

## **POC (Point-of-Care) project stopped – sales, profit and cash flow in the core business increased during the third quarter**

### **Third quarter, July - September 2013**

- Net sales totaled SEK 69.9 million (63.8), up 9.6 percent. Changes in the USD and EUR exchange rates had a negative impact of SEK 0.2 million on net sales.
- The POC project was stopped, resulting in a one-time non-cash impairment charge of SEK 95.5 million (0.0).
- The operating result was a loss of SEK 91.7 million (profit: 1.5). Excluding impairment charges of SEK 95.5 million, the operating result was profit of SEK 3.8 million (1.5).
- The net result was a loss of SEK 72.4 million (profit: 0.9). Net profit before impairment charges was SEK 4.5 million (0.9).
- The result per share was a loss of SEK 15.38 (profit: 0.19). Earnings per share before impairment charges amounted to SEK 0.96 (0.19).

### **Key events during the third quarter**

#### **POC project discontinued**

Resolution of the previously reported issues involving the robustness of the POC project was deemed impossible without substantial additional investment. In order to free up resources, Boule has decided to stop any further investment in the project and, instead, focus increased energy on the company's expansive core operations. Since contacts have been initiated with various industrial players regarding the POC project, the company is prepared for negotiations about the future of the project.

Given the applicable accounting rules, the company has decided to write down the entire carrying amount of SEK 95 million for the POC project in the accounts as of September 30. Following this impairment charge, the company reported a continued high equity/assets ratio of 57 percent. The company's liquidity was unaffected by the impairment.

### **Interim period January - September 2013**

- Net sales totaled SEK 204.6 million (199.0), up 2.8 percent. Changes in the USD and EUR exchange rates had a negative impact of SEK 3.3 million on net sales.
- The POC project was discontinued, resulting in a one-time non-cash impairment charge of SEK 95.5 million (0.0).
- The operating result was a loss of SEK 85.6 million (profit: 14.3). Excluding impairment charges of SEK 95.5 million, the operating result was profit of SEK 9.9 million (14.3).
- The net result was a loss of SEK 68.2 million (profit 7.7). Net profit before impairment charges was SEK 8.7 million (7.7).
- The result per share was a loss of SEK 14.49 (profit: 1.63). Earnings per share before impairment charges amounted to SEK 1.85 (1.6).

#### **Agreement with CVS Group**

During the quarter, Boule Diagnostics signed an agreement with CVS Group, one of UK's largest companies in veterinary medicine and diagnostics. The agreement spans a seven-year period and includes delivery of instruments and consumables at an estimated value of at least SEK 25 million. CVS Group owns a number of veterinary diagnostic labs as well as nearly 250 veterinary clinics in the UK. Deliveries to the CVS Group will start during the current year.

#### **Key events after the reporting period**

##### **New premises in Sweden**

After the end of the reporting period, a lease was signed with FastPartner for new premises to house Boule's entire Swedish operations with the exception of reagent production, which moved in to new premises in 2012. The lease is for 3,800 square meters and means that all existing operations in Västberga, south of Stockholm, will move to Lunda, north of Stockholm in 2014. The premises are located in close to the new reagents production facility.

Key data	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec	Rolling
	2013	2012	2013	2012	2012	12 months
Net sales, SEK million	69.9	63.8	204.6	199.0	275.3	280.9
Net sales growth, %	9.6	10.6	2.8	11.5	11.8	5.4
Gross profit, SEK million	30.7	27.8	91.8	88.6	123.5	126.7
Gross margin, %	43.9	43.6	44.9	44.5	44.9	45.1
EBITDA, SEK million	4.4	2.9	12.3	16.6	23.5	19.2
EBITDA margin, %	6.3	4.5	6.0	8.3	8.5	6.8
Operating profit/loss, SEK million	-91.7	1.5	-85.6	14.3	20.4	-79.6
Operating margin, %	-131.2	2.4	-41.8	7.2	7.4	-28.3
Net profit, SEK million	-72.4	0.9	-68.2	7.7	11.0	-64.9
Earnings per share, SEK	-15.38	0.19	-14.49	1.63	2.33	-13.80
Cash flow from operating activities per share, SEK	3.13	1.52	3.85	3.08	2.33	3.09
Return on equity, % <sup>1)</sup>	-40.0	5.1	-40.0	5.1	5.6	-40.0
Equity per share, SEK	27.3	41.7	27.3	41.7	42.4	27.3
Equity/assets ratio, %	57	78	57	78	73	57

1) Rolling 12 months

## Comments from the CEO

### *The POC project*

Unfortunately, despite substantial efforts, our Point-of-Care development project – the POC project – has not achieved the level of robustness we deem necessary to launch and market the product. We have therefore decided to stop any further investment in the project. This decision enables us to free up resources and focus increased energy on the company's expansive core operations. During the year, contact has been established with various industrial players and the company is prepared for negotiations about the project's future.

