



## CELLAVISION AB (publ)

### Interim report for the period 1 January – 30 June 2007

#### Good sales trend focusing on Europe and North America

- Net sales for the period were SEK 34.1 million (27.7), an increase of 23 per cent, of which SEK 17.3 million (18.6) in the second quarter.
- The operating loss for the period was SEK -3.7 million (-5.0) and for the second quarter SEK -2.8 million (-0.3).
- Earnings per share for the period were SEK -0.17 (-0.22).
- Cash and cash equivalents amounted to SEK 8.8 million at the end of the period.
- The company was listed on First North on 28 May.
- A new subsidiary was established in Canada.
- Four systems were installed at the Karolinska University Laboratory.

#### Significant events after the close of the reporting period

- There was a preview of the new application for body fluids in the USA in July.
- Johan Wennerholm was employed as Chief Financial Officer.

#### CellaVision in summary

(SEK m)	1 jan–30 june 2007	1 jan–30 june 2006	Full year 2006
Net sales	34.1	27.7	54.8
Gross profit	19.8	15.4	32.0
Operating loss	-3.7	-5.0	-8.6
Net profit	-3.9	-5.2	-8.8
Cash flow	-8.0	-0.3	-0.8

#### CEO's comments

"Up to and including the second quarter CellaVision has delivered a total of 300 systems to customers, mainly in Europe and North America. The initiative in Canada with our own company has attracted great attention to our products, and the number of identified potential customers exceeds expectations. The new body fluid analysis application also generated great interest when it was shown at the international AACC Annual Meeting and Clinical Lab Expo in San Diego, USA in July," says Yvonne Mårtensson, CEO of CellaVision AB.

"The company's listing on First North has been completed and was well received. With continued good growth I look forward with confidence to achieving profitability in our core business – the hematology market."

Yvonne Mårtensson  
CEO CellaVision AB

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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. The company has a core competence in development of software and hard-ware 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™ Diff IQ. 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™ Diff IQ 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 in mainly Europe and the US. CellaVision markets and sells its products through a number of distributors, except for the Nordic and Canadian markets where CellaVision sells direct. Subsidiaries are established in the US and Canada.

## SUMMARY OF THE PERIOD

### Market and sales

Sales growth continued during the reporting period. Sales increased by 23 per cent, to SEK 34.1 million, compared with the first half of 2006. In the reporting period Europe accounted for 42 per cent of sales, North America for 55 per cent and the rest of the world for 3 per cent.

As a consequence of CellaVision's initiative in Canada a subsidiary was established in Toronto, Ontario, which acts as the Company's distributor. At present the company in Canada has two employees and to a certain extent is supported by the American subsidiary in Florida. A further three analysis instruments were sold to hospitals in Canada during the period. CellaVision now sells directly via its own companies in both the Nordic region and Canada.

During the period CellaVision installed four analysis instruments at four hospitals in the Stockholm region; Karolinska University Hospital in Solna, Karolinska University Hospital in Huddinge, Stockholm South General Hospital and Danderyd University Hospital. The purchase can be seen as a result of earlier installations of CellaVision's first generation product, DiffMaster™ Octavia, which has been in use at Huddinge Hospital and Stockholm South General Hospital since 2002. The purchase shows that an increasing number of existing customers are now entering the next phase and replacing their first instruments with the next product generation.

Several major industry-specific fairs and conferences took place during the quarter in the Nordic, Canadian and USA markets. CellaVision exhibited and hosted seminars at several of these fairs, for example the Swedish "Värmötet i Klinisk Kemi" (Clinical



Chemistry Spring Meeting), there in cooperation with Sahlgrenska University Hospital in Gothenburg, and at the international ISLH symposium (International Society for Laboratory Hematology) in Miami, USA, where our customers St Michael's Hospital and Hamilton Healthcare Sciences from Canada participated as speakers. The company also participated in the distributor Sysmex Norden user meeting.

During the second quarter the CellaVision DM analysis instrument underwent evaluation at several hospitals in the Nordic region.

### **Research and development**

During the period the company has worked on developing its new application for body fluids. The company has also continued cost reduction of its hardware platforms.

At the end of the quarter the company had a patent portfolio containing a total of 17 patented inventions, which to date have generated 22 patents.

### **Significant events after the close of the reporting period**

The company was represented both by our American distributor Sysmex and at its own stand at the AACC (American Association for Clinical Chemistry) Annual Meeting & Clinical Lab Expo in San Diego, USA, in July. The new application for body fluid was given a preview and generated great interest. The application is optimized for analysis of cerebrospinal fluid and will be commercially viable at the beginning of 2008. The application is of strategic importance since it broadens CellaVision's offer to both existing and future customers.

