



CELLAVISION AB (publ) Interim report for the period January 1–June 30, 2010

Increased sales growth for the first six months of 2010

January–June 2010

- Net sales amounted to SEK 57.8 million (42.7), an increase of 35 %
- The operating result amounted to SEK 2.7 million (1.8)
- The result after taxation amounted to SEK 3.4 million (1.4)
- The result per share amounted to SEK 0.14 (0.06)
- Cash and cash equivalents amounted to SEK 25.1 million (9.3) at the end of the period
- CellaVision strengthens its distribution network by entering an agreement with Beckman Coulter and by expanding collaboration with Sysmex

April–June 2010

- Net sales increased to SEK 36.6 million (20.7), an increase of 77 %
- Operating result amounted to SEK 7.1 million (1.0)
- The result after taxation amounted to SEK 8.1 million (0.9)
- The result per share amounted to SEK 0.34 (0.04)
- CellaVision was listed at the NASDAQ OMX Stockholm on May 31, 2010

CellaVision in short

(MSEK)	April–June 2010	April–June 2009	Jan–June 2010	Jan–June 2009	Full year 2009
Net sales	36.6	20.7	57.8	42.7	109.0
Gross profit	26.8	16.8	40.8	30.9	76.5
Operating result	7.1	1.0	2.7	1.8	14.8
Result before tax	8.0	0.9	3.4	1.4	14.2
Cash flow	7.1	-5.1	3.1	-10.3	2.3

CEO's comment

“CellaVision shows strong growth in the first six month of 2010. Sales were close to SEK 58 million, which is an increase of 35 % compared to the same period last year. In the second quarter we regained the drop in sales and results in the first quarter, mostly because the Sysmex sales of the CellaVision DM1200 in Europe are gaining momentum. Markets outside Europe and North America comprise 10%, indicating that we are now beginning to see results from our efforts in countries such as Japan and China.” says Yvonne Mårtensson, CEO of CellaVision.

“We have now distribution agreements with Sysmex and Beckman Coulter in place and look forward to rewarding collaborations ahead. We are confident in our new distribution strategy, which allows us to further penetrate several of our most important markets such as the US and Japan. With both strong sales channels and a new analyzer in our product line, we are increasing our chances for a continuing successful strategic expansion and growth in 2010.”

“CellaVision was listed on Nasdaq OMX Stockholm at the end of May, an important event in the history of our company. The listing gives us more freedom in our continued expansion and invites institutions to invest in CellaVision.”

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CELLAVISION IN SHORT

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 – JUNE

Market and Sales

Sales during the period January–June increased by 35 % to SEK 57.8 million (42.7) as compared to the same period the previous year. During the period Europe accounted for 47 % (44) of sales, North America for 43 % (54), and the rest of the world for 10 % (2).

Sales during the second quarter increased by 77 % to SEK 36.6 million (20.7) compared to the previous year. During the quarter Europe accounted for 49 % (31) of sales while North America accounted for 38 % (62). The rest of the world accounted for 13 % (7).

Significant for the period January–June were the frequent contacts with the distributors Sysmex and Beckman Coulter, and the initial considerable resources which came with the agreements both in terms of education and support. The increased sales of the new analyzer CellaVision DM1200 in Europe is one reason contributing to the sales growth in the second quarter. This is largely due to the Sysmex purposeful marketing efforts during 2009–2010 in combination with the signing of a new distribution agreement. The increase in sales in Asia is amongst other factors due to a rise in the number of analyzers sold in Japan, both through CellaVision's own sales organization and through Sysmex.

Traditionally CellaVision has an uneven flow of orders, which is also 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.

CellaVision's Product Offering

Analyzers:

CellaVision® DM8
CellaVision® DM96
CellaVision® DM1200

Optional application for body fluid analysis:

CellaVision® Body Fluid
Application

Software for networking and remote access:

CellaVision® Remote
Review Software

Software for proficiency testing and education:

CellaVision® Competency
Software



In order to facilitate further growth CellaVision has since January 1, 2010, expanded its network of distributors by entering an agreement with Beckman Coulter, who by the side of Sysmex is the world's largest distributor of analyzers for hematology and clinical diagnostics. The agreement gives Beckman Coulter non-exclusive rights to sell CellaVision's products in the US, Latin America, Asia Pacific, and parts of Asia including India and China, as of January 1, 2010. In the US, CellaVision's products are also sold by the company's own sales organization and the distributor Sysmex America. With well-established distributors in the US along with the company's own North American sales organization, CellaVision will be in a better position to succeed in its strategic initiative to continue expanding in the North American market.

