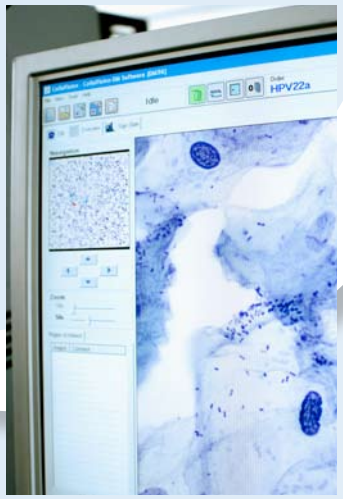
CELLAVISION AB (PUBL)

COMPANY PROFILE 2007

CELLAVISION



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THE PAST YEAR IN SHORT

Positive result and increased net sales by 36 procent

In 2007 CellaVision continued to grow with increasing market penetration and a growing product portfolio.The company presented a positive result and several of the development projects advanced according to plans – the product family CellaVision® DM now also include applications for analysis of blood and body fluids. CellaVision was listed on First North at the OMX Stockholm Stock Exchange on May 28, an important milestone in the history of the company.

The year in figures

- Net sales increased by 36 percent to SEK 74.6 million (54.8).
- The operating result increased to SEK 3.1 million (-8.6), an improvement of SEK 11.7 million as compared to the previous year. The net result increased to SEK 2.6 million (-8.8).
- The net result per share, diluted, amounted to SEK 0.11 million (-0.37).
- Liquid assets amounted to SEK 16.3 million (16.8).

(MSEK)	2007	2006	2005	2004	2003
Net sales	74.6	54.8	39.0	29.8	15.0
Gross profit	45.3	32.0	19.6	10.5	4.9
Operating result	3.1	-8.6	-16.5	-26.6	-39.4
Result	2.6	-8.8	-16.7	-24.9	-39.8
Cash flow	-0.4	-0.8	-1.6	14.1	-34.2

Important events

- A continued strong flow of orders on the European market.
- A new application for body fluids was launched in the fall.
- A new subsidiary was established in Canada.
- CellaVision was listed on First North at the OMX Stockholm Stock Exchange on May 28.

CEO'S COMMENTS

Positive result for 2007 —a memorable year

2007 was a memorable year for CellaVision, which included the introduction of new products, geographical expansion, and a positive result for the first time. My ambition is for this positive development to persist.

It is exhilarating to be able to present a positive result. We regard this as solid confirmation that we are recognized in the global market, and that laboratories are requesting the technology that we provide. With that we have reached our goal of making our main product in hematology profitable.

Blood analysis has been central to the CellaVision profile from the very beginning, but the fall of 2007 saw an expansion of use for its instruments. In early 2008 it will be possible to analyse body fluids such as spinal and pleural fluids. The new applications are aimed at existing customers, with sales to the same laboratories.

The application for body fluids was presented at the annual medical technology convention Medica in Germany last fall, and received much attention. Considerable interest was shown by both existing and potential customers, and we expect to add new licensing revenue for both new and existing customers. Because it is possible to run all types of analyses on one of our instruments, it is only necessary to update software to add new applications.

CellaVision's turnover increased by 36 percent to SEK 75 million in 2007, and for the first time in the history of the company figures showed a positive net result: SEK 2.6 million. Naturally, this was celebrated with champagne in Lund.

An important reason for the increase was that we strengthened our position in markets where we have already established ourselves, particularly in Europe. Currently, Europe accounts for slightly more than 60 percent of sales, but we also aim at expanding onto other markets. The main focus is on North America, which already accounts for around 40 percent of annual sales.

In the US products are sold via a distributor, Sysmex America. In January, however, their agreement was modified to allow CellaVision to also sell directly, in parallel with Sysmex. Sysmex is an outstanding partner who generates deals for us from within their current customer base, as well as a part of larger competitive bids. Now, however, CellaVision has the ability to sell direct to the balance of the US market.

In Canada, CellaVision is already selling its products direct through a subsidiary that was established in early 2007. Currently there are around ten hospitals that are customers. The market in Canada is similar to that of the US in wanting equipment that increases productivity in laboratories.

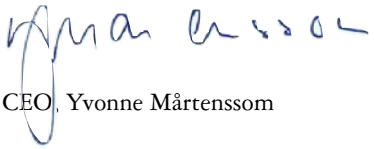
Our focus is not limited to the above-mentioned markets: last fall it was decided to evaluate a future establishment in the important Japanese market, second only to the US laboratory market in size.

As of now it is too early to judge when we will be active in Japan. One must respect the time it takes to move onto the Japanese market. Nonetheless, we have both the desire and ability to do just that, and I think our products would be very well suited for Japan.

In late May, 2007, CellaVision was listed on First North at the OMX Stockholm Stock Exchange—an important milestone in the history of the company. It makes us more visible on the financial market and will hopefully attract new owners to CellaVision.

Finally I would like to thank all of our skilled and committed employees at CellaVision. It is your efforts that translate into our success.

Lund, March 2008



CEO, Yvonne Mårtenssom

"We regard this as solid confirmation that we are recognized in the global market, and that laboratories are requesting the technology that we provide. With that we have reached our goal of making our main product in hematology profitable.

CEO, Yvonne Mårtensson

CELLAVISION IN TWO MINUTES

Image analysis based systems for routine analysis of blood and other body fluids

CellaVision AB develops, markets, and sells 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 in hematology.

CellaVision in short

CellaVision's business concept is to develop and market system solutions in medical microscopy. CellaVision's products contribute to increased efficiency and simplify routines at health care orientated laboratories. For the user, this implies substantial improvements in daily work.

Vision

CellaVision's vision is to create a global de facto standard in digital microscopy analysis and thereby contribute to improved quality of care and more cost-efficient health care.

Aim

CellaVision's aim is to become a world-leading supplier of digital imaging technology in cell and tissue analysis.

History

CellaVision was founded in 1994 with the intention of developing automated microscopy analysis. The idea originates from Christer Fåhraeus, at the time a doctoral student of neurophysiology at Lunds University. Fåhraeus was the CEO of the company up until 1998, when the present CEO Yvonne Mårtensson took over the post. The first system of blood cell analysis, the DiffMaster®, predecessor to CellaVision® DM8, was launched in Europe the year of 2000. In 2007 the product portfolio was expanded with an application for analysis of body fluids. The company was listed on First North.

Customers

CellaVision's customers are hospital laboratories and commercial laboratories mainly in Europe and the US. The laboratories perform routine analyses in hematology.

Strategy

In order to position CellaVision according to set goals, the following is being worked towards:

- to secure the company's position as market-leading in haematology
- to develop and make available software for more forms of analysis for both existing and potential customers in hematology
- to develop systems more suitable for smaller sized laboratories so as to widen the potential market
- to explore and commercialize more areas of analysis, such as cytology and pathology

Business concept

CellaVision's business concept involves sales of instruments comprised of hardware platforms and included software for analysis and communication. In addition to this there is software for remote access, education and quality assurance, additional software upgrades, as well as various complementary products and consumables.

Products

There are three members of the CellaVision DM family: The analyzers CellaVision® DM8 and CellaVision® DM96, and software for remote access, CellaVision® Remote Review. The analyzers holds applications for analysis of blood and body fluids: CellaVision® Peripheral Blood Application and CellaVision® Body Fluid Application. CellaVision® Competency Software* is a combined proficiency testing and educational software for manual blood cell differentials in laboratories.

Distribution

All sales of the company's products are under the CellaVision trademark. The company distributes its products exclusively mainly through Sysmex, a global partner within laboratory equipment, in several European countries, the US, and parts of Asia. In the Nordic region and Canada CellaVision is responsible for marketing and direct sales.

Competetive advantages

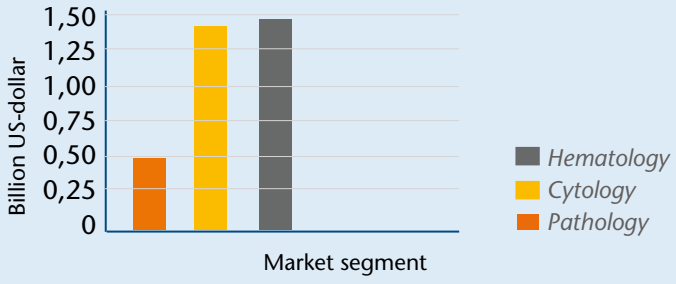
CellaVision has established itself as a leading player within system solutions for microscopic analysis in hematology. The products' advantages as compared to manual blood analysis, such as time efficiency and quality assurance, combined with the company's technical competence and experienced management is expected to continue to fortify CellaVision's position on the market.

"CellaVision's products contribute to increased efficiency and simplify routines at health care orientated laboratories.

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

MARKET OVERVIEW

CellaVision works in the global market for routine analysis of blood and other body fluids (hematology). CellaVision develops, markets, and sells automated systems for digital image analysis of blood cells – systems that manage numerous tasks that traditionally demand the manual use of a microscope. The systems analyse abnormal blood tests that require further analysis.



The global market value of pathology, cytology, and hematology collectively amount to around USD 3 billion annually, including instruments and reagents. The diagram illustrates value of each market segment in 2003 respectively.

Source: Kalorama Information. Cell-Based Diagnostics. Technologies, Applications, and Markets. January 2005

MARKET OVERVIEW

The market for microscopy is global and has major potential for automation

The market for clinical laboratory analysis and microscopy

Clinical laboratory analyses comprise a limited part of the total health care cost, but are often the first step in the allocation of substantial health care resources. Laboratory analysis gives valuable information in diagnosing and following up on various conditions. One type of laboratory analysis is done using the microscope, referred to as microscopy.