On July 1, Johan Wennerholm took up his position as new Chief Financial Officer. Johan Wennerholm comes from a position as CFO of Nextlink AB and has previously held positions in accounting and finance in the Doro Group and the Tetra Pak Group.

## **INVOICING, INCOME AND INVESTMENTS**

Net sales for the Group for the period were SEK 34.1 million (27.7), an increase of 23 per cent. Net sales in the second quarter were SEK 17.3 million (18.6). The differences between Q206 and Q207 are because Q206 was unusually strong due to distributors' large orders/stocking.

The gross margin for the period was 58 per cent (55) and in the second quarter was 59 per cent (55).

The Group's operating loss for the period was SEK -3.7 million (-5.0). The Group's operating loss for the quarter was SEK -2.8 million (-0.3). The lower earnings for the second quarter are mainly due to the establishment in Canada and costs of the listing on First North. Total operating expenses for the quarter amounted to SEK -13.0 (-10.6).

Capitalised costs for development projects in the second quarter amounted to SEK 0.9 million (0.0). Cost of goods sold for the period has been charged with amortisation on capitalised development projects from previous periods of SEK 0.1 million (0.9).

Investments in property, plant and equipment in the second quarter amounted to SEK 0.5 million (0.1).



## FINANCING

The Group's cash and cash equivalents at the end of the period amounted to SEK 8.8 million (17.2). The cash flow from operating activities for the quarter was SEK 3.3 million (-1.9), which is mainly due to reduced inventories and reduced trade receivables.

## PERSONNEL

There were 39 (34) employees in the Group at the end of the period, recalculated as full time positions: 29 (26) men and 10 (8) women.

## FIRST NORTH

In order to increase knowledge of CellaVision and offer the shareholders access to a marketplace that is well-adapted to CellaVision's needs and background, the Board of Directors decided in April to apply for listing of the Company's shares on the Stockholm stock exchange alternative marketplace First North. The company was admitted to trading in the second quarter and was listed on 28 May.

## PARENT COMPANY

Parent Company sales for the period were SEK 31.9 million (27.1). Pre-tax earnings for the period were SEK -2.7 million (-7.0).

Parent Company sales for the second quarter were SEK 16.9 million (18.4). Pre-tax earnings for the second quarter were SEK -1.8 million (-1.5).

The Parent Company's gross investments in the period were SEK 0.2 million (0.1) and net cash flow was SEK -10.3 (-0.5).

## OTHER INFORMATION

### Group

As at 30 June 2007, the Group consists of the Parent Company and the wholly-owned subsidiaries CellaVision Inc. (USA), CellaVision Canada Inc. (Canada) and CellaVision International AB.

### Accounting policies

The Group applies International Financial Reporting Standards, IFRS, as adopted by the EU, the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 30, 'Supplementary Accounting Rules for Groups'. The interim report was prepared in accordance with IAS 34, 'Interim Financial Reporting', which is in accordance with the requirements of the Swedish Financial Accounting Standards Council's recommendation 31, 'Interim reports for groups'.



## Review

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

## Future reports

Interim report January – September 30 October 2007

Year-end bulletin February 2008

The interim reports are available at [www.cellavision.com](http://www.cellavision.com).

Lund, August 24, 2007

*The Board of Directors*  
CellaVision AB (publ)

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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	Apr-Jun 2007	Apr-Jun 2006	Jan-Jun 2007	Jan-Jun 2006	2006
Revenue	17 298	18 630	34 050	27 691	54 777
Cost of goods sold	-7 054	-8 312	-14 272	-12 330	-22 764
<b>Gross Profit</b>	<b>10 244</b>	<b>10 318</b>	<b>19 778</b>	<b>15 361</b>	<b>32 013</b>
Sales and Marketing expenses	-4 006	-3 428	-7 489	-6 432	-13 352
Administration expense	-4 320	-3 367	-7 728	-6 668	-12 705
R&D expenses	-4 942	-3 738	-9 460	-7 210	-15 081
Other operating income	-114	0	135	24	133
Other operating expenses	-482	-69	-768	-55	-333
Capitalized development expenditures	869	-	1 792	-	719
<b>Operating result</b>	<b>-2 751</b>	<b>-284</b>	<b>-3 740</b>	<b>-4 980</b>	<b>-8 606</b>
Financial income	0	49	1	120	355
Financial expense	-85	-114	-209	-324	-530
<b>Profit before income tax</b>	<b>-2 836</b>	<b>-349</b>	<b>-3 948</b>	<b>-5 184</b>	<b>-8 781</b>
Tax	-	-	-	-	-
<b>Net profit</b>	<b>-2 836</b>	<b>-349</b>	<b>-3 948</b>	<b>-5 184</b>	<b>-8 781</b>