Together with Sysmex, CellaVision have installed instruments in laboratories primarily in Europe and the US, which constitutes an important platform for CellaVision's continued expansion. Since 2001, when first partnering in Europe, Sysmex's and CellaVision's relationship has developed positively in many markets. A new agreement came into effect on April 1, 2010, covering additional countries including Japan, which is Sysmex Corporation country of origin, where they will complement CellaVision's own subsidiary. The agreement is non-exclusive and gives Sysmex the right to sell CellaVision's products globally with the exception of Canada. This collaboration provides CellaVision with a strong global sales channel that will help accelerating the company's market penetration.

With the new analyzer CellaVision DM1200, the company can offer laboratories with medium-sized sample volumes an appropriate product, reaching a wider segment of the market and thus further improving CellaVision's competitive edge. The analyzer became commercially available in Europe during the fall of 2009, and at present the majority of sold DM1200's can be found in Europe. CellaVision began marketing and selling the product in the US after gaining clearance from the FDA at the beginning of 2010. The first analyzers were sold direct to US customers, but also to the company's new distributor Beckman Coulter, which so far is using the analyzers for internal education purposes. There is a strong interest for the new analyzer also in the company's home market, the Nordic region. A strategically important deal was the analyzer sold to a reference laboratory.

Research and Development

Development projects went on with high intensity during 2010 in order to ensure the company's leading position in digital imaging for hematology. CellaVision is continuously working to further develop existing products while also evaluating the market potential of new products. The lack of specialist competence in morphological assessment combined with an ever increasing work-load for the healthcare industry create opportunities for CellaVision's products allowing for more cooperation, increased efficiency, and reduced turn-around times for lab tests.



During the period the application for body fluids for the CellaVision DM1200 became commercially available to customers on the European market. The company is currently preparing to register the product in Canada and to submit an application to the US Food and Drug Administration (FDA), in order to sell the product in the US. The body fluid application is already available on all main markets for the analyzer CellaVision DM96.

During the second quarter CellaVision collected and assessed results from the evaluation of the product line that has been under way at veterinary laboratories in Sweden and the US. The study showed satisfactory results and CellaVision is initiating a project to further evaluate the technical opportunities of this venture. The new software development project is expected to be completed during the first half year of 2011.

During the period CellaVision received funding for two prospective software development projects – one from the governmental body for innovation systems Vinnova, for a pre-study on malaria, and one from the Swedish Agency for Economic and Regional Growth and Skåne Regional Council for a pre-study on bone marrow. The funding makes it possible for CellaVision to determine whether the company's technology can be used to detect blood cells infected by the malaria parasite, and for analyzing blood cells in the bone marrow. CellaVision aims to complete the pre-studies by late 2010, to be able to take the final decisions to start the development projects.

The company estimates capitalized costs regarding development projects to around SEK 4 to 7 million during the 2010 financial year.

By the end of the second quarter CellaVision had a patent portfolio of 18 patented inventions, which had generated 30 patents in total.

Listing at Nasdaq OMX Stockholm

On May 31 CellaVision moved from First North to NASDAQ OMX Stockholm. The share is available on the Small Cap list. The listing is expected to facilitate for institutional investors and create prerequisites for improved liquidity in the share, which increases the flexibility in the Company's continued expansion.

Important events after the reporting period

There have been no important events after the end of the reporting period.



NET SALES, INCOME, AND INVESTMENTS

Net sales for the Group during the period amounted to SEK 57.8 million (42.7), after a negative exchange effect on SEK 3.9 million. Net sales for the Group during the second quarter amounted to SEK 36.6 million (20.7), an increase of 77 %.

The gross marginal during the period amounted to 71 % (72), and 73 % (81) during the second quarter.

The Group's operating result for the period was SEK 2.7 million (1.8). Adjusted for exchange-rate effects the operating profit for the period would have been SEK 5.8 million. The Group's operating result for the second quarter was SEK 7.1 million (1.0). Total operating expenses before capitalized costs of development projects were SEK 39.3 million (37.2) for the period, and SEK 20.8 million (19.2) during the second quarter.

Capitalized costs regarding development projects during the period amounted to SEK 0.8 million (8.0). Capital expenditures during the quarter amounted to SEK 0.05 million (0.2).

FINANCING

The Group's cash and cash equivalents were by the end of the period SEK 40.1 million, of which SEK 15.0 million were unused credit facilities.

The quarter's cash flow from operating activities amounted to SEK 2.7 million (-3.2). The period's total cash flow amounted to SEK 3.1 million (-10.3).