Since substantial uncertainty exists in the assessment of future expenses and revenue from the project, and given the prevailing accounting rules, we have decided to write down the entire value of the POC project. Accordingly, the accounts at September 30 have been charged with an impairment loss for accounting purposes of SEK 95 million. The impairment loss lowers the company's equity/assets ratio from 66 percent to 57 percent, which is still well above our financial objective of 30-50 percent. The company's liquidity was unaffected by the impairment. A significant portion of the knowledge generated by the project will be utilized in our core operations.

### *Core operations*

Sales in the third quarter increased 10 percent year-on-year. The increase was attributable to sales of consumables for the Group's proprietary systems. However, instrument sales in the human market were not at the same level as a year earlier. During the quarter, we experienced somewhat subdued demand but our assessment is that this is only temporary.

Sales of veterinary instrument continue to be robust and it is positive that markets outside the US posted significantly increased sales, even though the US market continues to be the largest and most important veterinary market.

Total sales in Eastern Europe in the quarter increased 29 percent year-on-year. Sales in Latin America also developed well and growth of 36 percent was posted. The sales company established in Mexico at the end of 2012 contributed strongly to the above. Our assessment is that the region will continue to generate consistently high growth.

In Asia and Africa, the sales trend was essentially unchanged, while sales in the Middle East declined slightly. In general, the strong SEK had a dampening effect on business, particularly on instrument sales to countries with weak currencies, such as India and Turkey.

Our investment in the OEM business (reagents and controls) continues and our expectations of significantly increased sales stand firm, even if sales in the January to September 2013 period were slightly weaker year-on-year. Our assessment is that we will continue to achieve strong growth in the OEM business with healthy profitability.

In summary, sales in the third quarter strengthened compared with the first two quarters of the year.

It was gratifying that operating profit for the quarter, before the one-time non-cash impairment charge increased year-over-year from SEK 1.5 million to SEK 3.8 million.

It is also positive that our efforts to improve cash flow are generating results. Cash flow from operating activities more than doubled in the third quarter compared with the year-earlier period, from SEK 7 million to SEK 15 million.

Ernst Westman, President and CEO  
Boule Diagnostics AB

## Operations

The Group's operations are focused on complete blood counts (CBC) – hematology, a field of medicine concerned with the study of blood, blood diseases and other diseases that can be diagnosed using blood analyses. If a physician meets a patient with an unclear clinical presentation, an automated CBC system can be used to analyze the patient's blood. Deviations from the reference ranges for the three different blood cells in human blood can provide a unique and comprehensive assessment of health status and indicate several different illnesses.

Today, the CBC is one of the most common diagnostic tests performed by clinical laboratories around the world and analyses are conducted in both human and veterinary diagnostics. A total of 1.2 billion blood analyses are carried out annually and the estimated value of the hematology market is SEK 19 billion. The value of Boule's market segment (decentralized diagnostics) is about SEK 5 billion. Boule's global market share is approximately 4 percent.

## Business model

The company's business model is based on sales of cell-counting instruments in the global hematology market and then sharing the recurring revenue streams through sales of reagents, controls, calibrators and service/support for the instruments. The company's instruments are locked to its proprietary reagents, thus providing more accurate analysis results and recurring revenue over the life of the instruments.

Another key component of the business model is to sell reagents, calibrators and controls to OEM customers, meaning customers that sell the products under their own brand.

## Products

The company's product portfolio comprises a number of product families/brands, of which CDS, Medonic, Swelab and Exigo are the most important. The instruments come in a range of designs and primarily target the human diagnostics market but are also sold to the veterinary market. The products are currently marketed via a well-developed distribution network in more than 100 countries, and directly in a few key markets.

## Financial objectives

Boule aims to achieve:

- annual average sales growth exceeding 10 percent over a five-year period,
- an annual EBITDA margin that exceeds 15 percent,
- an equity/assets ratio of 30-50 percent.

