



CELLAVISION AB (publ)

Interim report for the period January 1 – June 30, 2008

Several important contracts and positive earnings

- Net sales for the period were SEK 41.3 million (34.1), an increase of 21 %, of which SEK 22.8 million in the second quarter (17.3).
- The operating profit for the period was SEK 2.8 million (-3.7) and for the second quarter SEK 1.5 million (-2.8).
- Earnings per share for the period were SEK 0.11 (-0.17).
- Cash and cash equivalents amounted to SEK 16.9 million (8.8) at the close of the interim period.
- The application for body fluids was launched and the first licenses sold.
- The company was selected as a supplier of automated image analysis in the procurement process for the Västra Götaland region in Sweden.
- CellaVision's products were approved for sale in China and the first order from an end-user was received.
- A major American commercial laboratory chain chose CellaVision® DM96 for 14 of its laboratories.
- A subsidiary was established in Japan.

CellaVision in summary

(MSEK)	1 Jan–30 June 2008	1 Jan–30 June 2007	Full year 2007
Net sales	41.3	34.1	74.6
Gross profit	25.8	19.8	45.3
Operating result	2.8	-3.7	3.1
Net result	2.6	-3.9	2.6
Cash flow	0.6	-8.0	-0.4

CEO's comment

“The first six months are a continuation of 2007, focusing on new products, geographical expansion and positive earnings. We are continuing to grow and strengthen our position in important markets,” says Yvonne Mårtensson, CEO of CellaVision.

“The strategic initiative to increase sales in the USA by supplementing our distributor with our own organization has now resulted in the first salespeople being in place. We will also increase personnel in Canada and Japan. These initiatives will not, however, have any sales impact until later this year and we are trying to continue market investments in pace with increased sales.

Product registration in China was completed during the reporting period and we received our first order. We are pleased to have obtained exposure in this market with great long-term potential. We have also received the first orders for the application for body fluids, which can be purchased for all existing and future DM96s.”

For further information, please contact:

Yvonne Mårtensson, CEO. Phone: +46 708 33 77 82, e-mail: yvonne.martensson@cellavision.se

Johan Wennerholm, CFO. Phone: +46 708 33 81 68, e-mail: johan.wennerholm@cellavision.se



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 in mainly Europe and the US. In most countries the products are sold through distributors. In the Nordic countries and through subsidiaries in the US and Canada, CellaVision sells direct.

SUMMARY OF THE PERIOD JANUARY – MARCH

Market and sales

Sales for the period January – June increased by 21 % to SEK 41.3 million (34.1). Adjusted for exchange-rate effects the increase was 26 %. During the period Europe accounted for 56 % (42) of sales, North America for 42 % (55) and the rest of the world for 2 % (3).

In the second quarter the application for analysis of body fluids became commercially available in Europe and the company received its first orders. In the Nordic area the company sold analysis instruments to hospitals in Roskilde, Denmark and Stavanger, Norway, both replacing existing CellaVision-instruments with CellaVision DM96. During the quarter the company was selected as a supplier of automated image analysis in the procurement process for the Västra Götaland region in the west part of Sweden. The contract is a general agreement and no volumes are specified as yet.

The product registration of CellaVision's analysis instruments was approved in the second quarter by the Chinese State Food and Drug Administration (SFDA), which means that the products may now be sold in China. In connection with this, the distributor Vastec Medical received its first order from the Xi Jing Hospital in Xi'an, which is part of the Fourth Military Medical University.

During the period the first instrument was sold to Iceland; the Landspítali University Hospital in Reykjavik, which means that the company now has customers in all five Nordic countries.

* Earlier named CellaVision® Diff IQ. The name was changed in March 2008.



A considerable part of the sales in North America are due to the company's distributor in the USA, Sysmex America, receiving an order during the period from a large commercial laboratory chain. 14 of the chain's laboratories will be equipped with CellaVision DM96 instruments.

The subsidiary CellaVision Japan K.K was established during the period. The company is currently applying for the licensing and registration required for selling and servicing medical devices in Japan. This process is expected to be completed in the third quarter of 2008. During the year a sales organisation will be established to be operative when all licenses have been obtained.

Research and development

The new software application for body fluids and the new version of the company's application for blood were ready in the second quarter. An application to the American Food and Drug Administration (FDA) was submitted for the company's application for analysis of body fluids. In other respects the company continued to focus on development projects aimed at more cost-effective hardware.

CellaVision was awarded its 26th patent: an American patent for the invention called Navigation, which describes how a sample can be very exactly positioned during analysis with the help of overlapping images. At the close of the second quarter the company had a patent portfolio containing a total of 18 patented inventions, which have generated 26 patents to date.

