



## CELLAVISION AB (publ) – Year-End Bulletin 2008

### Profitability and strong sales growth in 2008: Net sales exceeded SEK 100 million

#### January – December

- Net sales increased by 35 % to SEK 100.4 million (74.6).
- The operating result increased to SEK 13.4 million (3.1).
- Profit before income tax increased to SEK 13.1 million (2.6).
- The net result per share amounted to SEK 1.05 (0.11).
- Cash and cash equivalents amounted to SEK 19.6 million (16.3) by the end of the year.
- Continued strong sales on the European market and an increase in North America.
- Establishment of own sales organization in the USA and subsidiary in Japan.
- Launch of application for body fluids in Europe and North America, with good initial sales results.

#### October – December

- Net sales for the fourth quarter increased by 97 % to SEK 38.3 million (19.4).
- The operating result amounted to SEK 7.1 million (3.0).
- Result per share amounted to SEK 0.80 (0.12).

#### Important events after the reporting period

- CellaVision was placed on NASDAQ OMX First North Premier on the 16th of February.

#### CellaVision in short

(MSEK)	Q4 2008	Q4 2007	Helår 2008	Helår 2007
Net sales	38.3	19.4	100.4	74.6
Gross profit	21.1	14.1	63.5	45.3
Operating result	7.1	3.0	13.4	3.1
Profit before tax	7.0	2.8	13.1	2.6
Cash flow	8.3	0.1	3.3	-0.4

#### CEO's comment

"It feels fantastic to report our highest sales and best result so-far," says Yvonne Mårtensson, CEO of CellaVision. "Our international expansion has proceeded according to plan and we have succeeded in investing alongside increasing sales. We are now operative in Japan and have established our own sales channel in the US. As a result of Sysmex America's and our own sales activities the North American sales proportion reached 45%. Europe is seeing a continued positive sales growth and accounts for 54% of CellaVision's sales."

"2009 will be a year of challenges. Although medical technology companies are generally regarded relatively stable, it would be unreasonable to rule out the possibility of our industry being negatively affected by the world economy. However, we believe that our presence in a large number of countries combined with the efficiency of our products is a winning concept also during rough financial times. We are well equipped for future challenges."

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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.

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.

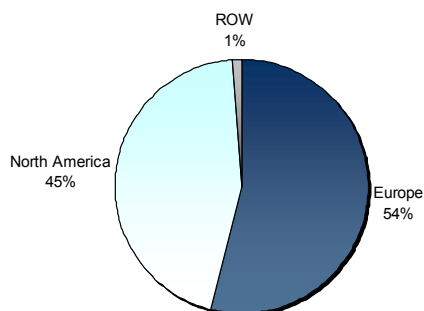
The CellaVision customers are large and medium sized hospital-laboratories and independent commercial laboratories mainly in Europe and the US. In most countries the products are sold through distributors. CellaVision sells direct in the Nordic countries and through subsidiaries in the US, Canada, and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

## SUMMARY 2008

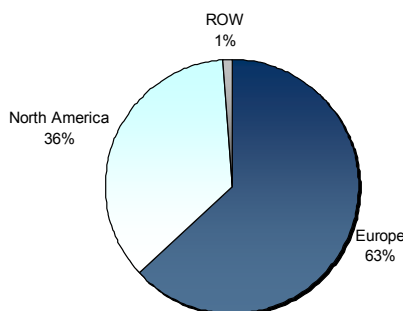
### Market and sales

Sales increased by 35% to SEK 100.4 million (74,6) in comparison to 2007. During the year Europe accounted for 54% (63) of net sales, North America for 45% (36), and the rest of the world for 1% (1). More than 500 instruments have now been sold to laboratories.

Net sales according to geographical segments -08



Net sales according to geographical segments -07



Net sales for the fourth quarter were SEK 38.3 million (19.4). During the quarter Europe accounted for 75 % (88) of sales, North America for 25 % (12), and the rest of the world for 0 % (0). 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 is a strong demand for CellaVision's products, but there can be significant variations in the order volumes for the individual quarters.

