



## CELLAVISION AB (publ)

Interim report for the period January 1 – September 30, 2007

### Persistently good sales trend

- Net sales for the period increased by 40% and amounted to SEK 55.1 million (39.3). Net sales for the third quarter were SEK 21.1 million (11.6).
- Operating result for the period was SEK 0.1 million (-7.3), and for the third quarter SEK 3.8 million (-2.3).
- Net result per share amounted to SEK -0.01 million (-0.32) for the period.
- Liquid assets amounted to SEK 16.2 million at the end of the period.
- The new application for bodily fluids was previewed in the USA.

### Important events after the reporting period

- An evaluation of a potential future establishment on the Japanese market was initiated.

### CellaVision in summary

(MSEK)	Q3 2007	Q3 2006	Jan 1 – Sept 30 2007	Jan 1 – Sept 30 2006	Full year 2006
Net sales	21,1	11,6	55,1	39,3	54,8
Gross profit	11,4	6,4	31,2	21,8	32,0
Operating result	3,8	-2,3	0,1	-7,3	-8,6
Net result	3,7	-2,4	-0,2	-7,6	-8,8
Cash flow	7,5	0,9	-0,5	0,6	-0,8

### CEO's comment

"CellaVision is closing in on the goal of reaching positive turnover during 2007. However, the individual quarterly periods are difficult to compare because the company still is in a phase of rapid growth, and very dependent on its distributors and their success in sales," says Yvonne Mårtensson, CEO of CellaVision.

"Yet another three Nordic hospitals have decided to use CellaVision's products during the third quarter. One of them – Malmö University Hospital, our very first client – has upgraded from the DiffMaster to a CellaVision DM96. In addition to continuing to fortify our position on markets where we are already established, we are also evaluating the Japanese market. Our products are well in line with the Japanese market, which is characterised by large automated laboratories."

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 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™ 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 and independent commercial 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 JANUARY – SEPTEMBER

### Market and sales

Net sales increased by 40% to SEK 55.1 million (39.3) during the period January–September, and Europe accounted for 54% of net sales, North America for 43%, and the remainder of the world for 3%. Sales growth was strong during the third quarter, and net sales increased by 82% to SEK 21.1 million (11.6). During the quarter, Europe accounted for 70% of net sales, North America for 23%, and the rest of the world for 7%.

During the third quarter instruments were sold to Helsingborg Hospital, the Panum Institute, which is an affiliate of Copenhagen University, and the Malmö University Hospital. Malmö was CellaVision's very first client when they were picked up in 2001, and is now upgrading from the DiffMaster™ to the CellaVision DM96. The upgrade gives increased capacity and a higher degree of automation, as well as the possibility of using CellaVision's new software for analysing body fluids.

In July the company's new product for analysing body fluids was previewed at the AACC Annual Meeting & Clinical Lab Expo in San Diego, USA. The application is optimized for analysis of cerebrospinal fluid and will be available commercially in the beginning of 2008.

Registering the company's products in China is close to completion. In October, SFDA, the authority in question in China, made it clear through the company's distributor that the application has been formally accepted. The final approval can be expected within 90 working days.





## Research and development

During the period CellaVision has focused on development projects concerning cost effective hardware platforms and new software applications. Some of these projects are expected to come to completion during the next quarterly period and will be included in the company's line of products in 2008. As a result of this, costs regarding development projects during the period are activated, which was not the case the previous year.

During the quarter the company acquired approval for its eighteenth family of patents in Europe. The patent describes a method which is central in distinguishing relevant information in an image. The patent is used in the blood application in CellaVision's analyzers. By the end of the quarter the company had a portfolio of patents with a total of 18 patented inventions, which have generated 25 patents so far.