INVOICING, INCOME, AND INVESTMENTS

Net sales for the Group were SEK 41.3 million (34.1) for the period, an increase of 21 % compared with the same period in the previous year. Net sales in the second quarter were SEK 22.8 million (17.3). Adjusted for exchange-rate effects the increase for the period was 26 %.

The gross margin for the period was 62 % (58) and in the second quarter was 61 % (59).

The Group's operating profit for the period was SEK 2.8 million (-3.7). The Group's operating profit for the quarter was SEK 1.5 million (-2.8). Total operating expenses for the quarter were SEK -12.4 million (-13.0).

Capitalised costs for development projects were SEK 2.0 million for the quarter (0.9). Investments in property, plant and equipment during the quarter amounted to SEK 0.9 million (0.5).



FINANCING

The Group's cash and cash equivalents at the end of the period were SEK 16.9 million (8.8). The cash flow from operating activities for the quarter was SEK -0.4 million (4.2).

PARENT COMPANY

Parent company sales for the interim period were SEK 41.6 million (34.1). Pre-tax earnings for the interim period were SEK 4.3 million (-2.7).

Parent company sales for the second quarter were SEK 22.5 million (17.5). Pre-tax earnings for the second quarter were SEK 2.1 million (-1.8).

The parent company's gross investments in the interim period were SEK 0.9 million (0.2) and the net cash flow was SEK -1.3 million (-10.3).

PERSONNEL

The number of employees of the Group, restated as full-time positions, was 40 at the close of the period (39). Of these, 26 (29) were men and 14 (10) women.

Adam Morell has been appointed as new head of development and will take up the position on 1 August, 2008. Adam has held various positions in CellaVision's development department and has earlier been head of Software Development at the high-tech company Agellis Group AB. He holds a Master's degree in Engineering Physics, a Licentiate in Engineering in Applied Mathematics and a Bachelor's degree in Medicine.

OTHER INFORMATION

Group

On 30 June 2008 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 financial statements are prepared in accordance with Financial Reporting Standards, IFRS. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and 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 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 2007.

Reviews

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

Future reports

Interim report January – September October 22, 2008
Year-end bulletin February, 2009

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, July 15, 2008

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

For further information, please contact:

Yvonne Mårtensson, CEO, CellaVision AB.

Mobile: +46 708 33 77 82, e-mail: yvonne.martensson@cellavision.se

Johan Wennerholm, CFO, CellaVision AB.

Mobile: +46 708 33 81 68, e-mail: johan.wennerholm@cellavision.se

Address

CellaVision AB
Ideon Science Park
SE-223 70 LUND

CellaVision's website: 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	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007	2007
Revenue	22 809	17 298	41 319	34 050	74 565
Cost of goods sold	-8 874	-7 054	-15 529	-14 272	-29 312
Gross Profit	13 935	10 244	25 790	19 778	45 253
Sales and Marketing expenses	-5 123	-4 006	-8 621	-7 489	-15 135
Administration expense	-3 984	-4 320	-8 071	-7 728	-16 066
R&D expenses	-5 430	-4 942	-10 050	-9 460	-17 532
Other operating income	-	-114	-	135	384
Other operating expenses	89	-482	-384	-768	-157
Capitalized development expenditures	2 031	869	4 113	1 792	6 395
Operating result	1 518	-2 751	2 777	-3 740	3 142
Financial income	21	0	115	1	260
Financial expense	-115	-85	-282	-209	-777
Profit before income tax	1 424	-2 836	2 610	-3 948	2 625
Tax	-	-	-	-	-
Net profit	1 424	-2 836	2 610	-3 948	2 625

Per share data	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007	2007
Earnings per share, SEK	0,06	-0,12	0,11	-0,17	0,11
Equity per share SEK	0,96	0,56	0,96	0,70	0,84
Equity ratio, %	40%	40%	40%	43%	45%
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	4,90	9,80	4,90	9,80	6,75

Quarterly results

All amount in ' 000 SEK	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Revenue	22 809	18 510	19 424	21 091	17 298	16 752
Gross Profit	13 935	11 855	14 094	11 381	10 244	9 534
gross Margin in %	61	64	73	54	59	57
Overhead cost	-12 417	-10 596	-11 044	-7 549	-12 995	-10 523
Operating result	1 518	1 259	3 050	3 832	-2 751	-990
Net profit	1 424	1 186	2 836	3 737	-2 836	-1 114
Cashflow	864	-272	124	7 457	1 778	-9 764



