

Strong start to the year

January 1 – March 31, 2011

- Net sales rose by 45 % to SEK 30.6 million (21.1).
- Operating profit was SEK 2.5 million (-4.4).
- Profit after tax was SEK 0.1 million (-4.7)
- Earnings per share were SEK 0.00 (-0.20).
- Cash and cash equivalents at the end of the quarter were SEK 40.2 million (18.0).

CellaVision in brief

(SEK million)	Jan-March 2011	Jan-March 2010	Full year 2010
Net sales	30.6	21.1	131.6
Gross profit	20.8	14.0	87.6
Operating profit	2.5	-4.4	13.9
Profit before tax	0.3	-4.7	10.7
Cash flow	4.4	-4.0	13.8

CEO comments on the continuing positive trend

"Sales continued to grow at a fast rate in the first quarter this year. In Europe and North America our partners are working at the same high intensity as before, and we are seeing the results. During the period we have also actively trained and supported our partners in South-East Asia where demand for our products is beginning to take off.

We continue to see a strong underlying demand for our products. Consequently our great challenge is to adapt both production and organization to this demand. In the coming quarters we will increase investment in our own organization by adding employees in support functions for distributors and end customers, while also taking measures to strengthen product supply.

As we report on our global sales our thoughts naturally also turn to Japan and the Japanese people who were severely hit by the earthquake earlier this year. As far as we can judge neither our partner Sysmex nor our own operations in Japan were affected. It is at present difficult to assess how CellaVision's business will be affected in the coming quarters, but in the short term we believe the effect will have limited consequences for our sales and the supply of Japanese components.

CellaVision continues to work with strong determination on our plan for further international market expansion and continued product development in 2011."

Yvonne Mårtensson, CEO, CellaVision AB

Overview 2011

CellaVision's customers are large and mid-sized hospital laboratories and commercial laboratories, mainly in Europe and North America. In most countries sales are through distributors. Products are sold directly in the Nordic countries and via subsidiaries in the US, Canada and Japan.

CellaVision's product offer

Analyzers: 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
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Market and sales

Sales for the first quarter of 2011 were SEK 30.6 million (21.1), an increase of 45 % compared with the same period in the previous year. During the period North America accounted for 48 % (54) of sales, Europe for 39 % (42) and the rest of the world for 13 % (4).

Like others in the medical devices industry selling capital equipment, CellaVision's inflow of orders is unevenly distributed over the year, depending on the distributors' sales and inventory levels. Consequently, variations in order volume in individual quarters may be great in the different geographical markets.

The strong demand for CellaVision's products is due to heavy pressure on costs and increased efficiency requirements in the healthcare market, particularly in Europe and North America. Growing staff shortages in laboratory operations make CellaVision's automated products a highly interesting solution. The trend is for more hospitals to join together and collaborate in county council or hospital groups and seek tools to help them work more effectively, sharing resources.

The new distribution strategy with parallel sales channels continues to function well in the USA, where CellaVision's subsidiaries still sell in parallel with the distributors Sysmex and Beckman Coulter. Working together on joint activities in the market produces good results in the form of accelerated market penetration and a greater number of identified potential buyers. In Canada many investment decisions have been slowed down due to appreciable caution in Canadian healthcare funding. However, we see brighter prospects and regard the situation as more positive in 2011.

In Europe our distributor Sysmex Europe reports that acceptance of CellaVision's digital technology is particularly widespread in the markets in Germany, France, Benelux, Spain and the Czech Republic. Mounting interest can also be noted on the UK market and in several Middle Eastern countries, where the laboratory industry seeks complete lines of automated laboratory instruments to secure and support effective workflows and achieve cost savings.

During the period CellaVision's Japanese sales organization and our distributor Sysmex were able to continue their work as normal. However, it is probable that activities in the Japanese market in the long run will be negatively affected as a result of disruptions in infrastructure and other things caused by the natural disaster. CellaVision's "Rest of the world" region, which for the full year 2010 accounted for about 10 % of CellaVision's turnover, includes Japan along with China, Hong Kong, the countries of South-East Asia and Oceania.

CellaVision has a global customer base and for the most part sells its products via global distribution networks. To strengthen the dialogue with end customers and be more effective in monitoring industry trends, at the beginning of the year CellaVision launched the corporate blog CellaVision News Blast. Among the things the company publishes on the blog are scientific articles in hematology and cell morphology, which have attracted great initial interest from experts and organizations in the industry. The editorial group consists of a number of hematology experts from hospitals in North America, Europe and Japan.