The market for microscopy is global and has major potential for automation. Most microscopy analyses are carried out within the field of laboratory medicine, which involves subfields such as pathology, cytology, hematology, immunology, and microbiology. Within these subfields, manual microscopy is used to different extents as aids in diagnosis.

CellaVision works within the field of hematology—microscopy of blood. The ratio between different types of white blood cells and their appearance are important criteria in diagnosis of a number of conditions such as infections and blood cancer. To count and classify them is therefore a very common routine analysis in hematology laboratories. This field is suitable for automation due to its large volumes of data and a relatively simple structure of testing.

The market for hematology

The total value of the market for haematological instruments annually expands by 2.8 percent and is estimated to amount to USD 1.6 billion in the year of 2010.

In the west 1.3 billion blood cell analyses are performed annually in cell counters (Complete Blood Counts, CBC), the first step in the analytic chain. The market for cell counters is indicating high maturity with major purchases and competitive pricing. In a purchase, agreements include instruments and reagents, in addition to necessary service. The two major players are Beckman Coulter (USA) and Sysmex (Japan). CellaVision has chosen to establish its products on the market through a close partnership with Sysmex.

CellaVision's products are used after the cell counters have analysed the sample. Most abnormal samples are still analysed manually in microscopes, so called differential counting. CellaVision's products automate and digitalise manual microscopy.

Abnormal samples comprise roughly 5-40 percent of completed CBCs. The average lies around 15 percent, which is equivalent to almost 200 million samples. This amount depends on the hospitals type of patients as well as cell counters used in the laboratory. The company estimates the cost of manual microscopy work to around USD 1 billion.

Due to more efficient cell counters, a 5 percent decrease in the amount of samples is expected by 2010. However, this is compensated by an average annual increase in CBCs of 1.1 percent. The more complicated abnormal samples will continue to require expert analysis. Much of this step can be automated using image analysis. CellaVision largely dominates this market today.

Market potential for the CellaVision product

The company estimates the world market for its current products to around 15000 laboratories, consisting of commercial laboratories and laboratories at hospitals with more than 200 beds. Roughly another 55 000 laboratories perform manual differential counts but in such minor quantities that purchasing CellaVision's products would be unjustifiable.

The company estimates the total value of this potential market to at least SEK 5 billion. A future, more mature market is expected to allow for purchases of instruments in cycles of every third to fifth year.

CellaVision sees great opportunities of furthering its market penetration in countries where distribution has been established. The company's main distributor, Sysmex, is one of the two largest players in the hematology field. CellaVision's products are believed to increase the possibility of its distributors securing a purchase as a complete analytic chain is offered.

4 four fast questions

Lars Juliusson, International Sales Director

Why is there so much growth in the European market?
In Europe Sysmex is pushing the concept of automated analysis harder than ever before. Laboratories that were not large enough to invest in automated equipment a couple of years ago are now purchasing fairly complete solutions – a trend which naturally opens up the market to our products. In the Nordic region we are cooperating with a number of so-called early adopters that dared to adopt our technology before we had actually proven ourselves. These customers are our heroes and have helped in bringing the products to the larger laboratories, and in turn establishing them as standard equipment.

What trends drive the market growth for CellaVision's analyzers?
Higher demands on lowered costs in terms of efficiency and cutting time is an important trend. Another is cooperation and merges between hospitals and laboratories, and the need for efficient information systems and the possibility of working in networks – all of which is made possible using our systems.

Personally, what do you think was most enjoyable in 2007?
The Japanese market – during the year we met with hematological specialists in Japan and have gained insight into the special circumstances that characterize the market. Japan is one of few, if not the only market that has previous experience of products like those that CellaVision offers. Similar products were sold during the 70's and 80's but did not meet users' demands on image quality, stability, and image analysis performance. We are therefore encountering scepticism. We look forward to demonstrating the benefits with our systems on the Japanese market.

How tough is the competition?
The competition can be divided into two categories: financial and product. Financially, the competition lies in our products being new to almost all laboratories. Today most laboratories are under pressure to cut costs, and so for them to use a significant part of the investment budget on CellaVision products to replace old and existing instruments, benefits of such priorities must be very clear. In effect we are competing with the existing method where the entire analysis is performed manually by a Medical Technologist using a microscope. Therefore, countries where manpower is cheap and available are less likely to regard our products as logical investments.

Product-wise we have so far been able to operate in the absence of any competition. However good that sounds, it also means that together with our distributors we have had to do all the work of shaping the market ourselves. Our successes have sparked the interest of other players, and we are aware that competitors are planning on launching new products. Personally I only see this as motivating – it will be exciting to take on other players, and the competition will surely result in the need for new developments and services.

> *"Laboratories that were not large enough to invest in automated equipment a couple of years ago are now purchasing fairly complete solutions —a trend which naturally opens up the market to our products.*

Digital image analysis also opens up to recruitment of new, younger employees. By removing parts of the monotonous, manual work, the position becomes more attractive.

Trends

The laboratory market is characterized by increasingly competitive pricing as users and suppliers demand more efficiency and time-reduction. The market is continuously driven towards consolidations in the form of partnerships and fusions of hospitals, laboratories, and health centres.

In the USA and Europe fusions occur between both smaller, independent laboratories as well as larger ones. The need for technology that increases efficiency and lowers costs is considerable. Time demanding steps in the analytical process are rationalized through the use of robotics and automated technology. Laboratories avoid handling samples manually both during analysis and in the stages of moving between different analyses.

Interest for digital imaging and scanning of slides is increasing rapidly. The market for digital microscopy is expected to become a substantial part of cell diagnostics during 2008-2010. The work behind scanning large areas or large quantities of cells is simplified and cells of particular interest can be studied further.

> *"Interest for digital imaging and scanning of slides is increasing rapidly. The market for digital microscopy is expected to become a substantial part of cell diagnostics during 2008-2010.*

Driving forces

The market for automated microscopy is driven by the need of cutting costs and boosting efficiency. Automatisation gives the analyst more time and increases the likelihood of objectivity, safety, and standardization in the analytical work.

Moreover, it is a fact that the number of biomedical analysts is falling. In the long run, it is expected that laboratories will find it more difficult maintaining their level of competence. On average, expert analysts are relatively old and are not being replaced by younger personnel at the same rate they are retiring. Making sure that one can still manage the volume of samples using digital image analysis is becoming a practical and convenient solution. Digital image analysis also opens up to recruitment of new, younger employees. By removing parts of the monotonous, manual work, the position becomes more attractive.

The average age of biomedical analysts (BMA) in Sweden and the USA is around 50 years. In a recent report (2006:6 R) Högskoleverket shows that in Sweden the lack of biomedical analysts will increase heavily in the future due to the imbalance between recruitment and retirement. According to the prognosis made by Högskoleverket the demand for biomedical analysts in 2020 will remain at 12000, while a mere 8000 will be available. Concerning pathologists, many have already reached retirement-age but continue working part-time. Several posts are even left unoccupied due to the lack of manpower.

6 six fast questions

Ron Hagner, Group Vice President, North America

Peter Wilson, Marketing Manager

Ron Hagner:

Based on the year that has passed since the establishment of the Canadian office, how has the year been?

This past year has truly been outstanding. We launched our company and our products into a new and receptive marketplace. When you start like this, you figure it will take time; time to build awareness, time to build a reference base and time for the customer to budget. What we found was a market eager for our solutions and willing to move quickly. We also found that even considering the great distances (e.g., St. John's, NL to Vancouver, BC >6,700 km), one hematology lab can be greatly influenced by another one, many provinces apart.

Despite the products' short time on the Canadian market, sales were successful in 2007. What sales model fits the Canadian market?

Most of Canada's hospitals prefer to use capital to acquire their instrumentation. We have found, however, that we were able to reduce the level of capital expenditure, and thereby make it easier for them, by combining a capital acquisition with on-going software licenses. This combination appears to have struck the right balance between customer needs and company growth. Another reason for our success is due to the structure of the Canadian Healthcare System. Most provinces consist of a number of Local Health Integration Networks (LHIN), which are further broken into various Health Authorities. This means that very often we are selling multiple placements through a single entry point of contact, reducing our Cost of Sales.

What do you see as future needs of the Canadian marketplace and what can CellaVision do to meet those needs?

CellaVision's current ability to provide remote access to cell images is a great benefit for the regional health networks and their constituent hospitals, but this is just the tip of the iceberg. Out of the 1,100 hospitals, and countless clinics throughout Canada, a great majority of them are small, and very remote. These facilities currently do not have sufficient access to the experts, and can wait weeks for results. Today, CellaVision's product offerings are for the medium to large laboratory. Tomorrow, we will need to have a platform that can be placed in small size facilities and be reviewed by an expert 2,000 km away in real-time.

Peter Wilson:

The application for analysis of body fluids was launched at the Medica exhibition in the end of November. How has the market reacted?

Those customers that have been involved in the evaluation of this form of analysis and those that have been given a presentation of it have been overwhelmingly positive. Many customers that use the CellaVision DM96 to analyse blood smears at present also analyse body fluids and regard the new application as a natural product development. Our ambition is to offer even more types of analysis using the same instrument.

With the market for digital image analysis growing, what sets CellaVision apart from the other market players?