### CellaVision Products

#### Analyzers:

CellaVision® DM96  
CellaVision® DM8

#### Optional application for body fluids analysis:

CellaVision® Body Fluid  
Application

#### Software for networking and remote work:

CellaVision® Remote  
Review Software

#### Software for proficiency testing and education:

CellaVision® Competency  
Software



So far CellaVision has not been negatively affected by the global financial crisis that gained momentum during the fall of 2008. However, the company's products save time and money, and are therefore still justifiable investments for laboratories. The market is large and CellaVision operates in many countries, both through its own subsidiaries and strong partners. In most countries CellaVision's products are sold through the distributor Sysmex. Products are sold direct in Canada and Japan by subsidiaries. In the US and the Nordic region sales are conducted in parallel to Sysmex.

Sysmex is focusing harder on the automation concept than any other company in hematology, and also smaller laboratories are now investing in automation solutions – a trend which further consolidates interest in CellaVision's products. Demands for increased efficiency and standardization of test results in combination with network functions for transfer of digital images and results within and between laboratories justify investments in CellaVision's products. Replacing manual microscopy with CellaVision's digital image analysis in differentials and assessment of blood cells is relevant for both medium/large hospital laboratories as well as for commercial laboratories.

During the year the company's software has gained increasing importance in the product range. Clients are more frequently purchasing complementary software for analyzers. In addition sales of software upgrades, including new functions that have been offered, have contributed to the year's increase in sales and gross margin growth.

### **Nordic Region**

Several hospitals in the Nordic region replaced their first CellaVision analyzers with the next generation of products also in 2008, indicating that current clients appreciate the level of automation that CellaVision's products offer. This includes the hospitals in Roskilde (Denmark), Kristianstad (Sweden) and Stavanger (Norway). Several hospitals have become new users of the DM analyzers, amongst others the University Hospital in Reykjavik, Halmstad Hospital, and Varberg Hospital. Also, during the second half-year CellaVision was chosen to supply the region of Västra Götaland with automated image analyzers. The company now has medium and large sized hospital clients in all five Nordic countries. 75 % of Sweden and Denmark's university hospitals are amongst the clients.



### **Europe, the Middle East, and Africa (EMEA)**

In 2008 CellaVision extended its exclusive distribution agreement with Sysmex Europe. The partnership has developed successfully during the past years and has resulted in a steady market penetration and continuous sales growth. The agreement gives Sysmex Europe the right to continue selling CellaVision's products in EMEA for another two years. Sysmex Europe is the leading distributor of hematological instruments in Europe with over 50 percent of the market. Countries that have shown the greatest interest in digital morphology include Germany, Belgium, the Netherlands, and France.

During the second quarter of 2008 the application for body fluids became commercially available in Europe, and CellaVision received its first orders from the Charité University Hospital in Berlin and from hospitals in Mont-Godinne, Belgium and Wiener Neustadt, Austria, amongst others.

### **North America**

As a result of the strategic decision to invest in the North American market CellaVision established its own sales organizations within the American and Canadian subsidiaries. Since early 2008, CellaVision's products have been sold in the US by the company's own subsidiary, based in Florida, in parallel with Sysmex America. Adding the direct sales organization gives CellaVision an opportunity to increase the coverage of the important American market..

During the year a considerable part of sales in the USA were orders received by Sysmex America, amongst others from a leading reference laboratory chain which now have 14 of its laboratories equipped with CellaVision DM96 analyzers. As a result of the investments in CellaVision's own sales organization in the USA the subsidiary received two strategically important orders. The orders comprise installation of CellaVision's DM96 analyzers as well as licenses for software at one of the USA's largest public hospitals and a regional laboratory chain. At the end of the year the company gained clearance from the Food and Drug Administration (FDA) to market and sell the body fluids application in the USA, which directly resulted in orders.

During the year the subsidiary in Canada increased personnel resources and received an important order of several CellaVision® DM96 analyzers and software licenses for CellaVision® Remote Review Software from one of Canada's leading reference laboratories. The application for body fluids was cleared for sales during the third quarter, and the first orders were received from hospital laboratories in the Ontario, British Colombia, and Nova Scotia provinces.



### **Japan**

At the beginning of the year CellaVision established the subsidiary CellaVision K.K. with primary focus on the approximately 1000 larger hospital and commercial laboratories that would benefit most from automating their processes. CellaVision's product concept was evaluated at a Japanese laboratory, and by the end of the year all the necessary licenses have had been obtained to make the company fully operational. CellaVision chose to establish a subsidiary in Japan in order to own the product registrations required to sell on the Japanese market.

### **China**

Following the clearance of CellaVision's products for sale in China in the middle of the year, the distributor Vastec Medical received its first order from Xi Jing Hospital in Xi'an, part of the Fourth Military Medical University.