## Significant events after the close of the reporting period

CellaVision is at present analysing the conditions of a potential bid for establishing sales in Japan. While an evaluation of CellaVision™ DM96 is being conducted at a laboratory in Japan, different establishing strategies are simultaneously being looked at. With the intention of initiating sales as soon as possible, the company is already now applying for a Foreign Manufacturer Authorization, FMA, which is required regardless of which establishing strategy is chosen.

## INVOICING, INCOME, AND INVESTMENTS

Net sales for the Group during the period were SEK 55.1 million (39.3), an increase of 40%. Net sales for the third quarter amounted to SEK 21.1 million (11.6).

Gross profit was 57% (55) for the period and 54% (55) for the third quarter.

The Group's operating result for the period was SEK 0.1 million (-7.3), and for the quarter SEK 3.8 million (-2.3). The total operating loss for the quarter amounted to SEK -7.5 million (-8.7).

Capitalized costs regarding development projects during the third quarter amounted to SEK 2.2 million (0.0). Capital expenditures during the third quarter were SEK 0.7 million (1.6).

## FINANCING

The Group's cash and cash equivalents at the end of the period amounted to SEK 16.2 million (18.2). The cash flow from operating activities for the quarter was SEK 1.0 million (3.5).





## 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.

## PARENT COMPANY

The parent company's net sales during the interim period amounted to SEK 55.5 million (38.0), and the result before taxation for the interim period was SEK 2.4 million (-10.6).

The parent company's net sales during the third quarter amounted to SEK 16.4 million (12.0), and the result before taxation for the quarter was SEK 4.2 million (-3.6).

During the interim period, parent company gross investments amounted to SEK 1.3 million (1.1), and the net cash flow was SEK -2.2 million (0.8).

## OTHER INFORMATION

### Group

As of the 30th of October, 2007, the Group consists of the parent company as well as 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'.

### Reviews

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

### Future reports

Year-end bulletin 15 February 2008

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





Lund, October 30, 2007

*The Board*

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	Jul-Sept 2007	Jul-Sept 2006	Jan-Sept 2007	Jan-Sept 2006	2006
Revenue	21 091	11 589	55 141	39 280	54 777
Cost of goods sold	-9 710	-5 174	-23 982	-17 504	-22 764
<b>Gross Profit</b>	<b>11 381</b>	<b>6 415</b>	<b>31 159</b>	<b>21 776</b>	<b>32 013</b>
Sales and Marketing expenses	-2 808	-3 102	-10 297	-9 534	-13 352
Administration expense	-4 075	-2 468	-11 803	-9 136	-12 705
R&D expenses	-3 369	-3 280	-12 829	-10 490	-15 081
Other operating income	22	134	157	158	133
Other operating expenses	482	0	-286	-55	-333
Capitalized development expenditures	2 199	-	3 991	-	719
<b>Operating result</b>	<b>3 832</b>	<b>-2 301</b>	<b>92</b>	<b>-7 281</b>	<b>-8 606</b>
Financial income	0	57	1	177	355
Financial expense	-95	-127	-304	-451	-530
<b>Profit before income tax</b>	<b>3 737</b>	<b>-2 371</b>	<b>-211</b>	<b>-7 555</b>	<b>-8 781</b>
Tax	-	-	-	-	-
<b>Net profit</b>	<b>3 737</b>	<b>-2 371</b>	<b>-211</b>	<b>-7 555</b>	<b>-8 781</b>

Per share data	Jul-Sept 2007	Jul-Sept 2006	Jan-Sept 2007	Jan-Sept 2006	2006
Earnings per share, SEK	0,16	-0,10	-0,01	-0,32	-0,38
Equity per share SEK	0,73	0,80	0,56	0,80	0,74
Equity ratio, %	37%	48%	40%	48%	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	8,40	5,50	8,40	5,50	5,90