The use of digital images and image analysis in health care has increased heavily during the last decade. Most laboratories have at least one setup consisting of a microscope with a camera connected to it for taking images of samples for use in education and consultation. There are many projects around the world, for example at universities and colleges, which aim to digitalise samples in order to classify and possibly diagnose cells and tissue samples. Most of these are unlikely to become commercialised. It is very challenging to develop a trustworthy image analysis system which is quick, takes high-quality images, correctly classifies cells, and has functions for integrating IT-solutions.

CellaVision is one of few companies that have succeeded, owing to the attention we have paid to the wishes of our customers, and that we have further developed our blood analysis.

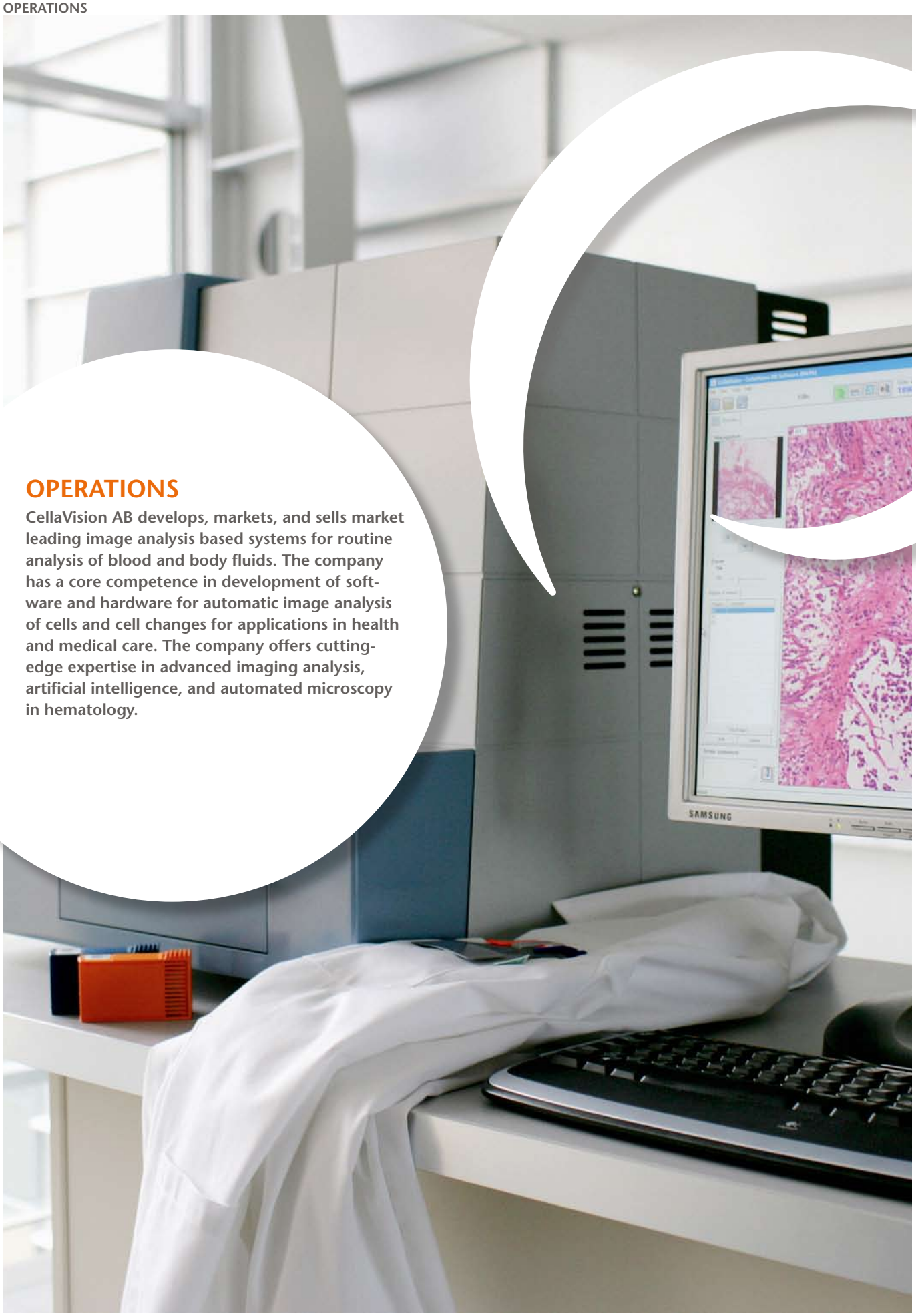
We offer

- quick and trustworthy hardware
- a user friendly interface
- highly classification accuracy
- an image quality as good as, if not better, that of the microscope
- the possibility of integrating the hospital's or our distributors' IT-solutions.

In combination this allows our customers to make time cuts by 50 percent as compared to using manual analysis.

Advantages of automated image analysis as compared to manual analysis:

- Increased productivity – speed and cost-efficiency
- Quality assurance – competence assurance and standardized results
- Ability to track information – digital archiving of samples together with patient journals
- Improved conditions for sample assessment – enhanced communication with other information systems and instruments in the laboratory, giving the user more access to information.
- Improved cooperation within and between laboratories – transfer of digital images to experts outside the laboratories.
- Improved ergonomics – eyes, neck, and back.



OPERATIONS

CellaVision AB develops, markets, and sells market leading image analysis based systems for routine analysis of blood and 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 in hematology.

OPERATIONS

In the areas of auto focus and image analysis, CellaVision's technology is unique

Customers

CellaVision has more than 350 customers today. They include hospital and commercial laboratories, principally in Europe and the USA. The laboratories perform routine analyses in hematology.

Business concept

CellaVision's business concept involves sales of instruments comprised of hardware platforms and included software for analysis and communication. In addition to this there is software for remote work, education and quality assurance, additional software upgrades, as well as various complementary products and consumables.

Products

CellaVision aims at developing products with focus on quality, functionality, and user friendliness. Development is driven by customers' needs and wishes.

The analyzers CellaVision® DM8 and CellaVision® DM96, and software for remote access, CellaVision® Remote Review. The analyzers holds applications for analysis of blood and body fluids: CellaVision® Peripheral Blood Application and CellaVision® Body Fluid Application. CellaVision® Competency Software is a combined proficiency testing and educational software for manual blood cell differentials in laboratories.

CellaVision DM96 och CellaVision DM8

CellaVision DM96 is intended for larger laboratories where more than 50 samples are handled per day. Not only does the instrument analyse blood, but also other body fluids suck as spinal, synovial, and pleural fluid. A function for digitizing the entire sample is available.

CellaVision DM8 is aimed at laboratories with less demand on automated technology. Normally these laboratories handle less than 50 samples per day.

CellaVision Remote Review

CellaVision Remote Review is additional software for remote access which makes possible transfer of digital images and results within and between laboratories. Using the software, external units can access test results and cell images. Specialists outside the laboratory can connect and view exactly the same samples. The software allows for competence assurance, qualified assessment, and faster diagnoses of complicated patient cases.

*CellaVision Competency Software**

The program CellaVision Diff IQ is software for education and quality assurance. The program contains digital test cases for the staff to test and confirm their expertise. It provides reports which document the quality assurance process and make comparison of test results possible.

Other products

CellaVision markets other products that include barcode printers and HemaPrep®, a product for preparation of blood smears on slides. In addition to this CellaVision offers its customers and distributors reserves, technical service and support, as well as software upgrades. Consumables offered include immersion oil (for the instrument's optical system), barcode labels and slide magazines.

The technology – simplified laboratory work using artificial intelligence

In the areas of auto focus and image analysis, CellaVision's technology is unique. In the CellaVision DM instrument a microscope, a digital camera, mechanics for automated transport of slides, advanced image analysis software, a patented auto focus system, and artificial neural networks all work together to simulate the process which the human eye and brain undergo while performing an analysis.

The system automatically localizes the optimal area to analyze on the slide. The system finds cells within this area, takes digital images of them, and pre-classifies them. The cell images are then shown on a computer screen where the biomedical analyst can confirm, or, if necessary, correct the system's pre-classification of the cells and finally verify the result.

The artificial neural network pre-classifies the cells. An artificial neural network is a calculative model which is used to classify data in a way that simulates the brain and its way of handling nerve impulses. These networks are commonly used for pattern recognition and segmentation. This is also what CellaVision's artificial network does —recognizes, segmentates, and classifies.

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

CellaVision's employees in Lund have areas of responsibility regarding economy, marketing, sales, development, and production.

Competetive advantages

CellaVision has established itself as a leading player within system solutions for microscopic analysis in hematology. The products' advantages as compared to manual blood analysis, such as time efficiency and quality assurance, combined with the company's technical competence and experienced management is expected to continue to fortify CellaVision's position on the market.

CellaVision aims at building barriers for competitors through tying the client to the company using various types of software. Some examples:

- CellaVision Remote Review which allows for working in networks within and between hospitals,
- Database communication in order for more laboratories to share expert competence,
- Communication with the laboratories information system (LIS) and information retrieved from cell counters,
- CellaVision Competency Software, the company's program for education and competence assurance, makes the client familiar with the company's instruments of analysis.

Geographic presence

In comparison to 2006 the number of sold instruments increased by 45 percent. During the year Europe accounted for 63 percent of the sales, North America for 36 percent, and the rest of the world for 1 percent.