Financial objectives	2013 <sup>1)</sup>		2012 <sup>2)</sup>	2011 <sup>2)</sup>	2010 <sup>2)</sup>
	Jul-Sep	Jan-Sep	Jan-Dec	Jan-Dec	Jan-Dec
Sales growth, %	9.6	2.8	11.1	12.6	12.6
EBITDA margin, %	6.3	6.0	8.5	8.1	10.1
Equity/assets ratio, %	57	57	73	71	63

1) Sales growth, year-on-year.

2) Sales growth, five-year average, %

## The Group's development January - September 2013

### Net sales

Net sales during the period amounted to SEK 204.6 million (199.0), up 2.8 percent. Changes in the USD and EUR exchange rates had a negative impact of SEK 3.3 million on net sales.

Instrument sales accounted for 41 percent (45) of net sales, consumables for 49 percent (46) and

other sales for (service and spare parts) 10 percent (9).

Consumables' share of total sales is expected to continue to increase.

### Net sales distributed by region and product

Net sales distributed by region	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec	Rolling
SEK million	2013	2012	2013	2012	2012	12 months
Western Europe	7.9	6.6	21.5	23.0	34.3	32.8
Eastern Europe	10.8	8.4	28.2	21.5	30.7	37.4
North America	26.8	24.3	80.2	79.3	109.4	110.3
Latin America	7.5	5.5	14.7	16.3	21.7	20.1
Asia	13.1	13.6	41.6	41.3	57.1	57.4
Africa	1.7	1.8	8.0	8.0	11.3	11.3
Middle East	2.1	3.6	10.4	9.6	10.8	11.6
<b>Total</b>	<b>69.9</b>	<b>63.8</b>	<b>204.6</b>	<b>199.0</b>	<b>275.3</b>	<b>280.9</b>

Net sales by product	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec	Rolling
SEK million	2013	2012	2013	2012	2012	12 months
Instruments	27.1	29.0	84.3	89.5	126.7	121.5
Consumables	35.7	28.5	100.7	92.0	125.2	133.9
Other	7.1	6.3	19.6	17.5	23.4	25.5
<b>Total</b>	<b>69.9</b>	<b>63.8</b>	<b>204.6</b>	<b>199.0</b>	<b>275.3</b>	<b>280.9</b>

### Gross margin

The gross margin improved by 0.4 percentage points year-on-year, which was primarily attributable to a changed product mix with a relatively larger proportion of higher margin products compared with a year earlier.

amounted to SEK 19.7 million (17.2), corresponding to 9.6 percent (8.6) of net sales. Research and development expenses of SEK 15.5 million (20.4) were capitalized.

### Expenses

Operating expenses amounted to SEK 176.8 million (73.2) for the period. Research and development expenses included an impairment loss of SEK 95.5 million on capitalized development expenditure and equipment.

Capitalized expenses were primarily attributable to development of the POC system, while the development expenses charged against earnings derived from the improvement and maintenance of existing products.

The net of other operating revenues and other operating expenses was a cost of SEK 0.6 million (cost: 1.1). This item primarily comprised realized and unrealized exchange-rate losses from operations.

Marketing and selling expenses rose as a consequence of increased investment, in such markets as Latin America and the Middle East. Administrative expenses were also higher, as were research and development expenses.

### Profit

Gross profit increased to SEK 91.8 million (88.6). The operating result for the period was a loss of SEK 85.6 million (profit: 14.3).

The research and development expenses charged to earnings before the impairment charge

The operating loss included an impairment loss of SEK 95.5 million, which was included in cash flow under "Adjustments for non-cash items". The decrease in operating profit was also due to increased investment in sales and development and non-recurring costs of SEK 1.2 million during the first quarter of 2013.

Net financial items amounted to an expense of SEK 1.4 million (expense: 0.6). To date in 2013, interest expenses have risen due to the company's increased utilization of overdraft facilities.

The loss before tax was SEK 87.1 million (13.7). Excluding impairment charges, profit before tax was SEK 8.4 million (13.7). The loss for the period was SEK 68.2 million (profit: 7.7). Profit for the period, before impairment charges, was SEK 8.7 million (7.7). The impairment of POC led to the reversal of a deferred tax liability, which generated deferred tax revenue of SEK 18.6 million in profit or loss.

#### **Investments and cash flow**

Cash flow from operating activities totaled SEK 18.1 million (14.5).

Changes in working capital amounted to a negative SEK 3.3 million (neg: 0.6). The negative effect of the increase in inventories on working capital was, to some extent, offset by a decrease in accounts receivable.

