

## MAUNA KEA TECHNOLOGIES ANNOUNCES FULL FINANCIAL RESULTS FOR FIRST HALF OF 2012

- *93% sales growth during first half*
- *Accelerated investment in sales and marketing driving success in the US and EU*
  - *Cellvizio® approved for category I CPT® codes in the US*
    - *Opening new markets in Brazil, Russia and Canada*
  - *Launch of a new ultra miniature miniprobe to see pancreatic cancer*
  - *Cash and cash equivalents of over €43 million at June 30, 2012*

**PARIS, August 30, 2012** – Mauna Kea Technologies (NYSE Euronext: MKEA, FR0010609263), the leader in the endomicroscopy market, today reported its full financial results for the first half of this fiscal year, ended June 30, 2012 and approved by the Board on August 30<sup>th</sup>.

Thousands euros (€) – IFRS	June 30, 2012	June 30, 2011
<b>Operating Revenue</b>		
<i>Sales</i>	3,519	1,820
<i>Other Income</i>	719	436
<b>Total Revenue</b>	4,238	2,256
<b>Operating Expenses</b>		
<i>Cost of Goods Sold</i>	1,122	757
<i>Gross Margin</i>	68%	58%
<i>R&amp;D</i>	1,297	845
<i>Sales &amp; Marketing</i>	5,976	2,406
<i>Overhead</i>	1,916	1,224
<i>Share-based Payments</i>	800	190
<b>Total Expenses</b>	11,111	5,422
<b>Operating Income</b>	-6,873	-3,167
<b>Net Earnings</b>	-6,940	-3,151

### Sales Increase of 93% During First Six Months of 2012

Driven by a strong increase in sales of Cellvizio® systems and probes to hospitals, the company's key target market, sales grew by 93% to €3.52 million from €1.82 million during the first half of 2012 in comparison to the same period last year. Sales of Cellvizio to hospitals and clinics grew 76% to €2.862 million compared to €629,000 in the first half of 2011, while sales of Cellvizio for pre-clinical research more than tripled to €657,000. Total sales to hospitals and clinics represent 81% of revenue for this period, while total pre-clinical sales make up the other 19%.

The analysis of sales by product type has shown homogeneous growth of equipment sales (sales of Cellvizio systems) and consumables (sales of multi-use confocal miniprobes used with the Cellvizio systems), both growing at 119%, to €2.447 million and €849,000, respectively. The sale of services was down 29% to €223,000.

As of June 30, 2012, 242 Cellvizio systems have been installed worldwide, including 149 in hospitals and clinical care facilities and 93 in pre-clinical research facilities. In North America, 88 Cellvizio systems are in



place, including 81 in the U.S., while 123 systems have been installed in the EMEA (Europe Middle East and Africa) region, 30 in APAC (Asia-Pacific) and one in Latin America.

Reflecting the company's sales strategy in the U.S. and Europe, sales in North America now account for 60% of the company's global sales, while sales from the EMEA and APAC regions account for 25% and 15%, respectively.

### **The Company Accelerated Its Investment in Product and Market Development in the First Half of the Year**

In line with the strategy announced by the company to increase its investments significantly—particularly in sales and marketing—operating expenses amounted to €11.111 million over the first 6 months of this year against €5.422 million in the first half 2011. This is an increase of 105%.

On June 30, 2012, the company's gross margin had risen sharply to 68%, compared to the 58% gross margin reported last year. Sales and marketing expenses remain the largest expense for the company, representing 54% of total 2012 operating expenses thus far. The company attributed the increase in sales and marketing expenses to the large sales force recruitment campaign for in the US and Europe.

The company continues to focus its effort on innovation, increasing R&D investment by 53%, yielding an R&D to net sales ratio of 37%. Mauna Kea Technologies has increased its employee count by 60% to 107 employees, compared to 67 employees at the same time last year.

Due to the increase in research tax credit and subsidies, other revenue has increased to €719,000 as of June 30, 2012, compared to €436,000 in the same period last year. When including these revenues, the company reported a net loss of €6.940 million.