During the year several more hospitals in Europe and the USA chose to automate their manual differential count of blood cells – the last step in the analysis of blood – through introducing image analysis in their haematological laboratories. CellaVision's distribution partner Sysmex saw an increase in sales, particularly in Europe. Several customers have shown interest following the launch of CellaVision's new application for body fluids at the medical technology convention Medica in Germany in November. Clinical evaluations of the body fluids application have been carried out at several laboratories in Europe.

In the Nordic region and Canada CellaVision markets and sells its products direct. The main reasons for justifying the purchase of CellaVision's products has during the past year been demands of increased efficiency in addition to the ability of transferring digital images and results within and between laboratories.

In the Nordic region the analytical instrument CellaVision® DM and the software for remote work, CellaVision® Remote Review, were installed at several major hospitals during the year, including

4 four fast questions

Dr Andreas Weimann, of Charité, the medical faculty at the Berlin University Hospitals

Universitätsmedizin Berlin is Europe's largest university hospital with 7 500 students, 15 000 employees, and over 1 million patients. The hospital offers both highly specialised and basic healthcare as well as research and education.

What was most fun during 2007?
Winning the Richard-Merten prize for the implementation of a telehematological solution.

Tell us about your telediagnostic project, why did you choose a solution with CellaVision's analyzer?
As the need to economize was enormous an innovative telediagnostic setup between all three locations was chosen to reduce spending on lab expenses and save on labor intensive work places. Without CellaVision's excellent products I would never have been able to carry out this project and promote and advance it.

What has the new solution meant to the hospital?
Using telehematology I have been able to strengthen the cooperation within and between laboratories and make the laboratory workflow a lot more efficient. The solution lowers costs while also strengthening online communication between information systems and instruments at the laboratories.
It provides a better diagnostic service for clinicians at the Charité Medical School, and regardless of physical location it is now possible for the laboratory personnel to assess and diagnose samples online and to tele-consult experts at remote sites. A standardization and consistency of the analytical processes can also be acquired, leading to more standardized test results.

> *"Using telehematology I have been able to strengthen the cooperation within and between laboratories and make the laboratory workflow a lot more efficient*

In what way is the new solution useful for clinicians and their patients?
Clinicians have access to the virtual blood smears from any of their patients at any time of the day at their wards and may use them for ward round presentations and teaching purposes. The morphological database is stored on a central server providing the possibility of following virtual blood smears from patients over a long period of time. The patients can trust fast and accurate results—and acute care.

the Karolinska University Hospital in Stockholm and the University Hospital in Malmö. Several hospitals – including CellaVision's first client, the University Hospital in Malmö – continued to replace their first analytical instruments with the next generation of products, indicating that laboratories are in need of the level of automisation that the CellaVision products offer. Several new hospitals in the Nordic region have become new customers, amongst others the Panum Institute, a part of Copenhagen University, Herlev Hospital in Copenhagen, as well as the hospitals in Jönköping and Helsingborg. In total CellaVision's systems can be found at 30 hospitals in Sweden, Norway, Denmark and Finland.

CellaVision strengthened its international presence in the beginning of the year by establishing a subsidiary in Canada. The company in Canada sells and markets CellaVision's products with local expertise and offers customers after sales service. Despite that products have been available for only a short period of time in Canada, a number of hospitals have invested in CellaVision's analytical instruments during the year. This seems to confirm that the company's level of technology meets the demands of cost efficiency, which is characteristic of the laboratory activity in Canada. At present, several clinical evaluations of the CellaVision DM are under way.

A large interest for increased efficiency has also been noted in South East Asia and Oceania where products are marketed by Sysmex and a number of local distributors. Product registration was completed in Taiwan at the end of the year and in turn the distributor San Tung Instruments was able to initiate marketing of products. Product registration in China is expected to come through in early 2008.

The process of registering products for sale on the Japanese market was initiated during the fall. At present CellaVision's products are being evaluated in a clinical routine setting. Decisions concerning whether or not the establishment is to proceed, and if so how, will be taken when the evaluation is complete.

Distribution

In the Nordic region and Canada CellaVision handles marketing and direct sales. In the remaining parts of Europe, the USA, parts of Asia, and the Middle East sales are handles by distributors. All sales of the company's products are under the CellaVision trademark.

In many of the countries where CellaVision is represented the company has chosen to work with Sysmex, one of the two largest global companies in sales of instruments for haematological laboratories. During the past years this cooperation has developed well and in 2006 resulted in a prolonging of exclusive distribution agreements with Sysmex Europe and Sysmex America by three years. The agreements with Sysmex include most countries in the EU, most states in the USA, some countries in the Middle East, as well as South Africa and parts of Asia.

The company's products are part of the distributor's offer to laboratories that make purchases every third to fifth year.

"During the year several more hospitals in Europe and the USA chose to automate their manual differential count of blood cells—the last step in the analysis of blood—through introducing image analysis in their haematological laboratories.

The distributors are able to offer the client an automated chain of analysis where the company's products handle the last step of the process, and thence make up a unique analytical combination. Agreements with distributors also include service for the laboratories.

The company has agreements with distributors other than Sysmex in Hong Kong, China, and Taiwan.

Competition

CellaVision primarily competes with manual microscopy. The company has established a unique competence in advanced haematological image analysis, which functions as a barrier to potential competitors wishing to penetrate this market segment.

Today there is a limited amount of commercial competition. HEG is marketed by

The company's technical competence
CellaVision has 18 engineers whose roles include developing new products and further working on existing ones in the areas of advanced image analysis, auto focus, artificial intelligence, databases, and network communications. This work primarily entails programming, but includes the entire development process involving customer interviews, specifying customer demands, as well as developing, testing, and ultimately producing prototypes.

Using CellaVision's application for body fluids, laboratories can analyse and assess cells in for example spinal fluid, synovial fluid, and pleural fluid (lung fluid).

Sysmex in Japan, and HemaCam, developed by Fraunhofer Institut in Germany. CellaVision regards the CellaVision DM96 to be superior to both the HEG and the HemaCam in functionality and user friendliness. Lastly, there are a few products that do not compete commercially due to performance and availability.

Product development

During 2007 CellaVision expanded the utility of the analyzer CellaVision® DM96 by launching a new application (Body fluids) for analysis of body fluids. Also, a new software version of the company's application for blood was introduced with a function for digitizing an entire sample, or a desired area of it. The new products are primarily aimed at the same group of customers as earlier applications laboratories in hematology and clinical chemistry. Body Fluids will be available commercially in Europe in early 2008. An FDA application is required for sales on the American market, and consequently the application will be available later in the USA Using CellaVision's application for body fluids laboratories are able to analyse and assess cells in for example spinal, synovial, and pleural fluids. The advantages of the application are the same as for the blood application in terms of more standardised and efficient results, digital archiving of samples together with patient journals, as well as transfer of digital images to external experts.

CellaVision has expanded the utility of the application for peripheral blood in the software version 2.0 as it is now possible to create digital images of entire samples, or a desired sample area, so-called Digital Slides. The function gives an overview of the sample and allows for discussions between doctors, regardless of physical location. The function is primarily an additional service for new and existing customers in the field of hematology, but is also expected to give the company more information on market needs for other imaging segments, such as pathology and cytology.

CellaVision is continuing development and refining of software in order to improve and adapt the products to the expanding client base. Amongst other things functions for communication with external computer systems are offered, where for example results from cell counters used earlier in the analytical chain is automatically displayed in CellaVision's systems. This simplifies the work of laboratory personnel as they gain access to background information of the sample they are evaluating.

BOARD OF DIRECTORS

Lars Gatenbeck

Christer Fåhraeus

Niels P. Freiesleben

Torbjörn Kronander

Sven-Åke Henningsson

Lars Gatenbeck
Chairman of the board since 2002.
Member of the board since 2000.
Year of birth 1956

Other directorships: Chairman of the board and partner of GZ Group, which manages H&B Capital and Life Equity Sweden. Chairman of the board of Swecare AB , Stiftelsen Swecare and Life Medical Sweden AB. Member of the board of Aerocrine AB, Cancerföreningen and Profdoc ASA.

Education: Doctor of medicine.
Shareholding as at 31 December 2007: 0

Lars Gatenbeck is President of H&B Capital Advisors AB and GZ & Partners AB, exclusive advisors to the H&B Capital LP and Life Equity Sweden KB funds, which together own 5 699 922 shares in CellaVision.

Christer Fåhraeus
Founder and member of the board since 1994.
Year of birth 1965

Other directorships: CellaVision's founder and CEO until June 1998. President of EQL Pharma AB and President of FlatFrog Laboratories AB. Chairman of the board of Agellis Group AB, Respiratorius AB and Taktio A/S. Member of the board of EQL Pharma AB, Anoto Group AB, Benehus fastigheter AB, Precise Biometrics AB and Fårö Capital AB.

Education: M Sc. Bioengineering, B Sc Mathematics, Ph D (hc) Lund University.
Shareholding as at 31 December 2007: 2 500 000 shares (with company)

Niels P. Freiesleben
Member of the board since 2004.
Year of birth 1951

Other directorships: President of SolarCAP A/S, President of General Solar Systems GmbH, President and chairman of the board of Freiesleben Management ApS and member of the board of Energi Industrien Denmark.

Education: Officer
Shareholding as at 31 December 2007: 0

Torbjörn Kronander
Member of the board since 2007.
Year of birth 1957

Other directorships: President of Sectra Imtec AB and Deputy President and member of the board of Sectra AB.