## **Research and Development**

During 2008 CellaVision widened its range of products and continued to develop its software with intentions of improving and adapting products for the growing client base. Both the new version of the blood application and the CellaVision® Body Fluid Application, the new application for body fluids, were completed. The new body fluids application was immediately made commercially available in Europe, and thereafter in Canada during the third quarter. At the end of the year the Food and Drug Administration (FDA) cleared the company for marketing and sales of the application in the USA.

As a response to client requests for more efficient network functions in the software, the company released software with increased support for network communication and functions for incorporated cell counter data. The company also focused on development projects aimed at more cost-effective hardware.

During the fiscal year expenses for development of hardware and the new software for body fluids have been activated by SEK 8.8 million (6.4). Depreciations have been initiated for the completed development project Body Fluids.

### **Patents**

During the year CellaVision obtained two new American patents: One invention is a positioning method using overlapping images to very precisely position a test slide during analysis and the other describes a quick and accurate method of differentiating white blood cell plasma from the rest of a test image. At the end of the year a total of 18 patented inventions had generated 27 patents.



### Important events after the reporting period

On the 16th of February CellaVision was qualified and placed on First North Premier, a new market segment of the NASDAQ OMX. The listing on First North Premier requires the company to comply with higher disclosure and accounting standards than the regular First North rules. This imposes higher demands on transparency which brings benefits to both listed companies and investors.

### INVOICING, INCOME, AND INVESTMENTS

Net sales for the Group amounted to SEK 100.4 million (74.6) during the year, an increase of 35 % compared to the same period the previous year. Net sales during the fourth quarter amounted to SEK 38.3 million (19.4).

Sales on international markets are mainly conducted in USD and EUR, which entails that the company's sales and results are affected by fluctuations in these currencies. To compensate for possible fluctuations in 2009 the company has hedged 50-70% of its anticipated currency flow.

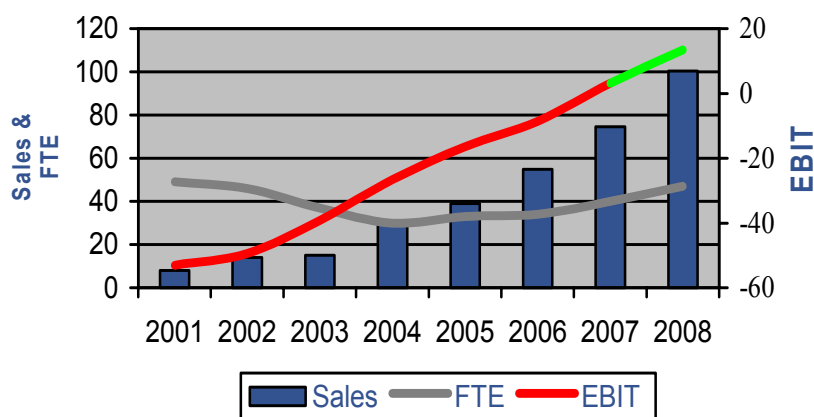
Gross profit was 63 % (61) during the year.

The Group's operating result for the year increased to SEK 13.4 million (3.1), and for the quarter SEK 7.1 million (3.0). Total operating expenses for the fourth quarter amounted to SEK 14.1 million (11.0) and for the year SEK 50.1 million (42.1).

The net profit of the Group amounted to SEK 25.1 million (2,6). The Group has unused carry forward taxable losses of SEK 255.7 million. The tax effect amounts to SEK 67.2 million of which SEK 12 million are included in the balance sheet as a financial asset and in the P&L as a forward tax income.

Capitalized costs regarding development projects during the fourth quarter were SEK 2.4 million (2.4) and for the year SEK 8.8 million (6.4). Capital expenditures during the fourth quarter were SEK 0.8 million (-0.3) and for the year SEK 2.5 million (0.9).

### Sales, EBIT, and Full Time Employees, FTE 2001-2008





## **FINANCING**

The Group's cash and cash equivalents at the end of the year amounted to SEK 19.6 million (16.3). The cash flow from operating activities for the year was SEK 1,3 million (6,7).

## **PARENT COMPANY**

The parent company's net sales during the year amounted to SEK 100.8 million (74.8), and for the fourth quarter SEK 38.1 million (19.3). Before taxation the net result amounted to SEK 15.8 million (4.4) during the year, and to SEK 7.5 million (2,1) during the fourth quarter.

