

2015-09-07

Interim Report May 1, 2015 – July 31, 2015

Net sales	880 (541) TSEK
Operating result (EBIT)	-1 457 (-1 733) TSEK
Result before tax	-1 531 (-1 778) TSEK
Net result	-1 531 (-1 778) TSEK
Earnings per share	-0.16 (-0.34) SEK

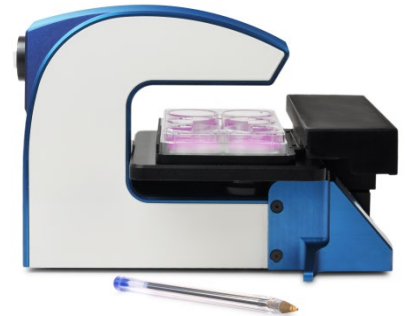
CEO COMMENTARY

During the period a substantial number of HoloMonitor® M4.5 units were manufactured and are now in the process of being installed at:

- Department of Environmental & Occupational Health, Florida International University
- Department of Dermatology, University of California, San Francisco, 2nd unit
- Department of Cell and Molecular Biology, Karolinska Institutet, Stockholm
- Department of Microbiology, Karolinska Institutet, Stockholm
- Centre for Regenerative Medicine, University of Edinburgh
- Division of Solid State Physics, Lund University, 2nd unit
- Israel Institute for Biological Research, 2nd unit
- German Cancer Research Center, Heidelberg

In addition, three previously uncommunicated installations are in progress as well:

- Malaysian Institute of Pharmaceuticals and Nutraceuticals, 2 units
- Reproduction Center, Academic Hospital in Uppsala



*HoloMonitor M4.5 with motorized stage.
The cell culture vessel on top the stage
has six so called wells with a cell culture
in each well.*

The majority of these units are equipped with the new motorized stage. The stage allows cell cultures to be repeatedly photographed, which are sequentially positioned in front of the instruments camera with an interval of a few minutes. After several days of observation, the images are assembled into time-lapse movies showing how the cells change and move in each cell culture. This capability greatly improves productivity by allowing researchers to analyze cell cultures in parallel, which motivates the majority of cell laboratories to choose motorized HoloMonitor systems, in spite of that the instrument price increases by nearly 70 %.

Market acceptance

After the completion of the above installations, the market acceptance goals set out in the company's IPO memorandum will have been reached and surpassed:

- 50 HoloMonitor units in operation
- Collaboration agreements with 8 key opinion leaders

“

*Market acceptance goals will
be reached and surpassed*

Larger market potential

Six cell laboratories will then have two or more HoloMonitor units in operation, which clearly indicates that for a cell laboratory to work efficiently several motorized HoloMonitor units are needed. A recent independent market report¹ estimates the number of cell laboratories in the world to be well over 120 000. Together this new market data leads us to conclude that the market potential for the HoloMonitor products is several times larger than what has previously been communicated. Previous market estimate was based on 70 000 laboratories and one unit per laboratory.

Market expansion

The company is now very well positioned for an aggressive market expansion. The Board of Directors has instructed management and the US-advisors to promptly secure and base the necessary funding on long-term investments. At the discretion of the shareholders, the funding proposal will be presented at an extra ordinary shareholders meeting.

A key component of the market expansion is to establish distribution collaborations with leading industry players, which predominantly are US-based. This is to rapidly increase sales and thereby create the best possible environment for divesting the business. To increase profitability and secure production capacity for the market expansion, management has decided to immediately move HoloMonitor M4.5 production into series production.

¹ The Market for Cell-based Assays, Bioinformatics, gene2drug.com, 2015

SALES AND RESULT

Net sales increased with 63 % to 880 (541) TSEK with a gross margin of 38 % (34 %). As the majority of customers are expected to purchase instruments with a motorized stage, net sales and gross profit per sold instrument will increase significantly. Additionally, the gross margin is also expected to increase as production transitions into series production. The net result was -1 531 (-1 778) TSEK.

INVESTMENTS

The company has invested 1 154 (601) TSEK in product and production development, 11 (78) TSEK in asset protection of patents and trademarks, and 48 (-) TSEK in machinery and equipment.

FINANCING

Cash and equivalents and unutilized granted credits amounted to 6 163 (1 107) TSEK at the end of the period. The equity ratio was 57 % (58 %).

RISKS

The company may be affected by various factors, described in the 2014/15 Annual Report. These factors may individually or jointly increase risks for the operation and result of the company.

INVESTOR CALENDAR

- November 30 Half Year Report 2015/16

ACCOUNTING PRINCIPLES

From the fiscal year May 1, 2014 – April 30, 2015, the accounts are prepared in accordance with the Annual Accounts Act and the general advice of the Accounting Board BFNAR 2012:1 (K3). The application of the new regulations has not implicated any requirement to restate the comparative periods. BFNAR 2007:1 is applied in the preparation of interim reports.

