. To stimulate the North American market, focus is on marketing and finding alternative financial solutions for customers.

In Japan the CellaVision products have received much attention since the Japanese subsidiary became fully operative early 2009. During the third quarter the company took two new orders from important reference customers: Juntendo University Medical School in Tokyo, which initially will be using the CellaVision DM96 in their biomedical education program, and the Red Cross Kyoto Daiichi Hospital in Kyoto, which uses the analyzer in routine analysis. Together with the order from one of Japan's largest laboratory chains, these orders confirm that CellaVision is meeting the Japanese market's high demands of analytical quality and efficiency. The product is beneficial to both hospital and commercial laboratories, as well as in medical education.

During the quarter the Swedish county council Region Västra Götaland placed an initial order for two analyzers as a part of the agreement entered in 2008. The aim of the county council is to introduce digital morphology as a standard method in the entire region. Another two CellaVision DM96 analyzers will be installed in two laboratories, and the region will be tied together by using CellaVision's software for remote access. In 2007, the county council in Stockholm introduced the CellaVision technology at six of the Karolinska University Laboratory units.

Research and development

CellaVision® DM1200, the company's new analyzer for medium-sized hospital laboratories, became commercially available on the European and Canadian markets during the third quarter. The product has been developed to meet the needs of medium-sized laboratories and makes CellaVision more competitive, taking on a yet wider market. Similarly to the company's other analyzers, the CellaVision DM1200 replaces manual microscopy in analyses of blood and helps improve quality and efficiency of analyses. The company has also continued its work on completing the application for body fluids during the quarter.

At the end of the quarter a total of 18 patented inventions had generated 30 patents.

Important events after the reporting period

There were no important events after the reporting period.



SALES, INCOME, AND INVESTMENTS

Net sales for the Group amounted to SEK 69.6 million (62.1) during the period January 1 – September 30, an increase of 12 % as compared to the same period the previous year. Net sales during the third quarter amounted to SEK 27.0 million (20.8).

The gross margin amounted to 73 % (68) during the period, and to 74 % (80) during the third quarter. The high margin of the period is due to increased sales of software licenses, consumables, and exchange rates.

The Group's operating profit for the period was SEK 7.3 million (6.3). Adjusted for exchange-rate effects the operating profit for the period would have been SEK 1.6 million. The Group's operating profit for the third quarter was SEK 5.5 million (3.6). Total operating expenses for the period amounted to SEK 43.8 million (36.0), of which the third quarter accounted for SEK 14.6 million (13.0).

Capitalized costs for development projects amounted to SEK 2.7 million (2.3) during the third quarter. Investments in property, plant, and equipment during the quarter amounted to SEK 0.1 million (0.7).

FINANCING

The Group's cash and cash equivalents at the end of the period amounted to SEK 11.9 million (11.3).

The quarter's cash flow from operating activities amounted to SEK 0.1 million (2.3). The period's total cash flow amounted to SEK -7.7 million (-5.0). The negative cash flow of the period is due to the development of the new hardware platform. The project has now been completed, and the product launched.

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

PARENT COMPANY

Sales for the parent company amounted to SEK 67.2 million (62.7) during the period. Pre-tax earnings amounted to SEK 18.4 million (8.3). The parent company's sales for the third quarter amounted to SEK 21.4 million (21.0). Pre-tax earnings amounted to SEK 6.3 million (4.0).

During the quarter the parent company's gross investments amounted to SEK 0.3 million (1.7) and net cash flow was SEK -7.0 million (-5.0).

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



PERSONNEL

The number of employees in the Group, restated as full-time positions, was 50 (45) by the close of the period. Of these, 31 (29) were men and 19 (16) women.

OTHER INFORMATION

Yvonne Mårtensson, CEO of CellaVision, was awarded the 2009 Biotech Builder prize during the quarter. She received the prize for taking CellaVision from concept to a fully functional commercial company, as well as for her contributions to the biotechnological industry in the Öresund region. Biotech Builders is a Danish-Swedish networking group for pharmaceutical, biotechnological, and medical technological companies in the Öresund region.

The Group

On September 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 Annual Accounts Act, 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 period 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.

Financial Calendar

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, October 23, 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

Our review report was submitted on October 23, 2009.

Deloitte AB

Per-Arne Pettersson
Authorized Public Accountant

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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.



REVIEW REPORT

Introduction

We have conducted a review of the interim report for CellaVision AB (publ.) as of September 30, 2009 and for the nine-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and significantly less scope than an audit in accordance with Auditing Standards in Sweden, RS, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that would have been identified if an audit had been conducted. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material respects, been prepared for the group in accordance with IAS 34 and the Annual Accounts Act and for the parent company in accordance with the Annual Accounts Act.

Lund, October 23, 2009

Deloitte AB

Per-Arne Pettersson
Authorized Public Accountant



Consolidated Income Statement

All amount in ' 000 SEK	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
Revenue	26 993	20 799	69 656	62 118	100 444
Cost of goods sold	-6 927	-4 229	-18 658	-19 758	-36 941
Gross Profit	20 066	16 570	50 998	42 360	63 503
Sales and Marketing expenses	-6 341	-6 538	-22 074	-15 159	-21 748
Administration expense	-4 812	-3 395	-13 905	-11 466	-16 461
R&D expenses	-5 784	-5 951	-18 170	-16 001	-20 669
Other operating income	-	559	-	175	-
Other operating expenses	-315	-	-201	-	-12
Capitalized development expenditures	2 658	2 306	10 648	6 419	8 771
Operating result	5 472	3 551	7 296	6 328	13 384
Financial income	0	41	13	156	363
Financial expense	-111	-197	-514	-479	-693
Profit before income tax	5 361	3 395	6 795	6 005	13 054
Tax	-	-	-	-	12 000
Net profit	5 361	3 395	6 795	6 005	25 054