Net investments including leased assets totaled SEK 28.6 million (24.6), of which SEK 10.2 million was financed through leases. Leases also included "Adjustments for non-cash items" since the assets are unpaid and have not impacted cash flow.

Capital requirements for the period totaling SEK 10.5 million were financed by increasing the utilization of both overdraft facilities and the company's own liquid funds.

Cash flow for the period amounted to SEK 4.4 million (neg: 37.2). Cash and cash equivalents at the end of the period amounted to SEK 20.3 million (16.1).

Cash and cash equivalents available to the Group, including unutilized credit facilities, amounted to SEK 30.5 million (54.0) at September 30, 2013.

#### **Equity and liabilities**

Group equity on September 30 totaled SEK 128.5 million (196.5) and the Group's equity/assets ratio was 57 percent (78).

Interest-bearing liabilities, which predominantly comprise utilized overdraft facilities, amounted to SEK 48.7 million (5.9) on September 30, 2013. Of the interest-bearing liabilities, long-term liabilities accounted for SEK 4.8 million (1.3) and current liabilities for SEK 43.9 million (4.6).

As of September 30, 2013, other non-interest-bearing current liabilities and accounts payable amounted to SEK 43.6 million (40.4).

At the end of the period, deferred tax assets and deferred tax liabilities amounted to SEK 12.2 million (1.5) and SEK 3.2 million (9.0), respectively. The positive change in deferred taxes was due to the impairment of capitalized development expenditure. In conjunction with the impairment, a reversal was effected of deferred tax liabilities attributable to capitalized development expenditure.

#### **Significant risks and uncertainties**

The Group's operations are subject to a number of risks and uncertainties.

There is always a risk of competitors offering more efficient and better products than Boule and that the customer base will shrink as a result. Faulty, delayed delivery or non-delivery from the company's suppliers could in turn lead to delayed, defective or faulty delivery by the company.

There is no guarantee that the company's operations will not be subjected to restrictions by government agencies or that it will obtain requisite regulatory approval in the future.

The company is also exposed to the risk that it could lose its ability to develop products, or that its products cannot be launched according to schedule or that the market reception is poorer than expected. These risks could result in lower

sales and thus adversely affect the company's earnings.

For a detailed description of risks and uncertainties, refer to the 2012 Annual Report.

### **Parent Company**

Boule Diagnostics AB (publ), Corporate Registration Number 556535-0252, is a Swedish corporation with its registered address in Stockholm. The address of its headquarters is Västberga Allé 32, Box 42056, SE-126 13 Stockholm, Sweden.

Administrative costs were somewhat higher year-on-year, due primarily to nonrecurring costs in the first half of the year.

Receivables from Group companies primarily pertain to receivables from the Swedish subsidiary Boule Medical AB.

The Parent Company's revenues derive from Group-wide services. Risks and uncertainties in the Parent Company indirectly match those of the Group.

### **Number of shares**

The number of shares and voting rights in Boule Diagnostics AB amounted to 4,707,138.

### **Personnel**

During the period, the average number of employees in the Group was 175 (169), of which the Parent Company accounted for 5 (6). Distributed by country, the average number in Sweden was 75 (71), the US 76 (75), China 19 (19), Switzerland 3 (3), Mexico 1 (0) and Poland 1 (1).

The average number of women in the Group was 59 (54) and men 116 (115).

### **2014 Annual General Meeting**

The Annual General Meeting of the company will be held at Nalen, Regeringsgatan 74, Stockholm, at 6:00 p.m. on May 13, 2014. Notice convening the Annual General Meeting will be published on [www.boule.se](http://www.boule.se)

### *Nomination Committee ahead of the 2014 AGM*

The Nomination Committee represents the company's shareholders. The Nomination Committee is tasked with preparing as good supporting documentation as possible for the Annual General Meeting and with submitting proposals for resolutions on the appointment of the Board and auditors as well as their remuneration. The company's Nomination Committee comprises four members: one member appointed by each of the three largest shareholders and the Chairman of the Board. Unless the members agree otherwise, the Chairman of the Nomination Committee is the member appointed by the largest shareholder. The Nomination Committee for the 2014 Annual Meeting comprises:

- Lars-Olof Gustavsson
- Bengt Julander
- Staffan Persson
- Hans Wesslau

Nominations of Board members may be submitted to the Nomination Committee at [www.boule.se/contact-us](http://www.boule.se/contact-us). Write "Nomination Committee" in the subject line.