Education: Doctor of technology, MBA
Shareholding as at 31 December 2007: 85 000

Sven-Åke Henningsson
Member of the board since 2006.
Year of birth 1940

Other directorships: Chairman of the board of ACAP invest AB, Rittal Scandinavian AB, Hörviks Rökeri AB and Hörviks Förvaltning AB. Member of the board of Gant Company AB and DIAB International AB.

Education: Graduate business administrator
Shareholding as at 31 December 2007: 0

MANAGEMENT TEAM AND ACCOUNTANTS

Yvonne Mårtensson
CEO, with CellaVision since 1998.
Born 1953.
Previous experience: has more than 25 years experience in international marketing and sales in rapidly growing companies in different phases of development. Most recently worked for HemoCue AB, where she was the marketing and sales director in the USA.
Other assignments: Board member in CellaVison International AB, CellaVision Inc., CellaVision Canada Inc., Biolin AB, NsGene A/S and Innovationsbron Syd.
Education: M. Sc. Industrial Engineering and Management
CellaVision shares as of 071231: 40 000

Johan Wennerholm
CFO, with CellaVision since 2007.
Born 1968.
Previous experience: has many years experience in developing technology companies and has relations to the capital market. Most recently worked at Nextlink AB and Dorokoncernen.
Education: B.Sc. Economics and Business Administration
CellaVision shares as of 071231: 10 000

Hans-Inge Bengtsson
QA manager, with CellaVision since 2001.
Born 1958.
Previous experience: has more than 15 years experience in blood analysis and clinical laboratories. Most recently worked at PolyPeptide Laboratories AB where he was also head of quality control.
Education: M. Sc. Chemistry Engineering
CellaVision shares as of 071231: 1 200

Lars Juliusson
Sales Director, with CellaVision since 2000.
Born 1964.
Previous experience: has extensive experience in sales of various optic, medtech equipment. Was previously Sales Director of the Microscopy division at Zeiss.
Education: M. Sc. Engineering
CellaVision shares as of 071231: 4 000

Jeanette Bengtsson
Operations Manager, with CellaVision since 2006.
Born 1967.
Previous experience: has considerable experience in Operations, QA and Regulatory Affairs from several medtech companies. Most recently worked at Cresco Ti Systems and AstraTech.
Education: M. Sc. Engineering
CellaVision shares as of 071231: 0

Christian Matson
R&D Director, with CellaVision since 1999.
Born 1971.
Previous experience: most recently worked at Axis Communications AB where he was a project manager.
Education: M. Sc. Engineering Physics
CellaVision shares as of 071231: 2 000

Peter Wilson
Marketing Manager, with CellaVision since 2000.
Born 1967.
Previous experience: several years experience in global launching of new technologies and products. Most recently worked at Foss.

Education: M. Sc. Chemical Engineering
CellaVision shares as of 071231: 2 000

Accountant

Per-Arne Pettersson
Authorised public accountant, Deloitte AB
Accountant in CellaVision since year 2000.

WORDLIST

Artificial neural networks
Mathematical model that mimics the brain's method of learning.

Blood cell
Blood cells are the cells that are normally present in the blood. They are classified into red and white blood cells, as well as thrombocytes, or platelets. (Wikipedia)

CBC
Complete Blood Count. A measurement of the amounts of the three types of blood cells present in the blood; white and red blood cells as well as thrombocytes, or platelets. The count is performed by cell counters.

Cell morphology
The science that studies cell structure.

Differential count
Morphological investigation to classify white blood cells.

FDA
Food and Drug Administration. An American supervisory authority.

Pre-classification
The classification of cells that CellaVision's systems suggests using artificial neural networks. The pre-classification is confirmed or altered by the operator before finally verifying the result.

Hematology
The science that studies blood, its contents, function, and diseases.

LIS
Laboratory Information System. Collective term for the various information systems used at laboratories.

Morphology
The science that studies the structure of the body, organs, tissues, and cells.

Telemedicine
Remote assessment of medical data.

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MM-038, 2008-04-04 BERGHOLM MARKETING 2008

CELLAVISION

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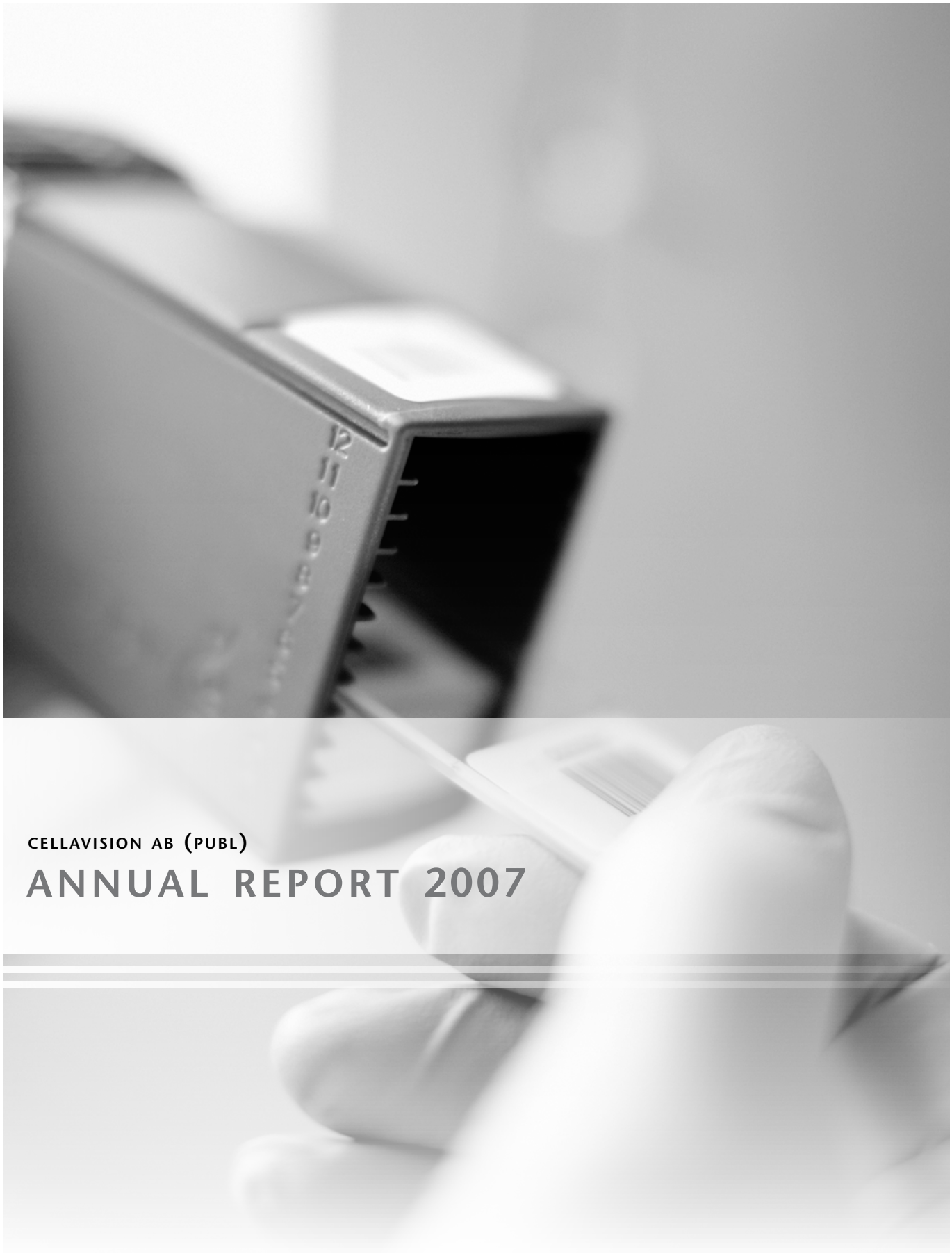

CELLAVISION AB (PUBL)

ANNUAL REPORT 2007

CELLAVISION

CELLAVISION AB (PUBL)

ANNUAL REPORT 2007

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ADMINISTRATION REPORT

The Board and the CEO of CellaVision AB (publ), corporate ID 556500-0998, submit this report for the financial year 2007-01-01– 2007-12-31.

CellaVision in short

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.

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.

CellaVision's share is listed on First North at the OMX Stockholm Stock Exchange.

Market and sales

In comparison to 2006 the number of sold instruments increased by 45%. During the year Europe accounted for 63% of the sales, North America for 36%, and the rest of the world for 1%.

In the Nordic region and Canada CellaVision markets and sells its products direct. The main reasons for justifying the purchase of CellaVision's products has during the past year been demands of increased efficiency in addition to the ability of transferring digital images and results within and between laboratories.

In the Nordic region the analyzer CellaVision® DM and the software for remote work, CellaVision® Remote Review, were installed at several major hospitals during the year, including the Karolinska University Hospital in Stockholm and the University Hospital in Malmö. Several hospitals – including CellaVision's first client, the University Hospital in Malmö – continued to replace their first analyzers with the next generation of products, indicating that laboratories are in need of the level of automisation that the CellaVision products offer. Several new hospitals in the Nordic region have become new clients, amongst others the Panum Institute, a part of Copenhagen University, Herlev Hospital in Copenhagen, as well as the hospitals in Jönköping and Helsingborg. In total CellaVision's systems can be found at 30 hospitals in Sweden, Norway, Denmark and Finland.

CellaVision strengthened its international presence in the beginning of the year by establishing a subsidiary in Canada. The company in Canada sells and markets CellaVision's products with local expertise and offers clients after sales service. Despite that products have been available for only a short period of time in Canada, a number of hospitals have invested in CellaVision's analyzers during the year. This seems to confirm that the company's level of technology meets the demands of cost efficiency, which is characteristic of the laboratory activity in Canada. At present, several clinical evaluations of the CellaVision DM are under way.