Research and development

In March 2011 CellaVision's new product concept for collaborating laboratories in hospital groups or county councils entered an evaluation phase with a number of European and North American laboratories as "test pilots". The concept gives hospital groups with both large and small laboratories the possibility of digitalizing all their manual blood analyses, including those from small laboratories that have no CellaVision analyzers.

The new concept supplements CellaVision's existing analyzers, which are marketed to laboratories with large and mid-sized test volumes. The concept requires a connection to a CellaVision analyzer, which promotes collaboration and resource sharing in hospital groups, which often include small laboratories. Using the concept, small laboratories with limited resources can digitize their samples and perform the analysis where there is a CellaVision analyzer.

The product will be evaluated by a number of hospital laboratories in the spring to enable the company to make the correct decisions and gradually develop a final product in late 2011. Demonstrations will be given at seminars and trade fairs, including the American ISLH and CLMA exhibitions in May.

At the beginning of the year CellaVision launched its web-based training tool CellAtlas® as an iPhone application. The application targets students and laboratory staff who want to improve or confirm their cell assessment skills. The aim is to market CellaVision's digital technology and thereby reach new, potential buyers faster with our main products. At the close of the quarter the total number of downloads had exceeded 3 000, which exceeded expectations. In the spring there will also be an application for Android phones.

Apart from the projects mentioned, there are a number of development projects aimed at enhancing the customer benefit of the analyzers through increased functionality and more areas of use.

Capitalized expenditure for development projects was SEK 1.6 million (0) in the first quarter. The company estimates that capitalized expenditure for new development will be between SEK four and six million in the 2011 financial year.

Patents

At the close of the quarter the company had a patent portfolio containing a total of 18 patented inventions, which have generated 34 patents to date.

Product supply

The shortage of components that caused production disruptions in the second half of 2010 for the DM1200 analyzer, will continue in 2011. Apart from this, there is an ongoing reorganization and transfers within production at our main subcontractor. The work of long-term improvement and securing product supply continues. The output rate is expected to gradually increase in the coming quarters. CellaVision estimates that overall the disruptions will continue to have a negative impact on CellaVision's ability to supply customers during the main part of 2011. The focus is on securing product supply through more and alternative suppliers in manufacturing and supplying components.

Significant events after the period close

There are no significant events to report.

Sales, earnings and investment

Net sales for the Group in the first quarter were SEK 30.6 million (21.1), an increase of 45 % compared with the same period in the previous year.

Sales in international markets are mainly in USD and EUR, which means that the company's sales and results are impacted by changes in these currencies. The company hedges 50-75 per cent of planned currency flows to compensate for any foreign exchange fluctuations.

The gross margin for the quarter was 68 % (66). CellaVision usually has large gross margin variations from quarter to quarter. This is dependent on the share of sales via distributors or via CellaVision's own sales companies, the product mix sold and exchange rates.

The Group's operating profit for the quarter was SEK 2.5 million (-4.4). In comparison with last year's average exchange rate the operating profit would have been SEK 5.3 million. Total operating expenses for the quarter were SEK 18.3 million (18.5).

Capitalized expenditure for development projects was SEK 1.6 million (0) in the first quarter. Investments in property, plant and equipment during the quarter amounted to SEK 0.2 million (0).

Financing

The funds at the Group's disposal at the close of the quarter amounted to SEK 45.2 million (33.0), of which SEK 40.2 million (18.0) was cash and cash equivalents and SEK 5.0 million in unutilized credit.

The cash flow from operating activities for the quarter was SEK 13.2 million (5.2). The total cash flow for the period was SEK 4.4 million (-4.0).

To obtain a stable picture of earnings in 2011 the company continuously hedges 50-75 per cent of currency exposure in net flows 12 months forward. In the first quarter earnings for the period were impacted by unrealized exchange rate differences in the parent company's receivables from subsidiaries with a negative result of SEK 2.0 million.

Parent company

Parent company sales in the first quarter SEK 28.4 million (20.2). The result before tax for the quarter was SEK 1.4 million (-1.6).

The parent company's investments in property, plant and equipment and intangible assets during the quarter were SEK 1.7 million (0.0) and the net cash flow was SEK 2.2 million (-8.9).