Consolidated Comprehensive Income Statement

All amount in ' 000 SEK	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
Net profit for the period	5 361	3 395	6 795	6 005	25 054
Other comprehensive income:					
Financial assets at fair value	2 160	-	2 160	-	-
Translation difference	205	192	1 274	429	859
Sum of other comprehensive income:	2 365	192	3 434	429	859
Comprehensive profit for the period	7 726	3 587	10 229	6 434	25 913

Per share data

	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
Earnings per share, SEK */	0,22	0,14	0,28	0,25	1,05
Equity per share SEK	2,36	1,11	2,36	1,11	1,93
Equity ratio, %	62%	45%	62%	45%	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	9,55	5,75	9,55	5,75	5,05

*/ In relation to net profit and outstanding shares

Quarterly results

All amount in ' 000 SEK	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Revenue	26 993	20 704	21 959	38 326	20 799	22 809
Gross Profit	20 065	16 814	14 118	21 143	16 570	13 935
Gross Margin in %	74	81	64	55	80	61
Overhead cost	-14 594	-15 855	-13 253	-14 087	-13 019	-12 417
Operating result	5 472	959	865	7 056	3 551	1 518
Net profit	5 361	916	518	19 049	3 395	1 424
Cashflow	2 578	-5 116	-5 178	8 317	-5 618	864



Consolidated Balance sheet

All amount in ' 000 SEK

	2009-09-30	2008-09-30	2009-06-30	2008-12-31
Assets				
Intangible assets	24 375	12 838	22 339	14 910
Tangible assets	2 460	2 395	2 632	2 824
Financial assets	12 083	77	12 093	12 095
Inventory	10 040	6 843	12 303	8 351
Trade receivables	21 611	20 523	16 355	32 620
Other receivables	8 280	4 628	4 278	6 035
Cash and bank	11 922	11 321	9 344	19 638
Total assets	90 772	58 626	79 344	96 473

Equity and liabilities

Equity	56 214	26 506	48 488	45 985
Short term debt	7 401	9 978	8 419	10 567
Short term debt with interest	16 163	11 034	11 262	20 801
Trade payables	9 182	9 256	9 399	17 224
Other liabilities	1 812	1 852	1 776	1 896
Total equity and liabilities	90 772	58 626	79 344	96 473

Consolidated statement of changes in equity

	2009-09-30	2008-09-30	2009-06-30	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	10 229	6 434	2 503	25 913
Balance at the end of the year	56 214	26 506	48 488	45 985

Cash flow analysis

All amount in ' 000 SEK

	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
Result before taxes	5 361	3 395	6 795	6 005	13 054
Adjustment for items not included in cash flow	-2 571	-654	-3 842	489	5 255
Taxes	-	-	-	-	-
Cash flow from operations before changes in working capital	2 790	2 741	2 954	6 494	18 309
Changes in working capital	-2 734	-452	4 577	-6 967	-17 039
Cash flow from operations	56	2 289	7 531	-473	1 270
Capitalisation of development costs	-2 658	-2 306	-10 648	-6 419	-8 771
Aquisitions in financial non-current assets	-	-	0	-54	-67
Aquisitions in tangible non-current assets	-128	-747	-366	-1 661	-2 488
Cash flow from investment activities	-2 786	-3 053	-11 014	-8 134	-11 326
New loans and instalments of dept	5 308	-4 854	-4 232	3 581	13 347
Cash flow from financing activities	5 308	-4 854	-4 232	3 581	13 347
Total cash flow	2 578	-5 618	-7 716	-5 026	3 291
Liquid funds at beginning of period	9 344	16 939	19 638	16 347	16 347
Liquid funds at end of period	11 922	11 321	11 922	11 321	19 638



Income Statement - Parent Company

All amount in ' 000 SEK	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Dec 2008
Revenue	21 367	21 041	67 260	62 688	100 793
Cost of goods sold	-6 155	-8 285	-19 910	-24 507	-45 812
Gross Profit	15 212	12 756	47 350	38 181	54 981
Sales and Marketing expenses	-553	-2 720	-6 899	-8 649	-10 461
Administration expense	-4 812	-2 776	-13 905	-11 465	-16 461
R&D expenses	-5 784	-5 951	-18 170	-16 001	-20 669
Other operating income	-	559	-	175	-
Other operating expenses	-315	-	-201	-	-12
Capitalized development expenditures	2 658	2 306	10 648	6 419	8 771
Operating result	6 406	4 174	18 823	8 660	16 149
Financial income	0	37	13	152	358
Financial expense	-107	-197	-420	-477	-692
Profit before income tax	6 299	4 014	18 416	8 335	15 815
Tax	-	-	-	-	12 000
Net profit	6 299	4 014	18 416	8 335	27 815

Balance sheet - Parent Company

All amount in ' 000 SEK	2009-09-30	2008-09-30	2009-06-30	2008-12-31
Assets				
Intangible assets	24 375	12 838	22 339	14 910
Tangible assets	2 297	1 949	2 447	2 695
Financial assets	12 704	703	12 704	12 704
Inventory	6 655	5 558	7 708	5 736
Trade receivables	28 346	16 988	26 882	32 320
Other receivables	12 687	13 129	11 336	12 725
Cash and bank	10 127	9 881	6 284	17 113
Total assets	97 191	61 046	89 700	98 203
Equity and liabilities				
Equity	65 023	27 126	58 724	46 606
Short term debt	5 414	11 777	8 453	11 733
Short term debt with interest	16 163	11 034	11 262	20 801
Trade payables	8 779	9 257	9 485	17 167
Other liabilities	1 812	1 852	1 776	1 896
Total equity and liabilities	97 191	61 046	89 700	98 203