During the year several more hospitals in Europe and the USA chose to automate their manual differential count of blood cells – the last step in the analysis of blood – through introducing image analysis in their hematological laboratories. CellaVision's distribution partner Sysmex saw an increase in sales, particularly in Europe. Variations in sales income during quarters will remain and are largely due to the distributors' incoming orders and stock level. CellaVision's products complement Sysmex range of hematological laboratory products and allow them to be the only supplier on the European and American market to offer clients a complete analysis chain. Several clients have shown interest following the launch of CellaVision's new application for body fluids at the medical technology convention Medica in Germany in November. Clinical evaluations of the body fluids application have been carried out at several laboratories in Europe.

A large interest for increased efficiency has also been noted in South East Asia and Oceania where products are marketed by Sysmex and a number of local distributors. Product registration was completed in Taiwan at the end of the year and in turn the distributor San Tung Instruments was able to initiate marketing of products. Product registration in China is expected to come through in early 2008.

The process of registering products for sale on the Japanese market was initiated during the fall. At present CellaVision's products are being evaluated in a clinical routine setting. Decisions concerning whether or not the establishment is to proceed, and if so how, will be taken when the evaluation is complete.

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

Research and development

During the year, CellaVision has concentrated on development projects concerning more cost-efficient hardware and new software applications. During the fourth quarter CellaVision expanded the utility of the analyzer CellaVision® DM96 by launching a new application (Body fluids) for analysis of body fluids. Also, a new software version of the company's application for blood was introduced with a function for digitizing an entire sample, or a desired area of it. The new products are primarily aimed at the same group of clients as earlier applications – laboratories in hematology and clinical chemistry. Body Fluids will be available commercially in Europe in early 2008. An FDA application is required for sales on the American market, and consequently the application will be available later in the USA. Using CellaVision's application for body fluids laboratories are able to analyse and assess cells in for example spinal, synovial, and pleural fluids. The advantages of the application are the same as for the blood application in terms of more standardised and efficient results, digital archiving of samples together with patient journals, as well as transfer of digital images to external experts. CellaVision has expanded the utility of the application for peripheral blood in the software version 2.0 as it is now possible to create digital images of entire samples, or a desired sample area, so-called Digital Slides. The function gives an overview of the sample and allows for discussions between doctors, regardless of physical location. The function is primarily an additional service for new and existing clients in the field of hematology, but is also expected to give the company more information on market needs for other imaging segments, such as pathology and cytology.

Expenses for research and development amounted to SEK 17,532 thousand (15,081). Of these expenses, SEK 6,395 thousand (719) has been carried forward, and the remainder, SEK 11,138 thousand (14,362), has been charged to the period result, see note 8.

Patent

During the year the company was granted approval for its 18th family of patents in Europe. The patent is used in the blood application and describes a method that is central to distinguishing relevant information in a slide. A total of 18 patented inventions have until now generated 25 patents.

Personnel

The CellaVision Group consists of CellaVision AB, the parent company, and three wholly owned subsidiaries: CellaVision Inc., CellaVision Canada Inc. and CellaVision International AB. There are emloyees at CellaVision AB, CellaVision Inc. and CellaVision Canada Inc. At the end of the year, there were 40 (37) employees in the Group, recalculated as full time positions: 24 (28) men and 16 (9) women.

Share

The registered share capital in the parent company was distributed, as at 31 December 2007, among 23 851 547 shares with a quotient value of SEK 0.15 (0.15) each. The number of shares in issue is unchanged compared with the same period in the previous year. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented by her or him without limit to the voting right.

All shares confer an equal right to share in the company's assets and profits. No shares are held by the company itself.

Risks and risk management

CellaVision's operations are exposed to several risks, both financial and operational (see also note 2). *The operational risk can be broken down into:*

Suppliers

The company's strategy is to enter into strategic partnerships, in which the partners handle the manufacturing of the products. This means that CellaVision will be dependent on a number of suppliers of key components such as cameras, microscopes and control equipment as well as companies that manage the assembly and final inspection of the systems.

Dependence on key personnel

CellaVision has a distinct high-tech specialisation and is therefore dependent on being able to recruit and retain highly-qualified employees.

Cost savings in health care

For economic and political reasons, measures are being taken to reduce costs in the health care sector in Western Europe and the US, for example. Ongoing changes and rationalisation may have a negative impact on the Company's future sales and earnings.

Product development

Continued development of existing and new products and solutions is of great importance to CellaVision. If the company's ability to develop products ceases, or if products cannot be introduced in accordance with established schedules, or if the market reception is worse than expected, this may result in a negative impact on CellaVision's sales and earnings.

Competition
There is a risk that new competitors with a greater resource base in terms of skills and capital may establish themselves in CellaVision's market and offer better methods and more effective products than CellaVision. In order to counteract this, the company constantly monitors competition.

Product liability
Testing, marketing and selling medical devices and solutions entails a risk of claims for damages and there is no guarantee that claims for compensation linked to product liability will not be made against CellaVision. The company has extensive insurance coverage for such claims.

Patents and rights
CellaVision's success is partly dependent on receiving and retaining patent protection for the company's products and solutions and on being able to conduct its operations without encroaching on a technological area that has been patented by another. Patent and trademark protection are continually sought for the products and solutions developed by the company. However, it cannot be guaranteed that current or future patent applications will lead to patents or that approved patents will offer sufficient protection against competitors.

Legislation and regulatory framework
Manufacture, marketing and distribution of medical devices and equipment takes place on a regulated market where such bodies as the FDA (US Food and Drug Administration) and the EU have rules for clinical evaluation, approval and quality testing. CellaVision meets the current requirements in Europe and has FDA approval for CellaVision DM, DiffMaster and MICRO21. If CellaVision's operations were to be subject to restrictions by government agencies or if the company did not receive necessary future official approval, it may have a negative impact on CellaVision commercially and financially.

The financial risks can be broken down into:

Currency and credit risks
The company's operations entail a number of financial risks, which are managed in accordance with an established finance and currency policy. A major part of the company's overhead expenses are in SEK, while income and some production costs are determined in foreign currency (mainly USD and EUR) , which increases the company's currency exposure. Contracted inflows in foreign currency are hedged.

Liquidity risk
The assessment of the board of directors and company management is that under the current business plan and development, CellaVision has sufficient financial resources for the company's existing operations in the next 12 months. In the future, however, CellaVision's operations may need financial resources so that the company can create conditions for expansion into new areas of growth.

Outlook for 2008
CellaVision is planning further market expansion and continued product development. In 2008 it is probable that CellaVision will meet competition in the market.

Production
CellaVision's DM96 was produced for the most part by Kitron Flen AB in 2007. In the latter part of 2007 production was moved to Kitron AB in Karlskoga, due to a reorganisation of the Kitron Group. CellaVision's DM8 is sold in lower volumes and is produced internally.

Regulatory approval
CellaVision DM products for blood analysis have received 510(k) clearance from the FDA, which means that they may be marketed and sold in the USA. An FDA application for a body fluid application was submitted in Q1 2008. In Europe the products are regulated under the IVD Directive (98/79/EC). The products are CE marked.

Environment
The company does not conduct activities that are subject to licensing or reporting under Chapter 9, Section 6 of the Environmental Code (1998:808).

Significant events after the close of the reporting period
On 1 January 2008 the contract with Sysmex America was amended. The amendment means that CellaVision is able to sell on its own behalf in the American market, parallel with Sysmex. To increase market penetration, the company is evaluating various possibilities, including the expansion of CellaVision's own organisation in the USA.

The dispute with Onrox AB has resulted in an expedited arbitration. The dispute arose after Onrox AB supplied faulty goods to CellaVision. The arbitration award has now been settled and the dispute is concluded. CellaVision was partially successful in the arbitration proceedings and was awarded compensation in the form of a price reduction.

Financial development

Net sales for the Group were SEK 74.6 million (54.8) in 2007, an increase of 36 % compared with the previous year.

The gross margin was 61 % (58). The margin increase is due to increased sales of software licences and consumables.

The Group's operating profit for the year was SEK 3.1 million (-8.6). Total operating expenses for the full year were SEK 42.1 million (40.6).

Capitalised costs for development projects were SEK 6.4 million (0.7). Investments in property, plant and equipment amounted to SEK 0.9 million (1.3).

Liquidity and funding

The Group's cash and cash equivalents at the end of the year were SEK 16.3 million (16.8). The year's cash flow from operating activities was SEK 6.7 million (1.6).

Equity in the Group as at 31 December 2007 was SEK 20.1 million (17.7) and equity per share was SEK 0.84 (0.74).

Parent company

Parent company sales during the year were SEK 74.8 million (54.2). Pre-tax earnings for the year were SEK 4.4 million (-12.5). The parent company's investments during the year were SEK 7.5 million (2.5) and the cash flow was SEK - 0.7 million (-0.7).

Board of directors

Every year CellaVision's board of directors adopts rules of procedure for the board and issues terms of reference to the CEO. The rules of procedure specify, for example, the duties of the board, distribution of responsibilities, a schedule of meetings and the items of business that must be referred to the board.

The board, which after the annual general meeting in April 2007 comprised five ordinary members, held ten minuted meetings in 2007. Matters dealt with during the year include business strategy and long-term planning, financing and interim and year-end reports. Every month the board receives reports on the company's activities, liquidity, earnings and financial position. The company's CEO and CFO regularly participate in the board meetings. Other members of the management participate in the board meetings where necessary.