In other respects please refer to the information for the Group.

Staff

The number of employees of the Group, restated as full-time equivalents, was 58 (50) at the close of the quarter. Of these, 40 (34) were men and 18 (16) women.

Other information

Group

On March 31 2011 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 for the Group was prepared in accordance with IAS 34, Interim Financial Reporting, the Annual Accounts Act and in accordance with the Stockholm Stock Exchange rules and regulations for companies listed on Nasdaq OMX Stockholm. The interim report for the parent company was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities. The interim report has been prepared in accordance with the accounting policies and valuation methods presented in the Annual Report for 2010. New standards and interpretations that came into force on January 1, 2011 have not had any impact on CellaVision's financial reporting for the interim report period.

Information concerning risks and uncertainties

Reduced demand and changes in exchange rates constitute uncertainties but not material 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 2010.

Review

This report has not been subject to review by the company's auditors.

Financial calendar

Annual General Meeting 2011:	April 26, 2011
Interim report January – June:	July 15, 2011
Interim report January – September:	October 25, 2011
Year-end bulletin 2011:	February 14, 2012

The annual general meeting will be held on April 26, 2011. The interim reports and the annual report are available at www.cellavision.com.

The Board of Directors and CEO certify that the interim report provides a true and fair view of the parent company's and the Group's business, financial position and performance and describes material risks and uncertainties to which the parent company and the companies in the Group are exposed.

Lund, April 20, 2011

Lars Gatenbeck
Chairman of the Board

Niels Freiesleben
Member of the Board

Torbjörn Kronander
Member of the Board

Christer Fåhraeus
Member of the Board

Anna Malm Bernsten
Member of the Board

Sven-Åke Henningsson
Member of the Board

Yvonne Mårtensson
President and CEO

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CellaVision is listed on the Nasdaq OMX Stockholm, Small Cap list. The company is traded under the ticker symbol CEVI and ISIN code SE0000683484.

Publication

The information in this interim report is disclosed by CellaVision AB (publ) pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. The information was released for public disclosure on April 20, 2011 at 08.30.

Consolidated Income Statement

All amount in ' 000 SEK	Jan-Mar 2011	Jan- Mar 2010	Jan-Dec 2010
Net sales	30 616	21 123	131 638
Cost of goods sold	-9 807	-7 099	-44 082
Gross profit	20 809	14 024	87 556
Sales and marketing expenses	-8 123	-8 008	-33 637
Administration expenses	-5 911	-6 160	-23 046
R&D expenses	-4 299	-4 293	-17 336
Other operating income	-	-	411
Operating result	2 476	-4 437	13 948
Interest income and financial exchange rate gains	1	0	1
Interest expense and financial exchange rate losses	-2 224	-216	-3 225
Result before income tax	253	-4 653	10 724
Tax	-152	-84	27 625
Net result	101	-4 737	38 349

Other comprehensive income:
a) Financial assets at fair value

Reclassified to operating result	-692	-992	-1 434
Revaluation of financial assets	853	640	1 947
Income tax relating to financial assets	-42	92	-135

b) Translation difference

Translation difference in the group	695	-134	-104
Sum of other comprehensive income:	814	-394	274

Comprehensive result for the period	915	-5 131	38 623
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Per share data	Jan-Mar 2011	Jan- Mar 2010	Jan-Dec 2010
Earnings per share, SEK */	0,00	-0,20	1,61
Equity per share, SEK	4,79	2,92	4,76
Equity ratio, %	75%	72%	70%
Number of shares outstanding	23 851 547	23 851 547	23 851 547
Average number of shares outstanding	23 851 547	23 851 547	23 851 547
Stock exchange rate, SEK	11,00	17,70	10,40

*/ In relation to net profit and average outstanding shares

Quarterly results

All amount in ' 000 SEK	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Net sales	30 616	41 886	31 989	36 640	21 123	39 318
Gross profit	20 809	28 882	17 868	26 782	14 024	25 490
Gross margin in %	68	69	56	73	66	65
Overhead cost	-18 333	-19 789	-15 681	-19 677	-18 461	-18 009
Operating result	2 476	9 093	2 187	7 105	-4 437	7 481
Net result	101	37 107	-2 147	8 126	-4 737	20 925
Cashflow	4 388	5 052	5 651	7 108	-3 964	10 042

CellaVision (www.cellavision.com) develops, markets and sells market leading image analysis based systems for routine analysis of blood and other body fluids. The company's core competence is development of software and hardware for automatic image analysis of cells and cell changes for applications in healthcare. These analyses often constitute important reference data for fast and correct diagnosis of illnesses. The company has leading-edge expertise in digital image analysis, artificial intelligence and automated microscopy.