### **Accounting policies**

This condensed interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Annual Accounts Act. The accounting policies for the Group and the Parent Company are unchanged compared with those applied in the 2012 Annual Report.

For all financial assets and liabilities, the carrying amount is a good approximation of fair value.

This interim report for the Parent Company was prepared in accordance with Chapter 9 of the Annual Accounts Act on Interim Reports.

## Consolidated statement of comprehensive income

SEK thousand	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Dec 2012
Net sales	69,892	63,752	204,589	198,966	275,301
Cost of goods sold	-39,162	-36,001	-112,744	-110,337	-151,795
<b>Gross profit</b>	<b>30,730</b>	<b>27,751</b>	<b>91,845</b>	<b>88,629</b>	<b>123,506</b>
Other operating revenues	-755	-179	162	80	115
Selling and marketing expenses	-14,247	-13,317	-42,724	-38,424	-54,431
Administrative expenses	-4,230	-5,576	-18,932	-17,556	-25,148
Research and development expenses	-102,447	-6,136	-115,191	-17,221	-22,165
Other operating expenses	-751	-1,009	-806	-1,166	-1,527
<b>Operating profit/loss</b>	<b>-91,700</b>	<b>1,534</b>	<b>-85,646</b>	<b>14,342</b>	<b>20,350</b>
Interest income	1	11	72	99	894
Interest expenses	-285	-286	-873	-300	-494
Exchange-rate differences	-318	-299	-621	-406	-545
<b>Net financial items</b>	<b>-602</b>	<b>-574</b>	<b>-1,422</b>	<b>-607</b>	<b>-145</b>
<b>Profit/loss before tax</b>	<b>-92,302</b>	<b>960</b>	<b>-87,068</b>	<b>13,735</b>	<b>20,205</b>
Tax	19,887	-60	18,864	-6,043	-9,246
<b>Profit/loss for the period</b>	<b>-72,415</b>	<b>900</b>	<b>-68,204</b>	<b>7,692</b>	<b>10,959</b>
<b>Other comprehensive income</b>					
<b>Items that may be allocated to net profit/loss</b>					
Translation differences for the period from the translation of foreign operations	-2,830	-4,390	-640	-4,066	-4,123
<b>Total other comprehensive income/loss</b>	<b>-2,830</b>	<b>-4,390</b>	<b>-640</b>	<b>-4,066</b>	<b>-4,123</b>
<b>Total comprehensive income/loss for the period</b>	<b>-75,245</b>	<b>-3,490</b>	<b>-68,844</b>	<b>3,626</b>	<b>6,836</b>
Earnings per share, SEK	-15.38	0.19	-14.49	1.63	2.33



## Consolidated statement of financial position

SEK thousand	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Capitalized development expenses	4,747	62,967	73,879
Goodwill	61,002	61,671	61,584
<b>Total intangible assets</b>	<b>65,749</b>	<b>124,638</b>	<b>135,463</b>
<b>Tangible fixed assets</b>			
Plant and machinery	1,826	1,694	1,927
Equipment, tools, fixtures and fittings	11,095	12,397	12,168
Leasehold improvements	1,926	985	1,221
<b>Total tangible fixed assets</b>	<b>14,847</b>	<b>15,076</b>	<b>15,316</b>
<b>Deferred tax assets</b>	<b>12,216</b>	<b>1,489</b>	<b>951</b>
<b>Total fixed assets</b>	<b>92,812</b>	<b>141,203</b>	<b>151,730</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and supplies	32,856	34,913	34,230
Intermediate goods	2,194	2,860	3,687
Finished goods and goods for resale	17,089	8,305	7,719
<b>Total inventories</b>	<b>52,139</b>	<b>46,078</b>	<b>45,636</b>
<b>Current receivables</b>			
Tax assets	1,409	1,334	1,643
Accounts receivable	47,368	38,290	50,974
Other receivables	5,024	5,430	7,237
Prepaid expenses and accrued income	4,978	3,410	2,140
<b>Total current receivables</b>	<b>58,779</b>	<b>48,464</b>	<b>61,994</b>
<b>Cash and cash equivalents</b>	<b>20,289</b>	<b>16,058</b>	<b>15,871</b>
<b>Total current assets</b>	<b>131,207</b>	<b>110,600</b>	<b>123,501</b>
<b>Total assets</b>	<b>224,019</b>	<b>251,803</b>	<b>275,231</b>