The company does not have specific committees for audit and remuneration issues. The whole board deals with these matters.

Proposed appropriation of profits

PARENT COMPANY	(SEK)
The following profits are at the disposal of the annual general meeting:	
Profit brought forward	0
Net result for the year	4 433 981

The board of directors and CEO propose that the year's profits of SEK 4 433 981 be carried forward.

INCOME STATEMENTS *group*

SEK THOUSANDS	Note	2007	2006
	1		
OPERATING INCOME			
Net sales	3	74 565	54 777
Cost of goods sold	12	-29 312	-22 764
Gross profit		45 253	32 013
Selling expenses		-15 135	-13 352
Administrative expenses		-16 066	-12 705
Research and development costs		-17 532	-15 081
Other operating income		384	133
Other operating expenses		-157	-333
Capitalised development expenditure		6 395	719
Operating profit/loss	5,6,7,8,12	3 142	-8 606
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest income		260	354
Interest expense		-777	-530
Profit/loss before tax		2 625	-8 782
Tax on profit for the year	13	-	-
Net profit/loss for year		2 625	-8 782
Of which attributable to the parent company's shareholders		2 625	-8 782
Earnings per share (SEK)		0,11	-0,37
Earnings per share after dilution (SEK)		0,11	-0,37
Number of shares in issue (thousands)		23 852	23 852
Average number of shares in issue (thousands)		23 852	23 852

BALANCE SHEETS *group*

SEK THOUSANDS	Note	2007	2006
ASSETS	1		
Non-current assets			
Capitalised expenditure for development etc.	8	7 354	1 280
Equipment, tools, fixtures and fittings	9	1 257	1 373
Other long-term receivables	10	24	0
Total non-current assets		8 635	2 653
Current assets			
Inventories			
Finished goods and goods for resale		3 952	7 423
Total inventories		3 952	7 423
Current receivables			
Trade receivables	21	11 565	11 355
Other receivables		2 277	2 336
Accrued income and prepaid expenses	15	1 344	810
Total current receivables		15 186	14 501
Cash and cash equivalents 1		16 347	16 752
Total current assets		35 485	38 676
TOTAL ASSETS		44 120	41 329
EQUITY AND LIABILITIES	1		
Shareholders' equity	22		
Share capital 2		3 577	3 577
Other contributed capital		13 971	23 331
Other reserves		180	466
Accumulated profit/loss including profit/loss for the year		2 344	-9 641
Total equity attributable to the parent company's shareholders		20 072	17 733
Current liabilities			
Current liabilities, non-interest-bearing		1 981	1 870
Liabilities to credit institutions, interest-bearing	17	7 453	7 158
Trade payables		6 084	7 761
Provisions	16	2 800	1 280
Accrued expenses and deferred income	18	5 730	5 527
Total current liabilities		24 048	23 596
TOTAL EQUITY AND LIABLITIES		44 120	41 329
Pledged assets	19	9 133	8 398
Contingent liabilities	19	none	none

1 Cash and cash equivalents comprise cash and bank balances.

2 The registered share capital in the Parent Company was distributed, as at 31 December 2007, among 23 851 547 shares with a quotient value of SEK 0.15 (0.15) each. The number of shares in issue is unchanged compared with the same period in the previous year. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented by her or him without limit to the voting right. All shares confer an equal right to share in the company's assets and profits. No shares are held by the company itself.

CHANGES IN EQUITY *group*

SEK thousands, Note 1	Share capital	Other contributed capital	Other reserves	Profit/loss brought forward	Total share-holders' equity
Amount at start of year 2005	3 023	49 992	0	-34 867	18 148
New issues	554	24 725	-	-	25 279
Cost of new issues	-	-645	-	-	-645
Appropriation of profit/loss		-29 888		29 888	0
Translation difference	-	-	512	-	512
Net profit/loss for year	-	-	-	-16 733	-16 733
Amount at end of year 2005	3 577	44 184	512	-21 712	26 561
Amount at start of year 2006	3 577	44 184	512	-21 712	26 561
Appropriation of profit/loss		-20 853	-	20 853	0
Translation difference	-	-	-46	-	-46
Net profit/loss for year	-	-	-	-8 782	-8 782
Amount at end of year 2006	3 577	23 331	466	-9 641	17 733
Amount at start of year 2007	3 577	23 331	466	-9 641	17 733
Appropriation of profit/loss	-	-9 360	-	9 360	0
Translation difference	-	-	-286	-	-286
Net profit/loss for year	-	-	-	2 625	2 625
Amount at end of year 2007	3 577	13 971	180	2 344	20 072

CASH FLOW STATEMENTS *group*

SEK THOUSANDS	Note	2007	2006
Operating activities	1		
Profit/loss before tax		2 625	-8 782
Adjustments for non-cash items	4	1 777	1 167
		4 402	-7 615
Cash flow from operating activities before changes in working capital			
Change in inventories		3 471	6 030
Change in operating receivables		-151	-1 461
Change in operating liabilities		-1 056	4 614
Cash flow from changes in working capital		2 264	9 183
Cash flow from operating activities		6 666	1 568
Investing activities			
Capitalisation of development expenditure		-6 394	-719
Purchases of property, plant and equipment		-1 296	-1 809
Acquisition of financial assets		-24	-
Sale of property, plant and equipment		348	493
Cash flow from investing activities		-7 366	-2 035
Financing activities			
New issues		-	1 266
Loans raised/repaid		295	-1 635
Cash flow from financing activities		295	-369
CASH FLOW FOR THE YEAR		-405	-836
Cash and cash equivalents (opening balance)		16 752	17 588
Cash and cash equivalents (closing balance)		16 347	16 752
Supplementary disclosures, cash flow statement			
Interest received during the year		27	322
Interest paid during the year		-777	-530

INCOME STATEMENTS *parent company*

SEK THOUSANDS	Note	2007	2006
	1		
OPERATING INCOME			
Net sales	3, 11	74 766	54 161
Cost of goods sold	12	-33 150	-23 103
Gross profit		41 616	31 058
Selling expenses		-9 690	-16 450
Administrative expenses		-16 066	-12 705
Research and development costs		-17 532	-15 081
Other operating income		384	470
Other operating expenses		-157	-333
Capitalised development expenditure		6 395	719
Operating profit/loss	5,6,7,8,12	4 950	-12 322
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest income		256	320
Interest expense		-772	-530
Profit/loss before tax		4 434	-12 532
Tax on profit for the year	13	-	-
Net profit/loss for year		4 434	-12 532
Earnings per share (SEK)		0,19	-0,53
Earnings per share after dilution (SEK)		0,19	-0,53
Number of shares in issue (thousands)		23 852	23 852
Average number of shares in issue (thousands)		23 852	23 852

BALANCE SHEETS *parent company*

SEK THOUSANDS	Note	2007	2006
ASSETS	1		
Non-current assets			
Capitalised expenditure for development etc.	8	7 354	1 280
Equipment	9	1226	1 300
Shares in subsidiaries	14	106	100
Total non-current assets		8 686	2 680
Current assets			
Inventories			
Finished goods and goods for resale		3 568	7 423
Total inventories		3 568	7 423
Current receivables			
Trade receivables	21	9 427	11 143
Receivables from group companies		4 290	46
Other receivables		2 279	2 277
Accrued income and prepaid expenses	15, 20	1 337	810
Total current receivables		17 333	14 276
Cash and cash equivalents 1		15 845	16 553
Total current assets		36 746	38 252
TOTAL ASSETS		45 432	40 932
EQUITY AND LIABILITIES	1		
Shareholders' equity			
Restricted equity			
Share capital 2		3 577	3 577
Statutory reserve		10 779	23 311
Non-restricted equity			
Net profit/loss for year		4 434	-12 532
Total shareholders' equity		18 790	14 356
Current liabilities			
Current liabilities, non-interest-bearing		1 402	1 532
Liabilities to credit institutions, interest-bearing	17	7 453	7 157
Trade payables		6 507	7 709
Liabilities to group companies		2 842	3 622
Provisions	16	2 800	1 280
Accrued expenses and deferred income	18	5 638	5 276
Total current liabilities		26 642	26 576
TOTAL EQUITY AND LIABLITIES		45 432	40 932
Pledged assets	19	9 133	8 398
Contingent liabilities	19	none	none

1 Cash and cash equivalents comprise cash and bank balances.

2 The registered share capital in the Parent Company was distributed, as at 31 December 2007, among 23 851 547 shares with a quotient value of SEK 0.15 (0.15) each. The number of shares in issue is unchanged compared with the same period in the previous year. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented by her or him without limit to the voting right. All shares confer an equal right to share in the company's assets and profits. No shares are held by the company itself.