Consolidated Balance sheet

All amount in ' 000 SEK	2008-06-30	2007-06-30	2008-03-31	2007-12-31
Assets				
Intangible assets	10 893	2 911	9 222	7 354
Tangible assets	1 803	1 482	1 126	1 257
Financial assets	71	0	76	24
Inventory	4 137	6 799	5 527	3 952
Trade receivables	20 025	11 294	15 114	11 565
Other receivables	3 579	2 717	3 355	3 621
Cash and bank	16 939	8 766	16 075	16 347
Total assets	57 447	33 969	50 495	44 120

Equity and liabilities

Equity	22 919	13 429	21 532	20 072
Långfristiga skulder				
Short term debt	8 168	8 064	7 584	7 711
Short term debt with interest	15 888	3 785	11 749	7 453
Trade payables	8 212	6 900	7 174	6 084
Other liabilities	2 260	1 791	2 456	2 800
Total equity and liabilities	57 447	33 969	50 495	44 120

Consolidated statement of changes in equity	2008-06-30	2007-06-30	2008-03-31	2007-12-31
Balance at the beginning of the year	20 072	17 735	20 072	17 735
Exchange adjustment	237	-358	274	-288
New issues	-	-	-	-
Net profit for the year	2 610	-3 948	1 186	2 625
Balance at the end of the year	22 919	13 429	21 532	20 072

Cash flow analysis

All amount in ' 000 SEK	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007	Jan-Dec 2007
Result before taxes	1 424	-2 836	2 610	-3 948	2 625
Adjustment for items not included in cash flow	215	3 217	1 143	3 950	2 612
Taxes	-	-	-	-	-
Cash flow from operations before changes in working capital	1 639	381	3 753	2	5 237
Changes in working capital	-2 059	3 776	-6 515	-2 241	1 425
Cash flow from operations	-420	4 157	-2 762	-2 239	6 662
Capitalisation of development costs	-2 031	-870	-4 113	-1 792	-6 394
Aquisitions in financial non-current assets	-	-	-54	-	-24
Aquisitions in tangible non-current assets	-824	-472	-914	-582	-944
Cash flow from investment activities	-2 855	-1 342	-5 081	-2 374	-7 362
New issues	-	-	-	-	-
New loans and instalments of dept	4 139	-1 037	8 435	-3 373	295
Cash flow from financing activities	4 139	-1 037	8 435	-3 373	295
	0	0			
Total cash flow	864	1 778	592	-7 986	-405
Liquid funds at beginning of period	16 075	6 988	16 347	16 752	16 752
Liquid funds at end of period	16 939	8 766	16 939	8 766	16 347



Income Statement - Parent Company

All amount in ' 000 SEK	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007	2007
Revenue	22 476	17 490	41 647	34 061	74 766
Cost of goods sold	-8 933	-7 104	-16 222	-14 227	-33 150
Gross Profit	13 543	10 386	25 425	19 834	41 616
Sales and Marketing expenses	-3 909	-3 183	-5 929	-6 272	-9 690
Administration expense	-4 129	-4 321	-8 689	-7 729	-16 066
R&D expenses	-5 430	-4 942	-10 050	-9 460	-17 532
Other operating income	-	-71	-	154	384
Other operating expenses	89	-482	-384	-768	-157
Capitalized development expenditures	2 031	869	4 113	1 792	6 395
Operating result	2 195	-1 744	4 486	-2 449	4 950
Financial income	21	1	115	1	256
Financial expense	-113	-83	-280	-206	-772
Profit before income tax	2 103	-1 826	4 321	-2 654	4 434
Tax	-	-	-	-	-
Net profit	2 103	-1 826	4 321	-2 654	4 434

Balance sheet - Parent Company

All amount in ' 000 SEK	2008-06-30	2007-06-30	2008-03-31	2007-12-31
Assets				
Intangible assets	10 893	2 911	9 222	7 354
Tangible assets	1 699	1 403	1 056	1 226
Financial assets	704	106	704	106
Inventory	3 459	6 569	4 762	3 568
Trade receivables	23 222	11 196	14 127	9 427
Other receivables	4 697	5 268	8 432	7 906
Cash and bank	14 580	6 167	13 723	15 845
Total assets	59 254	33 620	52 026	45 432
Equity and liabilities				
Equity	23 114	11 704	20 922	18 790
Långfristiga skulder				
Short term debt	16 595	9 820	9 806	9 882
Short term debt with interest	9 156	3 785	11 749	7 453
Trade payables	8 129	6 231	7 093	6 507
Other liabilities	2 260	2 080	2 456	2 800
Total equity and liabilities	59 254	33 620	52 026	45 432