The company cash and cash equivalents are of € 43.4 million as of June 30, 2012.

### **Recent Events and Outlook**

#### **Sales Force Deployment in the U.S. and Europe**

As announced in September 2011, the company has prioritized investing in U.S. and European direct sales teams, recruiting 25 people in the U.S. and France. These teams are divided between sales staff responsible for the sale of programs and equipment and commercial staff in charge of monitoring procedures and training of medical teams.

#### **Expansion into Brazil, Canada, and Russia**

Mauna Kea Technologies has continued its territorial expansion in high growth medical device markets, expanding into Brazil, Canada and Russia. ANVISA, the National Health Surveillance Agency in Brazil has cleared the company to sell its Cellvizio 100 series endomicroscopic imaging system throughout the country, while Health Canada and the Russian Ministry of Health have provided clearance to sell both the Cellvizio 100 Series and the AQ Flex™ 19 confocal miniprobe throughout Canada and Russia, respectively. Brazil and Russia are among the world's largest medical device markets.

#### **Cellvizio Approved for Category I CPT® Codes in the US**

The company announced in early March that the Selection Committee of the American Medical Association (AMA) approved the creation of three Class I CPT® codes for reimbursement. These codes will influence



insurance coverage and reimbursement with Medicare and private US insurance programs once they go into effect on January 1, 2013. Two of the codes are reserved for gastroenterologists for the use of Cellvizio in the upper gastrointestinal tract, while the third code is for pathologists to examine Cellvizio images in the approved indications.

### **EU Launch of a New Miniaturized Probe to Help Physicians See Signs of Pancreatic Cancer**

The company has recently launched a new confocal miniprobe called the AQ Flex 19. This probe is the first in a new line of Cellvizio miniprobes to provide real-time, cellular-level visualization inside pancreatic cysts. This new technology is comprised of a miniature fiber-optic microscope that is small enough to thread through a 19-gauge needle. As with standard fine needle aspiration (FNA) procedures to acquire fluid from pancreatic cysts, these exams are performed with endoscopic ultrasound guidance (EUS). The AQ Flex 19 miniprobe has received the European CE Mark and the company is working towards 510(k) clearance in the U.S.

At last, Mauna Kea Technologies has announced that clinicians have published more than 50 new scientific publications showing Cellvizio's clinical utility already in 2012, equal to the number of studies that were published during all of 2011. This new body of evidence brings the total number of Cellvizio publications to 190 and the total number of publications on endomicroscopy to 353.

Sacha Loiseau, Founder and CEO of Mauna Kea Technologies, concludes: "During the first half of the year, we saw our strategy to strengthen our sales and marketing initiatives pay off with strong revenue increases year over year. We're pleased with our progress on the regulatory front with approvals in three key, growing international markets. We also launched a new probe that will broaden and deepen the market for cellular level, endoscopic imaging to help physicians around the world diagnose and treat their patients more effectively and efficiently, while extending Cellvizio's clinical reach into solid tumors for the first time. We are confident that our progress and growth in the first half of 2012 will continue through the second half of the year and in 2013."

### **About Mauna Kea Technologies**

Mauna Kea Technologies is a global medical device company and leader in the endomicroscopy market. The company researches, develops and markets innovative tools to visualize and detect abnormalities in the gastro-intestinal and pulmonary tracts. Its flagship product, Cellvizio®, a probe-based Confocal Laser Endomicroscopy (pCLE) system, provides physicians and researchers high-resolution cellular views of tissue inside the body. Large, international, multi-center clinical trials have demonstrated Cellvizio's ability to help physicians more accurately detect early forms of disease and make treatment decisions immediately. Designed to improve patient outcomes and reduce costs within a hospital, Cellvizio can be used with almost any endoscope. Cellvizio has 510(k) clearance from the U.S. Food and Drug Administration and the European CE-Mark for use in the GI and pulmonary tracts.

For more information about Mauna Kea Technologies, go to [www.maunakeatech.com](http://www.maunakeatech.com)

***Next Press Release: Sales Q3 2012 on October 15, 2012***



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