To minimize exposure to currency risks, the company continuously hedges 50-75 percent of its anticipated currency net flow twelve months ahead. Total gain from FX contracts was SEK 1.5 million in the first six months. The impact from present FX contracts is expected to be less favorable during the next six months.

PARENT COMPANY

Net sales for the parent company during the period amounted to SEK 55.5 million (45.9). Pre-tax earnings amounted to SEK 9.7 millions (12.1). Net sales for the parent company during the second quarter amounted to SEK 35.3 million (22.3). Pre-tax earnings were SEK 11.3 million (6.3).

During the period the parent company's gross investments amounted to SEK 0.05 million (0.2) and the net cash flow was SEK -0.3 million (-10.8).

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



PERSONNEL

The number of employees in the Group, restated as full-time positions, was 55 (49) by the close of the period. Of these, 39 (31) were men and 16 (18) women.

During the period new employees have been recruited at the head quarters in Lund in order to match the demands and ambition of the company's growth. This is in part to meet the demand for support and education as well as to ensure the company's high standards of technological expertise in the face of growing competition.

OTHER INFORMATION

Group

On June 30, 2010, 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, the Annual Accounts Act, and in accordance with the rulebook of Nasdaq OMX Stockholm. The interim report of the parent company is prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board, RFR 2.3, Accounting for legal entities. The interim report has been prepared in accordance with the accounting policies and methods of calculation which appear in the annual report for 2009. New standards and interpretations valid as of 1 January 2010 have not affected CellaVision's financial report for the interim period.

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 2009.

Reviews

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

Financial calendar

Interim report Jan – Sept	October 27, 2010
Year-End Bulletin 2010	February 15, 2011

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



The Board and CEO assure that this Year-End Bulletin 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 16, 2010

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

Anna Malm Bernsten
Member of the Board

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Corporate ID: 556500-0998

CellaVision's share is listed on the Nasdaq OMX Stockholm, Small Cap. CellaVision is traded under the ticker symbol CEVI and the ISIN-code SE0000683484.

Publication

The information presented in this interim report is such that CellaVision AB (publ) is required to publish in accordance with the code of trade in financial instruments. The information was released for public disclosure on July 16, 2010, at 0830.



Consolidated Income Statement

All amount in ' 000 SEK	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Net Sales	36 640	20 704	57 763	42 663	108 974
Cost of goods sold	-9 858	-3 890	-16 957	-11 731	-32 486
Gross Profit	26 782	16 814	40 806	30 932	76 488
Sales and Marketing expenses	-9 732	-8 504	-17 740	-15 733	-30 443
Administration expense	-5 601	-5 068	-11 761	-9 093	-19 285
R&D expenses	-4 704	-2 397	-8 997	-4 396	-12 058
Other operating income	360	114	360	114	75
Operating result	7 105	959	2 668	1 824	14 777
Interest income and financial exchange rate gains	1 083	0	1 083	13	15
Interest expense and financial exchange rate losses	-146	-43	-362	-403	-631
Result before income tax	8 042	916	3 389	1 434	14 161
Tax	84	-	-	-	13 559
Net result	8 126	916	3 389	1 434	27 720

Consolidated Comprehensive Income Statement

All amount in ' 000 SEK	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Net profit for the period	8 126	916	3 389	1 434	27 720
Other comprehensive income:					
<u>a) Financial assets at fair value</u>					
Reclassified to operating result	-341		-1 333		
Revaluation of financial assets	-1 195		-555		1 434
Income tax relating to financial assets	405		497		-377
<u>b) Translation difference</u>					
Translation difference in the group	-1 010	-33	-1 144	1 069	37
Sum of other comprehensive income:	-2 141	-33	-2 535	1 069	37
Comprehensive profit for the period	5 985	883	854	2 503	28 814

Per share data

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Earnings per share, SEK */	0,34	0,04	0,14	0,06	1,16
Equity per share SEK	3,17	2,03	3,17	2,03	3,14
Equity ratio, %	69%	61%	69%	61%	66%
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	13,10	8,80	13,10	8,80	10,00

*/ In relation to net profit and average outstanding shares

Quarterly results

All amount in ' 000 SEK	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Net Sales	36 640	21 123	39 318	26 993	20 704	21 959
Gross Profit	26 782	14 024	25 490	20 065	16 814	14 118
Gross Margin in %	73	66	65	74	81	64
Overhead cost	-19 677	-18 461	-18 009	-14 594	-15 855	-13 253
Operating result	7 105	-4 437	7 481	5 472	959	865
Net result	8 126	-4 737	20 925	5 361	916	518
Cashflow	7 108	-3 964	10 042	2 578	-5 116	-5 178