Consolidated Balance sheet

All amount in ' 000 SEK	2011-03-31	2010-03-31	2010-12-31
Assets			
Intangible assets	22 500	21 678	22 269
Tangible assets	1 558	2 022	1 592
Financial assets	53 033	25 559	53 184
Deferred tax	121	35	133
Inventory	6 675	11 187	7 514
Trade receivables	22 365	13 119	35 175
Other receivables	6 460	4 982	6 823
Cash and bank	40 199	18 000	35 811
Total assets	152 911	96 582	162 501
Equity and liabilities			
Equity	114 337	69 668	113 422
Short term debt	14 021	12 321	14 848
Short term debt with interest	13 796	4 595	20 835
Trade payables	9 101	8 342	11 140
Other liabilities	1 656	1 656	2 256
Total equity and liabilities	152 911	96 582	162 501
Consolidated statement of changes in equity			
Balance at the beginning of the year	113 422	74 799	74 799
New issues	-	-	-
Net profit for the year	915	-5 131	38 623
Balance at the end of the year	114 337	69 668	113 422

Cash flow analysis

All amount in ' 000 SEK	Jan-Mar 2011	Jan- Mar 2010	Jan-Dec 2010
Result before taxes	101	-4 653	10 724
Adjustment for items not included in cash flow	1 206	2 956	14 060
Taxes	-	-	-
Cash flow from operations before changes in working capital	1 307	-1 697	24 784
Changes in working capital	11 860	6 923	-13 326
Cash flow from operations	13 167	5 226	11 458
Capitalisation of development costs	-1 575	-	-4 572
Aquisitions in financial non-current assets	-	-119	-54
Aquisitions in tangible non-current assets	-165	-5	-159
Cash flow from investment activities	-1 740	-124	-4 785
New loans and instalments of dept	-7 039	-9 066	7 174
Cash flow from financing activities	-7 039	-9 066	7 174
Total cash flow	4 388	-3 964	13 847
Liquid funds at beginning of period	35 811	21 964	21 964
Liquid funds at end of period	40 199	18 000	35 811

Income Statement - Parent Company

All amount in ' 000 SEK	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
Net sales	28 405	20 184	122 804
Cost of goods sold	-12 134	-8 635	-53 391
Gross profit	16 271	11 549	69 413
Sales and marketing expenses	-2 442	-2 597	-11 879
Administration expenses	-5 911	-6 160	-23 046
R&D expenses	-4 299	-4 293	-17 336
Other operating income		72	411
Operating result	3 619	-1 429	17 563
Interest income and financial exchange rate gains	0	0	1
Interest expense and financial exchange rate losses	-2 224	-209	-3 126
Result before income tax	1 395	-1 638	14 438
Tax	-152		27 723
Net result	1 243	-1 638	42 161

Statement of Comprehensive Income

All amount in ' 000 SEK	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
Net result for the period	1 243	-1 638	42 161
Other comprehensive income:	-	-	-
Sum of other comprehensive income:	0	0	0
Comprehensive result for the period	1 243	-1 638	42 161

Balance sheet - Parent Company

All amount in ' 000 SEK	2011-03-31	2010-03-31	2010-12-31
Assets			
Intangible assets	22 500	21 678	22 269
Tangible assets	1 430	1 896	1 461
Deferred tax	52 572	25 000	52 723
Financial assets	704	704	704
Inventory	4 331	7 529	4 720
Trade receivables	18 297	4 527	31 435
Receivables from group companies	28 380	34 793	31 890
Other receivables	4 527	3 758	5 069
Cash and bank	35 302	8 397	33 123
Total assets	168 043	108 282	183 394
Equity and liabilities			
Equity	128 477	83 437	127 234
Short term debt	10 614	10 232	12 091
Short term debt with interest	13 796	4 594	20 835
Liabilities to group companies	4 571	146	9 957
Trade payables	8 929	8 217	11 021
Other liabilities	1 656	1 656	2 256
Total equity and liabilities	168 043	108 282	183 394