## Consolidated statement of financial position (cont.)

SEK thousand	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
<b>Equity</b>			
Share capital	4,707	4,707	4,707
Other paid-in capital	190,584	191,198	191,198
Translation reserve	-10,758	-10,061	-10,118
Retained earnings including net profit for the period	-56,036	10,640	13,908
<b>Total equity</b>	<b>128,497</b>	<b>196,484</b>	<b>199,695</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Long-term interest-bearing liabilities	4,853	1,278	717
Deferred tax liabilities	3,230	9,027	11,375
<b>Total long-term liabilities</b>	<b>8,083</b>	<b>10,305</b>	<b>12,092</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	43,887	4,616	20,195
Accounts payable	13,803	17,071	15,486
Tax liabilities	55	105	107
Other liabilities	5,483	3,823	3,991
Accrued liabilities and deferred income	23,711	18,899	23,165
Provisions	500	500	500
<b>Total current liabilities</b>	<b>87,439</b>	<b>45,014</b>	<b>63,444</b>
<b>Total liabilities</b>	<b>95,522</b>	<b>55,319</b>	<b>75,536</b>
<b>Total equity and liabilities</b>	<b>224,019</b>	<b>251,803</b>	<b>275,231</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	40,000	40,000	40,000

## Consolidated statement of changes of equity

SEK thousand	Share capital	Other paid-in capital	Trans- lation reserve	Retained earnings incl. profit/loss for the period	Total equity
<b>Equity, opening balance, Jan. 1, 2012</b>	<b>4,707</b>	<b>191,198</b>	<b>-5,995</b>	<b>2,949</b>	<b>192,859</b>
<b>Comprehensive income for the year</b>					
Net profit for the year			-	10,959	10,959
Other comprehensive income/loss for the year			-4,123	-	-4,123
<b>Comprehensive income/loss for the year</b>			<b>-4,123</b>	<b>10,959</b>	<b>6,836</b>
<b>Equity, closing balance, Dec. 31, 2012</b>	<b>4,707</b>	<b>191,198</b>	<b>-10,118</b>	<b>13,908</b>	<b>199,695</b>
<b>Equity, opening balance, Jan. 1, 2013</b>	<b>4,707</b>	<b>191,198</b>	<b>-10,118</b>	<b>13,908</b>	<b>199,695</b>
<b>Comprehensive income for the period</b>					
Net profit for the period			-	-68,204	-68,204
Other comprehensive income/loss for the period			-640	-	-640
<b>Comprehensive income/loss for the period</b>			<b>-640</b>	<b>-68,204</b>	<b>-68,844</b>
<b>Transactions with shareholders</b>					
Dividends		-614		-1,740	-2,354
<b>Equity, closing balance, Sep 30, 2013</b>	<b>4,707</b>	<b>190,584</b>	<b>-10,758</b>	<b>-56,036</b>	<b>128,497</b>

## Consolidated cash flow statement

SEK thousand	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Dec 2012
<b>Operating activities</b>					
Operating profit/loss	-91,700	1,534	-85,646	14,342	20,350
Adjustments for non-cash items <sup>1)2)</sup>	106,659	2,553	108,554	4,111	5,053
Interest received	1	11	72	99	174
Interest paid	-442	-326	-1,205	-525	-495
Income tax paid	-14	-1,198	-339	-2,936	-2,734
<b>Cash flow from operating activities before changes in working capital</b>	<b>14,504</b>	<b>2,574</b>	<b>21,436</b>	<b>15,091</b>	<b>22,348</b>
<b>Cash flow from changes in working capital</b>					
Increase (-)/Decrease (+) in inventories	169	-1,503	-5,948	-3,671	-3,213
Increase (-)/Decrease (+) in operating receivables	13,753	4,364	2,576	4,642	-9,069
Increase (+)/Decrease (-) in operating liabilities	-13,680	1,710	46	-1,561	882
<b>Cash flow from operating activities</b>	<b>14,746</b>	<b>7,145</b>	<b>18,110</b>	<b>14,501</b>	<b>10,948</b>
<b>Investing activities</b>					
Acquisitions of tangible fixed assets	-10,514	-959	-13,171	-5,241	-7,526
Disposal of tangible fixed assets	102	0	102	0	800
Divestment of associated companies	-	-	-	1,000	1,000
Retained development expenses	-2,604	-6,243	-15,498	-20,376	-31,287
<b>Cash flow from investing activities</b>	<b>-13,016</b>	<b>-7,202</b>	<b>-28,567</b>	<b>-24,617</b>	<b>-37,013</b>
Amortization of loans	0	0	0	-106	0
Increase (+)/Decrease (-) in current financial liabilities	-974	-357	17,188	-26,934	-11,361
Dividends	-	-	-2,354	-	-
<b>Cash flow from financing activities</b>	<b>-974</b>	<b>-357</b>	<b>14,834</b>	<b>-27,040</b>	<b>-11,361</b>
<b>Cash flow for the period</b>	<b>756</b>	<b>-414</b>	<b>4,377</b>	<b>-37,156</b>	<b>-37,426</b>
Cash and cash equivalents at the beginning of the period	19,318	16,942	15,871	53,701	53,701
Exchange-rate differences in cash and cash equivalents	215	-470	41	-487	-404
<b>Cash and cash equivalents at the end of the period</b>	<b>20,289</b>	<b>16,058</b>	<b>20,289</b>	<b>16,058</b>	<b>15,871</b>
1) Of which, depreciation and amortization	649	1,348	2,507	2,259	3,164
2) Of which, impairment charge for POC	95,455	-	95,455	-	-