During the year, parent company gross investments amounted to SEK 11.7 million (7.7) and the net cash flow was SEK 1.3 million (-0.7).

For further information refer to the Group figures.

## **PERSONNEL**

The number of employees of the Group, restated as full-time positions, was 47 at the end of the period (40). Of these, 29 (26) men and 18 (14) women.

## **OTHER INFORMATION**

### **Group**

On the 31<sup>st</sup> of December 2008, the Group consisted of the parent company as well as the wholly owned subsidiaries CellaVision Inc. (USA), CellaVision Canada Inc. (Canada), CellaVision Japan K.K. (Japan), and CellaVision International AB.

### **Dividends**

The Board of Directors proposes the AGM that there will be no dividends paid out for the year of 2008.

### **Accounting policies**

The consolidated financial statements are prepared in accordance with Financial Reporting Standards, IFRS. This interim report for the CellaVision Group has been prepared in accordance with IAS 34, Interim Financial Reporting, and for the Parent Company according to the Annual Accounts Act. In other respects the interim report has been prepared in accordance with the accounting policies and valuation methods presented in the Annual Report for 2007.

### **Information about risks and uncertainties**

Reduced market demand and currency fluctuations contribute to a level of uncertainty, although not judged as essential 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 2007.





## Reviews

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

## Future reports and Annual General Meeting (AGM)

Interim report January – March	27 April 2009
Annual General Meeting	27 April 2009
Interim report January – June	15 July 2009
Interim report January – Sept	23 October 2009
Financial report 2009	12 Feb 2010

Annual General Meeting will be held at CellaVision HQ in Lund April 27 at 4 pm, ECT. The interim reports are available at [www.cellavision.com](http://www.cellavision.com).

The Board and CEO assure that the 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, February 16, 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*

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CellaVision's website: [www.cellavision.com](http://www.cellavision.com)

Corporate ID: 556500-0998

CellaVision's share is listed on First North at the OMX Stockholm Stock Exchange.

The company's Certified Advisor is Remium AB.



**Consolidated Income Statement**

All amount in ' 000 SEK	Okt-Dec 2008	Okt-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Revenue	38 326	19 424	100 444	74 565
Cost of goods sold	-17 183	-5 330	-36 941	-29 312
<b>Gross Profit</b>	<b>21 143</b>	<b>14 094</b>	<b>63 503</b>	<b>45 253</b>
Sales and Marketing expenses	-6 589	-4 838	-21 748	-15 135
Administration expense	-4 995	-4 263	-16 461	-16 066
R&D expenses	-4 668	-4 703	-20 669	-17 532
Other operating income	-175	356	0	227
Other operating expenses	-12	0	-12	0
Capitalized development expenditures	2 352	2 404	8 771	6 395
<b>Operating result</b>	<b>7 056</b>	<b>3 050</b>	<b>13 384</b>	<b>3 142</b>
Financial income	207	259	363	260
Financial expense	-214	-473	-693	-777
<b>Profit before income tax</b>	<b>7 049</b>	<b>2 836</b>	<b>13 054</b>	<b>2 625</b>
Tax	12 000	-	12 000	-
<b>Net profit</b>	<b>19 049</b>	<b>2 836</b>	<b>25 054</b>	<b>2 625</b>

Per share data	Okt-Dec 2008	Okt-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Earnings per share, SEK	0,80	0,12	1,05	0,11
Equity per share SEK	1,93	0,84	1,93	0,84
Equity ratio, %	48%	45%	48%	45%
Number of shares outstanding	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
Stock exchange rate SEK	5,05	6,75	5,05	6,75

**Quarterly results**

All amount in ' 000 SEK	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007
Revenue	38 326	20 799	22 809	18 510	19 424	21 091
Gross Profit	21 143	16 570	13 935	11 855	14 094	11 381
Gross Margin in %	55	80	61	64	73	54
Overhead cost	-14 087	-13 019	-12 417	-10 596	-11 044	-7 549
Operating result	7 056	3 551	1 518	1 259	3 050	3 832
Net profit	19 049	3 395	1 424	1 186	2 836	3 737
Cashflow	3 291	-5 618	864	-272	124	7 457

### Consolidated Balance sheet

All amount in ' 000 SEK

	2008-12-31	2007-12-31
<b>Assets</b>		
Intangible assets	14 910	7 354
Tangible assets	2 824	1 257
Financial assets	12 095	24
Inventory	8 351	3 952
Trade receivables	32 620	11 565
Other receivables	6 035	3 621
Cash and bank	19 638	16 347
<b>Total assets</b>	<b>96 473</b>	<b>44 120</b>