Per share data	Apr-Jun 2007	Apr-Jun 2006	Jan-Jun 2007	Jan-Jun 2006	2006
Earnings per share, SEK	-0,12	-0,01	-0,17	-0,22	-0,38
Equity per share SEK	0,56	0,89	0,70	0,89	0,74
Equity ratio, %	40%	52%	43%	52%	43%
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	9,80	6,00	9,80	6,00	5,90

### Quarterly results

All amount in ' 000 SEK	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005
Revenue	17 298	16 752	15 497	11 589	18 630	9 061	10 408	8 273
Gross Profit	10 244	9 534	10 237	6 415	10 318	5 043	6 214	3 220
gross Margin in %	59	57	66	55	55	56	60	39
Overhead cost	-12 995	-10 523	-11 563	-8 716	-10 602	-9 739	-10 340	-8 040
Operating result	-2 751	-990	-1 325	-2 301	-284	-4 696	-4 126	-4 820
Net profit	-2 836	-1 114	-1 227	-2 371	-349	-4 835	-4 094	-4 919
Cashflow	1 778	-9 764	-538	3 507	-1 901	-118	-1 600	-6 571



### Consolidated Balance sheet

All amount in ' 000 SEK	2007-06-30	2006-06-30	2007-03-31	2006-12-31
<b>Assets</b>				
Intangible assets	2 911	-	2 122	1 280
Tangible assets	1 482	729	1 260	1 373
Financial assets	0	0	0	0
Inventory	6 799	9 770	9 754	7 423
Trade receivables	11 294	10 872	15 025	11 355
Other receivables	2 717	2 419	3 443	3 146
Cash and bank	8 766	17 240	6 988	16 752
<b>Total assets</b>	<b>33 969</b>	<b>41 030</b>	<b>38 592</b>	<b>41 329</b>
<b>Equity and liabilities</b>				
Equity	13 429	21 344	16 578	17 735
Short term debt	8 064	8 604	15 352	4 700
Short term debt with interest	3 785	9 316	4 822	7 158
Trade payables	6 900	1 721	0	7 761
Other liabilities	1 791	45	1 840	3 975
<b>Total equity and liabilities</b>	<b>33 969</b>	<b>41 030</b>	<b>38 592</b>	<b>41 329</b>
<b>Consolidated statement of changes in equity</b>	<b>2007-06-30</b>	<b>2006-06-30</b>	<b>2007-03-31</b>	<b>2006-12-31</b>
Balance at the beginning of the year	17 735	26 561	17 735	26 561
Exchange adjustment	-358	-33	-44	-44
Net profit for the year	-3 948	-5 184	-1 113	-8 782
<b>Balance at the end of the year</b>	<b>13 429</b>	<b>21 344</b>	<b>16 578</b>	<b>17 735</b>

### Cash flow analysis

All amount in ' 000 SEK	Apr-Jun 2007	Apr-Jun 2006	Jan-Jun 2007	Jan-Jun 2006	Helår 2006
<b>Result before taxes</b>	-2 836	-349	-3 948	-5 184	-8 606
Adjustment for items not included in cash flow	3 217	1 383	3 950	2 562	1 520
Taxes	0				0
<b>Cash flow from operations before changes in working capital</b>	<b>381</b>	<b>1 034</b>	<b>2</b>	<b>-2 622</b>	<b>-7 086</b>
Changes in working capital	3 776	-2 935	-2 241	603	7 667
<b>Cash flow from operations</b>	<b>4 157</b>	<b>-1 901</b>	<b>-2 239</b>	<b>-2 019</b>	<b>581</b>
Capitalisation of internal development costs	-870	-	-1 792	-	-719
Aquisitions in financial non-current assets	-	-	-	-	-
Aquisitions in tangible non-current assets	-472	-58	-582	-126	-1 316
<b>Cash flow from investment activities</b>	<b>-1 342</b>	<b>-58</b>	<b>-2 374</b>	<b>-126</b>	<b>-2 035</b>
New loans and instalments of dept	-1 037	3 853	-3 373	1 797	618
<b>Cash flow from financing activities</b>	<b>-1 037</b>	<b>3 853</b>	<b>-3 373</b>	<b>1 797</b>	<b>618</b>
<b>Total cash flow</b>	<b>1 778</b>	<b>1 894</b>	<b>-7 986</b>	<b>-348</b>	<b>-836</b>
Liquid funds at beginning of period	6 988	15 346	16 752	17 588	17 588
Liquid funds at end of period	8 766	17 240	8 766	17 240	16 752