NEW REPORTING FORMAT

From the fiscal year May 1, 2015 – April 30, 2016, the income statement is structured according to the functional format. This change is made since the functional format is expected to provide a more transparent picture of the company's operating result development. Aside from this, the same accounting principles have been applied as in the latest annual report.

REVIEW

This interim report has not been subject to review by the auditors of the company.

ABOUT PHASE HOLOGRAPHIC IMAGING

Phase Holographic Imaging (PHI) leads the ground-breaking development of time-lapse cytometry instrumentation and software. With the first instrument introduced in 2011, the company today offers a range of products for long-term quantitative analysis of living cell dynamics that circumvent the drawbacks of traditional methods requiring toxic stains. Headquartered in Lund, Sweden, PHI trades through a network of international distributors. Committed to promoting the science and practice of time-lapse cytometry, PHI is actively expanding its customer base and scientific collaborations in cancer research, inflammatory and autoimmune diseases, stem cell biology, gene therapy, regenerative medicine and toxicological studies.

On behalf of the Board of Directors
Peter Egelberg, CEO

For additional information, please contact:

Peter Egelberg
Tel: +46 703 19 42 74
E-mail: peter.egelberg@phiab.se
Web: www.phiab.se

Income statement (TSEK)	Q1 2015-2016	Q1 2014-2015	FY 2014-2015
Net sales	880	541	2 712
Cost of products sold	-550	-355	-1 854
Gross profit	330	186	858
<i>Gross margin</i>	38%	34%	32%
Selling expenses	-523	-517	-2 431
Administrative expenses	-876	-831	-4 016
R&D expenses	-388	-571	-2 781
Operating result (EBIT)	-1 457	-1 733	- 8 380
Financial net	-74	-45	-156
Result before tax	-1 531	-1 778	-8 536
Net result	-1 531	-1 778	-8 536
Balance sheet (TSEK)	2015-04-30	2014-04-30	2015-04-30
ASSETS			
<i>Non-current assets</i>			
Intangible assets	14 721	11 348	14 078
Tangible assets	46	0	0
	14 767	11 348	14 078
<i>Current assets</i>			
Inventory	1 118	448	785
Current receivables	1 204	570	1 295
Cash and equivalents	4 163	686	1 242
<i>Incl. unutilized share granted credits</i>	(6 163)	(1 107)	(8 944)
	6 485	1 704	3 322
	(8 485)	(2 125)	(11 024)
Total assets	21 252	13 052	17 400
EQUITY AND LIABILITIES			
Equity	12 082	7 567	13 613
Financial liabilities	6 365	4 212	765
Operating liabilities	2 805	1 273	3 022
Total equity and liabilities	21 252	13 052	17 400
Changes in equity	Q1 2015-2016	Q1 2014-2015	FY 2014-2015
Opening balance	13 613	9 345	9 345
Equity issues, net	-	-	12 804
Net profit	-1 531	-1 778	-8 536
Closing balance	12 082	7 567	13 613

Cash flow statement (TSEK)	Q1 2015-2016	Q1 2014-2015	FY 2014-2015
<i>Operating activities</i>			
Net result	-1 531	-1 778	-8 536
Depreciation	524	531	2 101
Operating cash flow	-1 007	-1 247	-6 435
Increase (-)/decrease (+) in inventories	-333	342	5
Increase (-)/decrease (+) in current receivables	91	288	-438
Increase (+)/decrease (-) in operating liabilities	-217	-735	1 015
Change in working capital	-459	-105	582
Cash flow from operating activities	-1 466	-1 352	-5 853
<i>Investing activities</i>			
Capitalized development expenditure	-1 154	-601	-4 735
Patents	-11	-78	-244
Investments	-48	-	-4 979
Cash flow after investments	-2 679	-2 031	-10 832
<i>Financing activities</i>			
Equity issues, net	-	-	12 804
Increase (+)/decrease (-) in financial liabilities	5 600	2 634	-813
Cash flow from financing activities	5 600	2 634	11 991
Total cash flow	2 921	603	1 159
Cash and equivalents, beginning of period	1 242	83	83
Cash flow for the period	2 921	603	1 159
Cash and equivalents, end of period	4 163	686	1 242
<i>Incl. unutilized share granted credits</i>	<i>(6 163)</i>	<i>(1 107)</i>	<i>(8 944)</i>
Data per share			
	Q1 2015-2016	Q1 2014-2015	FY 2014-2015
Earnings per share, SEK	-0.16	-0.34	-1.12
Equity per share, SEK	1.23	1.47	1.39
Number of shares, end of period	9 809 510	5 162 900	9 809 510
Average number of shares	9 809 510	5 162 900	7 607 144