### Equity and liabilities

Equity	45 985	20 072
Short term debt	10 567	7 711
Short term debt with interest	20 801	7 453
Trade payables	17 224	6 084
Other liabilities	1 896	2 800
<b>Total equity and liabilities</b>	<b>96 473</b>	<b>44 120</b>

### Consolidated statement of changes in equity

	2008-12-31	2007-12-31
Balance at the beginning of the year	20 072	17 735
Exchange adjustment	859	-288
New issues	-	-
Net profit for the year	25 054	2 625
<b>Balance at the end of the year</b>	<b>45 985</b>	<b>20 072</b>

### Cash flow analysis

All amount in ' 000 SEK

	Okt-Dec 2008	Okt-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
<b>Result before taxes</b>	7 052	2 836	13 054	2 625
Adjustment for items not included in cash flow	5 756	391	6 248	2 612
Taxes	-	-	-	-
<b>Cash flow from operations before changes in working capital</b>	<b>12 808</b>	<b>3 227</b>	<b>19 302</b>	<b>5 237</b>
Changes in working capital	-11 056	4 674	-18 023	1 425
<b>Cash flow from operations</b>	<b>1 752</b>	<b>7 901</b>	<b>1 279</b>	<b>6 662</b>
Capitalisation of development costs	-2 352	-2 402	-8 771	-6 394
Aquisitions in financial non-current assets	-	0	-67	-24
Aquisitions in tangible non-current assets	-836	308	-2 497	-944
<b>Cash flow from investment activities</b>	<b>-3 201</b>	<b>-2 094</b>	<b>-11 335</b>	<b>-7 362</b>
New issues	-	-	-	-
New loans and instalments of dept	9 766	-5 683	13 347	295
<b>Cash flow from financing activities</b>	<b>9 766</b>	<b>-5 683</b>	<b>13 347</b>	<b>295</b>
<b>Total cash flow</b>	<b>8 317</b>	<b>124</b>	<b>3 291</b>	<b>-405</b>
Liquid funds at beginning of period	11 321	16 223	16 347	16 752
Liquid funds at end of period	19 638	16 347	19 638	16 347



### Income Statement - Parent Company

All amount in ' 000 SEK	Okt-Dec 2008	Okt-Dec 2007	Jan-Dec 2008	Jan-Dec 2007
Revenue	38 105	19 298	100 793	74 766
Cost of goods sold	-21 305	-8 135	-45 812	-33 150
<b>Gross Profit</b>	<b>16 800</b>	<b>11 163</b>	<b>54 981</b>	<b>41 616</b>
	0	0		
Sales and Marketing expenses	-1 812	-2 988	-10 461	-9 690
Administration expense	-4 996	-4 167	-16 461	-16 066
R&D expenses	-4 668	-4 703	-20 669	-17 532
Other operating income	-175	384	0	384
Other operating expenses	-12	0	-12	-157
Capitalized development expenditures	2 352	2 404	8 771	6 395
<b>Operating result</b>	<b>7 489</b>	<b>2 093</b>	<b>16 149</b>	<b>4 950</b>
Financial income	206	155	358	256
Financial expense	-215	-188	-692	-772
<b>Profit before income tax</b>	<b>7 480</b>	<b>2 060</b>	<b>15 815</b>	<b>4 434</b>
Tax	12 000		12 000	-
<b>Net profit</b>	<b>19 480</b>	<b>2 060</b>	<b>27 815</b>	<b>4 434</b>

### Balance sheet - Parent Company

All amount in ' 000 SEK	2008-12-31	2007-12-31
<b>Assets</b>		
Intangible assets	14 910	7 354
Tangible assets	2 695	1 226
Financial assets	12 704	106
Inventory	5 736	3 568
Trade receivables	32 320	9 427
Other receivables	12 725	7 906
Cash and bank	17 113	15 845
<b>Total assets</b>	<b>98 203</b>	<b>45 432</b>
<b>Equity and liabilities</b>		
Equity	46 606	18 790
Short term debt	11 733	9 882
Short term debt with interest	20 801	7 453
Trade payables	17 167	6 507
Other liabilities	1 896	2 800
<b>Total equity and liabilities</b>	<b>98 203</b>	<b>45 432</b>