## Parent Company income statement

SEK thousand	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Dec 2012
Net sales	2,398	3,133	7,342	7,249	10,020
Administrative expenses	-4,440	-4,188	-17,030	-13,549	-19,066
Other operating revenues	0	1	0	29	29
Other operating expenses	0	0	-17	-1	-6
<b>Operating loss</b>	<b>-2,042</b>	<b>-1,054</b>	<b>-9,705</b>	<b>-6,272</b>	<b>-9,023</b>
Result from financial items:					
Other interest income and similar income items	0	0	0	75	75
Interest expenses and similar expense items	0	-4	-12	-6	-2
<b>Loss before tax</b>	<b>-2,042</b>	<b>-1,058</b>	<b>-9,717</b>	<b>-6,203</b>	<b>-8,950</b>
Tax	0	0	0	0	0
<b>Loss for the period</b>	<b>-2,042</b>	<b>-1,058</b>	<b>-9,717</b>	<b>-6,203</b>	<b>-8,950</b>

## Parent Company statement of comprehensive income

SEK thousand	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep 2012	Jan-Dec 2012
<b>Loss for the period</b>	<b>-2,042</b>	<b>-1,058</b>	<b>-9,717</b>	<b>-6,203</b>	<b>-8,950</b>
Other comprehensive income for the period	-	-	-	-	-
<b>Comprehensive loss for the period</b>	<b>-2,042</b>	<b>-1,058</b>	<b>-9,717</b>	<b>-6,203</b>	<b>-8,950</b>

## Parent Company balance sheet

SEK thousand	Sep 30, 2013	Sep 30, 2012	Dec 31, 2012
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets			
Equipment	92	188	150
<b>Total tangible fixed assets</b>	<b>92</b>	<b>188</b>	<b>150</b>
<b>Financial fixed assets</b>			
Shares in Group companies	157,291	157,291	157,291
<b>Total financial fixed assets</b>	<b>157,291</b>	<b>157,291</b>	<b>157,291</b>
<b>Total fixed assets</b>	<b>157,383</b>	<b>157,479</b>	<b>157,441</b>
<b>Current assets</b>			
Current receivables			
Receivables from Group companies	33,137	47,192	44,977
Tax assets	0	299	174
Other receivables	750	188	213
Prepaid expenses and accrued income	415	460	300
<b>Total current receivables</b>	<b>34,302</b>	<b>48,139</b>	<b>45,664</b>
<b>Cash and bank balances</b>	<b>40</b>	<b>321</b>	<b>438</b>
<b>Total current assets</b>	<b>34,342</b>	<b>48,460</b>	<b>46,102</b>
<b>Total assets</b>	<b>191,725</b>	<b>205,939</b>	<b>203,543</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity			
Share capital (4,707,138 shares)	4,707	4,707	4,707
Statutory reserve	141,859	141,859	141,859
Unrestricted equity			
Share premium reserve	48,725	49,339	49,339
Retained earnings	0	10,690	10,690
Loss for the period	-9,717	-6,203	-8,950
<b>Total equity</b>	<b>185,574</b>	<b>200,392</b>	<b>197,645</b>
<b>Current liabilities</b>			
Accounts payable	710	1,085	867
Liabilities to Group companies	466	465	0
Other liabilities	546	333	442
Accrued expenses and deferred income	4,429	3,664	4,589
<b>Total current liabilities</b>	<b>6,151</b>	<b>5,547</b>	<b>5,898</b>
<b>Total liabilities</b>	<b>6,151</b>	<b>5,547</b>	<b>5,898</b>
<b>Total equity and liabilities</b>	<b>191,725</b>	<b>205,939</b>	<b>203,543</b>
<b>Pledged assets</b>			
Pledged assets	83,305	83,305	83,305