### Quarterly results

All amount in ' 000 SEK	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005
Revenue	21 091	17 298	16 752	15 497	11 589	18 630	9 061	10 408	8 273
Gross Profit	11 381	10 244	9 534	10 237	6 415	10 318	5 043	6 214	3 220
gross Margin in %	54	59	57	66	55	55	56	60	39
Overhead cost	-7 549	-12 995	-10 154	-11 563	-8 716	-10 602	-9 739	-10 340	-8 040
Operating result	3 832	-2 751	-990	-1 325	-2 301	-284	-4 696	-4 126	-4 820
Net profit	3 737	-2 836	-1 114	-1 227	-2 371	-349	-4 835	-4 094	-4 919
Cashflow	7 457	1 778	-9 764	-538	3 507	-1 901	-118	-1 600	-6 571



# Consolidated Balance sheet

All amount in ' 000 SEK

	2007-09-30	2006-09-30	2007-06-30	2006-12-31
<b>Assets</b>				
Intangible assets	5 030	641	2 911	1 280
Tangible assets	1 830	1 029	1 482	1 373
Financial assets	25	-	-	-
Inventory	4 183	7 504	6 799	7 423
Trade receivables	16 779	8 875	11 294	11 355
Other receivables	3 194	3 140	2 717	3 146
Cash and bank	16 223	18 164	8 766	16 752
<b>Total assets</b>	<b>47 264</b>	<b>39 353</b>	<b>33 969</b>	<b>41 329</b>

# Equity and liabilities

Equity	17 309	18 985	13 429	17 735
Short term debt	6 645	5 928	8 064	4 700
Short term debt with interest	13 135	8 369	3 785	7 158
Trade payables	7 495	4 431	6 900	7 761
Other liabilities	2 680	1 640	1 791	3 975
<b>Total equity and liabilities</b>	<b>47 264</b>	<b>39 353</b>	<b>33 969</b>	<b>41 329</b>

# Consolidated statement of changes in equity

	2007-09-30	2006-09-30	2007-06-30	2006-12-31
Balance at the beginning of the year	17 735	26 561	17 735	26 561
Exchange adjustment	-215	-21	-358	-44
Net profit for the year	-211	-7 555	-3 948	-8 782
<b>Balance at the end of the year</b>	<b>17 309</b>	<b>18 985</b>	<b>13 429</b>	<b>17 735</b>

# Cash flow analysis

All amount in ' 000 SEK

	il-Sept 2007	il-Sept 2006	n-Sept 2007	Jan-Sept 2006	Helår 2006
<b>Result before taxes</b>	3 737	-2 371	-211	-7 555	-8 606
Adjustment for items not included in cash flow	-2 529	365	2 221	2 927	1 520
Taxes	0				0
<b>Cash flow from operations before changes in working capital</b>	<b>1 208</b>	<b>-2 006</b>	<b>2 010</b>	<b>-4 628</b>	<b>-7 086</b>
Changes in working capital	-208	5 512	-3 249	6 115	7 667
<b>Cash flow from operations</b>	<b>1 000</b>	<b>3 506</b>	<b>-1 239</b>	<b>1 487</b>	<b>581</b>
Capitalisation of internal development costs	-2 200	-	-3 992	-	-719
Aquisitions in financial non-current assets	-24	-	-24	-	-
Aquisitions in tangible non-current assets	-670	-1 604	-1 252	-1 730	-1 316
<b>Cash flow from investment activities</b>	<b>-2 894</b>	<b>-1 604</b>	<b>-5 268</b>	<b>-1 730</b>	<b>-2 035</b>
New issues	-	-	-	1 266	-
New loans and instalments of dept	9 351	-978	5 978	-447	618
<b>Cash flow from financing activities</b>	<b>9 351</b>	<b>-978</b>	<b>5 978</b>	<b>819</b>	<b>618</b>
<b>Total cash flow</b>	<b>7 457</b>	<b>924</b>	<b>-529</b>	<b>576</b>	<b>-836</b>
Liquid funds at beginning of period	8 766	17 240	16 752	17 588	17 588
Liquid funds at end of period	16 223	18 164	16 223	18 164	16 752