Consolidated Balance sheet				
All amount in ' 000 SEK	2010-06-30	2009-06-30	2010-03-31	2009-12-31
Assets				
Intangible assets	21 137	22 339	21 678	23 004
Tangible assets	1 869	2 632	2 022	2 270
Financial assets	25 701	12 093	25 594	25 638
Inventory	11 961	12 303	11 187	9 091
Trade receivables	19 258	16 355	13 119	25 493
Other receivables	5 288	4 278	4 982	5 892
Cash and bank	25 108	9 344	18 000	21 964
Total assets	110 323	79 344	96 582	113 352
Equity and liabilities				
Equity	75 653	48 488	69 668	74 799
Short term debt	13 249	8 419	12 321	9 361
Short term debt with interest	9 719	11 262	4 595	13 661
Trade payables	9 722	9 399	8 342	13 791
Other liabilities	1 980	1 776	1 656	1 740
Total equity and liabilities	110 323	79 344	96 582	113 352
Consolidated statement of changes in equity				
Balance at the beginning of the year	74 799	45 985	74 799	45 985
New issues	-	-	-	-
Net profit for the year	854	2 503	-5 131	28 814
Balance at the end of the year	75 653	48 488	69 668	74 799

Cash flow analysis					
All amount in ' 000 SEK	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Result before taxes	8 042	916	3 389	1 434	14 161
Adjustment for items not included in cash flow	-4 367	1 505	-1 411	-1 271	711
Taxes	-	-	-	-	-
Cash flow from operations before changes in working capital	3 675	2 421	1 978	164	14 872
Changes in working capital	-941	-5 642	5 982	7 311	5 708
Cash flow from operations	2 734	-3 222	7 960	7 475	20 580
Capitalisation of development costs	-786	-3 238	-786	-7 990	-10 648
Aquisitions in financial non-current assets	62	-	-57	0	-
Aquisitions in tangible non-current assets	-26	-53	-31	-238	-466
Cash flow from investment activities	-750	-3 291	-874	-8 228	-11 114
New loans and instalments of dept	5 124	1 397	-3 942	-9 540	-7 140
Cash flow from financing activities	5 124	1 397	-3 942	-9 540	-7 140
Total cash flow	7 108	-5 116	3 144	-10 294	2 326
Liquid funds at beginning of period	18 000	14 460	21 964	19 638	19 638
Liquid funds at end of period	25 108	9 344	25 108	9 344	21 964



Income Statement - Parent Company

All amount in ' 000 SEK	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Net Sales	35 294	22 305	55 478	45 893	99 290
Cost of goods sold	-11 237	-4 814	-19 872	-13 755	-31 970
Gross Profit	24 057	17 491	35 606	32 138	67 320
Sales and Marketing expenses	-3 709	-3 854	-6 306	-6 346	-10 065
Administration expense	-5 601	-5 068	-11 761	-9 093	-19 285
R&D expenses	-4 704	-2 397	-8 997	-4 396	-12 057
Other operating income	288	114	360	114	75
Operating result	10 331	6 286	8 902	12 417	25 988
Interest income and financial exchange rate gains	1 083	1	1 083	13	14
Interest expense and financial exchange rate losses	-124	-24	-333	-313	-534
Result before income tax	11 290	6 263	9 652	12 117	25 468
Tax					13 000
Net result	11 290	6 263	9 652	12 117	38 468

Balance sheet - Parent Company

All amount in ' 000 SEK	2010-06-30	2009-06-30	2010-03-31	2009-12-31
Assets				
Intangible assets	21 137	22 339	21 678	23 004
Tangible assets	1 738	2 447	1 896	2 114
Financial assets	25 704	12 704	25 704	25 704
Inventory	5 385	7 708	7 529	6 073
Trade receivables	38 676	26 882	28 189	43 376
Other receivables	17 729	11 336	14 889	4 463
Cash and bank	16 969	6 284	8 397	17 252
Total assets	127 338	89 700	108 282	121 986
Equity and liabilities				
Equity	94 727	58 724	83 437	85 073
Short term debt	11 368	8 453	10 378	8 049
Short term debt with interest	9 719	11 262	4 594	13 661
Trade payables	9 544	9 485	8 217	13 463
Other liabilities	1 980	1 776	1 656	1 740
Total equity and liabilities	127 338	89 700	108 282	121 986