## Quarterly overview

	2013				2012			2011
	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Net sales, SEK million	69.9	71.3	63.4	76.3	63.8	71.0	64.3	67.7
Gross profit, SEK million	30.7	33.2	27.9	34.9	27.8	32.6	28.3	28.1
Gross margin, %	43.9	46.6	44.0	45.7	43.6	46.0	44.0	41.5
EBITDA, SEK million	4.4	6.5	1.4	6.9	2.9	8.8	5.0	4.9
EBITDA margin, %	6.3	9.1	2.2	9.0	4.5	12.4	7.8	7.2
Operating profit/loss, SEK million	-91.7	5.6	0.5	6.0	1.5	8.3	4.5	4.2
Operating margin, %	-131.2	7.8	0.8	7.9	2.4	11.7	7.0	6.3
Earnings per share, SEK	-15.38	1.25	-0.36	0.69	0.19	0.99	0.45	0.45
Cash flow from operating activities per share, SEK	3.13	0.41	0.31	-0.88	1.52	0.95	0.61	3.07
Return on equity, % 1)	-40.0	4.2	3.7	5.6	5.1	6.3	4.7	6.2
Equity per share, SEK million	27.30	43.29	42.07	42.42	41.74	42.48	40.78	40.97

1) Rolling 12 months

## Definitions

**Capital employed** is total assets less deferred tax liabilities and non-interest-bearing liabilities

**EBIT** (Earnings Before Interest and Taxes) is profit before net financial items and taxes

**EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortization) is profit before net financial items, taxes and depreciation/amortization of tangible and intangible assets

**EBITDA margin** is EBITDA divided by net sales

**EBIT margin** is EBIT divided by net sales

**Equity/assets ratio** is equity divided by total assets

**Gross margin** is gross profit divided by net sales

**Gross profit** is net sales less costs for goods sold

**Interest coverage ratio** is operating profit plus financial income divided by financial expenses

**Net debt** is interest-bearing assets less interest-bearing liabilities

**Net debt/equity ratio** is net debt divided by equity

**Net investments** are investments in tangible and intangible assets adjusted for disposals

**Return on capital employed** is profit after net financial items plus financial expenses divided by the average capital employed

**Return on equity** is profit for the year after tax divided by average equity

**Return on total capital** is operating profit plus financial income divided by average total capital

**Working capital** is inventories, accounts receivable and cash less accounts payable

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The Board of Directors and the President certify that this interim report provides a fair and accurate review of the operations, financial position and earnings of the Parent Company and the Group and that it describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, October 29, 2013

Boule Diagnostics AB

Lars-Olof Gustavsson  
Chairman of the Board

Ernst Westman  
President

Britta Dalunde  
Board member

Eva-Lotta Kraft  
Board member

Åke Nygren  
Board member

Gösta Oscarsson  
Board member

**Audit review**

This report was reviewed by the company's auditors. Please find the auditors' review report below.

**Financial calendar**

Year-end report 2013 \_\_\_\_\_ February 7, 2014

Annual General Meeting 2014 \_\_\_\_\_ May 13, 2014

Interim report, first quarter 2014 \_\_\_\_\_ May 13, 2014

**The information in this interim report is such that Boule Diagnostics AB (publ) is obligated to publish under the Swedish Securities Market Act. The information was submitted for publication on October 30, 2013 at 08:00 a.m. (CET).**

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## Review report

Boule Diagnostics AB (publ)

Corp. Reg. No. 556535-0252

### Introduction

We have reviewed the interim report of Boule Diagnostics AB (publ), as of September 30, 2013 and for the nine-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

### Scope and focus of the review

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (ISA) and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain such assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, a conclusion expressed on the basis of a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared, in all material respects, in accordance with IAS 34 for the Group and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Stockholm, October 29, 2013

KPMG AB

Anders Malmeby  
Authorized Public Accountant