CHANGES IN EQUITY *parent company*

SEK THOUSANDS, Note 1.	Share capital	Statutory reserve	Share premium reserve	Profit/loss forward forward	Total shareholders' equity
Amount at start of year 2005	3 023	2 187	47 785	-29 888	23 107
New issues	554	-	24 725	-	25 279
Cost of new issues	-	-	-645	-	-645
Appropriation of profit/loss	-	-	-29 888	29 888	0
Net profit/loss for year	-	-	-	-20 853	-20 853
Amount at end of year 2005	3 577	2 187	41 977	-20 853	26 888
Amount at start of year 2006	3 577	2 187	41 977	-20 853	26 888
Transfer to statutory reserve	-	41 977	-41 977	-	0
Appropriation of profit/loss	-	-20 853	-	20 853	0
Net profit/loss for the year	-	-	-	-12 532	-12 532
Amount at end of year 2006	3 577	23 311	0	-12 532	14 356
Amount at start of year 2007	3 577	23 311	0	-12 532	14 356
Appropriation of profit/loss	-	-12 532	-	12 532	0
Net profit/loss for the year	-	-	-	4 434	4 434
Amount at end of year 2007	3 577	10 779	-	4 434	18 790

CASH FLOW STATEMENTS *parent company*

SEK THOUSANDS	Note	2007	2006
Operating activities	1		
Profit/loss before tax		4 434	-12 532
Adjustments for non-cash items	4	1 959	2 452
Cash flow from operating activities before changes in working capital		6 393	-10 080
Change in inventories		3 855	6 030
Change in operating receivables		-2 530	-2 706
Change in operating liabilities		-1 602	8 428
Cash flow from changes in working capital		-277	11 752
Cash flow from operating activities		6 116	1 672
Investing activities			
Acquisition of subsidiaries	14	-6	-
Capitalisation of development expenditure		-6 394	-719
Purchases of property, plant and equipment		-1 068	-1 809
Sale of property, plant and equipment		348	493
Cash flow from investing activities		-7 120	-2 035
Financing activities			
New issues		-	1 266
Dividend		-	-
Loans raised/repaid		296	-1 636
Cash flow from financing activities		296	-370
CASH FLOW FOR THE YEAR		-708	-733
Cash and cash equivalents (opening balance)		16 553	17 285
Cash and cash equivalents (closing balance)		15 845	16 553
Supplementary disclosures, cash flow statement			
Interest received during the year		23	320
Interest paid during the year		-772	-530

NOTE 1 *General information, accounting policies and valuation principles*

ACCOUNTING POLICIES

General
CellaVision AB's consolidated accounts were prepared in accordance with the Annual Accounts Act (ÅRL), International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission for application in the EU. Moreover, the Swedish Financial Accounting Standards Council's recommendation 30:06 (RR:30), "Supplementary accounting rules for groups" has been applied. The Parent Company's annual accounts were prepared in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation 32:06 (RR 32) "Separate financial statements". The consolidated and annual accounts are presented in thousands of Swedish kronor (SEK '000) and refer to the period 1 January - 31 December for income items and 31 December for balance sheet items.

The introduction of IFRS 7, Financial Instruments; Disclosures with the related amendment to IAS 1 – Presentation of Financial Statements - Capital Disclosures, entail increased disclosure requirements. IFRS 7 has no impact on classification and valuation of the Group's financial instruments.

Other amendments and interpretations of IFRS have no impact on the Group's financial reporting.

THE GROUP'S ACCOUNTING POLICIES

Consolidated accounts
The consolidated accounts include the Parent Company CellaVision AB and the wholly-owned subsidiaries CellaVision Inc., USA, CellaVision Inc., Canada and CellaVision International AB. The consolidated accounts are prepared in accordance with the acquisition accounting method. This means that consolidated subsidiaries' identifiable assets, liabilities and contingent liabilities are recognised at fair value. If the cost of acquisition exceeds net assets recorded as above, the difference constitutes goodwill.

Internal invoicing and internal financial dealings within the Group are eliminated in the consolidated accounts. The functional currency for each foreign operation is determined. The foreign subsidiaries which have a functional currency different from CellaVision's functional currency, which is Swedish kronor, are translated at the closing day rate, for all balance sheet items and at the average rate for income statement items. The translation differences thereby arising are an effect partly of the net profit/loss being translated at different rates in the income statement and balance sheet respectively, and partly of the net assets being translated at a different rate at the end of the year than at the beginning of the year. The translation differences in the net profit/loss are charged directly to equity. For other translation differences please refer to the text under the heading "Exchange rate gains and losses".

Revenue recognition
For sales of instruments and/or software the revenue includes both the instrument and/or the software, and the right to future software updates. The entire revenue referring to the system, instrument plus updates, is recognised when the significant risks and rewards associated with the instrument are transferred to the customer.

For services to end consumers the revenue constitutes payment for servicing the instrument. This revenue is accrued over the period of the service agreement. This may refer to one occasion or run for a longer period of time.

For software upgrades (new functions, technology or applications) to end consumers the revenue constitutes payment for software upgrades. This revenue is accrued over the period of the upgrade agreement. This may refer to one occasion or run for a longer period of time.

Expenditure on research and development
Research expenditure is expensed as it is incurred. Expenditure for development of future products is expensed up to and including the prototype stage. Expenditure thereafter and until commercialisation is capitalised, to the extent it is probable that the product will be commercially viable. Expenditure for developing already existing applications and hardware platforms is expensed as it arises. In order to handle this effectively, the company applies a project accounting system in which all research and development expenditure is allocated to projects. Examples of such expenditure are:

- Goods and materials
- Consultant fees for conception and design
- Salaries and payroll overheads

Depreciation on equipment and computer equipment is not capitalised. A depreciation plan, for capitalised development expenditure, based on a useful life of five years is started on market introduction of developed products.

Exchange rate gains and losses
Realised and unrealised exchange rate differences and translation differences attributable to operating costs and transactions are reported among other operating expenses. Translation differences referring to current financial transactions are reported as interest income or interest expense.

Intangible assets
Intangible assets, consisting of capitalised expenditure for development and a database of acquired customers and prospective customers, are reported at cost of acquisition less accumulated amortisation according to plan.

Property, plant and equipment
Property, plant and equipment, consisting of instruments, equipment and computer equipment, is reported at cost of acquisition less accumulated depreciation according to plan.

Depreciation/amortisation according to plan
Depreciation according to plan is based on the historical cost and estimated useful life of the assets. Depreciation/amortisation according to plan:
- Development projects 5 years
- Instruments 5 years
- Equipment 5 years
- Customer database 3 years
- Computer equipment 3 years

Leases
The Group has not entered into any finance leases. Operating leases mainly refer to offices, computer equipment and vehicles.

Receivables and liabilities
Receivables are recorded in the amounts at which they are expected to be received. Liabilities are recorded at nominal amounts. Receivables and liabilities in foreign currency have been translated at the closing day rate, at which time unrealised exchange rate effects are recognised in revenue.

All external invoices are included in invoice factoring. They are accounted for as trade receivables. The loans received by the company in the respective invoicing currency are reported as liabilities translated at the closing day rate. These invoices have been provided as loan security and are reported under pledged assets.

Inventories
Inventories are recorded at the lower of cost according to the first-in, first-out method (FIFO) and net realisable value (lower of cost or market). The inventories contain finished products and input components for additional instruments.

Cash flow statement
The cash flow statement is prepared in accordance with the indirect method. Cash and bank balances are counted as cash and cash equivalents.

Pensions
All employees of the Parent Company are covered by the ITP plan administered by Alecta, apart from staff employed before 1 May 1999. These employees are covered by "alternative ITP", where the employees themselves may choose the insurer. These have the same amounts at their disposal as though they had been part of the ITP plan. Employees with an income in excess of 10 price base amounts are offered "tenfold earners" solutions. This means that they can choose the insurer for a part of the ITP contribution. Both these solutions are classified and reported as defined contribution pension plans.

The ITP plan administered by Alecta is a defined benefit pension plan. However, in accordance with a statement by the Swedish Financial Accounting Standards Council's Urgent Issues Task Force, URA 42, this plan is reported as a defined contribution plan as Alecta cannot produce sufficient information for reporting it as a defined benefit plan.

The Group's American employees are covered by a 410K plan, which is a defined contribution plan.

All pension commitments have been taken over by insurance companies and thus all pension plans are reported as defined contribution plans and pension premiums are recognised as expenses in the period in which the employees render the related services.

Provisions
A provision is reported when an obligation exists as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount.

Warranty provisions are made for products sold. The warranty period is one year. Warranty costs are reported under "Cost of goods sold".

Income taxes
Reported income tax covers tax to be paid or received for the current year, adjustments of previous years' actual tax and changes in deferred tax.

The valuation of all tax liabilities/assets is at nominal amounts and is done in accordance with the tax regulations and tax rates that have been adopted.

For items reported in the income statement, related tax effects are also reported in the income statement. Tax effects for items reported directly against equity are reported against equity.

Deferred tax is estimated in accordance with the balance sheet method on all temporary differences existing between the reported and tax base values for assets and liabilities. Deferred tax assets referring to loss carry forwards or other future tax-related deductions are only reported to the extent that it is probable that the deduction can be applied in the foreseeable future.

Depreciation/amortisation of non-financial assets
If within the group there is an indication that the value of an asset is impaired, its recoverable value is determined. The recoverable amount is defined as the higher of an asset's net realisable value and value in use. When establishing value in use, a calculation is made of the present value of expected future cash flows from the asset during its useful life. The asset is written down when the carrying amount exceeds the recoverable amount and the write-down is charged to the profit/loss for the year.

NOTE 1 *General information, accounting policies and valuation principles, cont.*

Financial instruments
The Group's financial instruments mainly comprise trade receivables, cash and cash equivalents, trade payables and financial derivatives in the form of currency forwards.

Trade receivables
Trade receivables are reported net after any provision for doubtful accounts receivable. Provisions for doubtful accounts receivable are based on individual assessment of trade receivables made with reference to expected bad debt losses. Historically the company has had very few bad debt losses as its customers are established hematology companies and distributors with good credit status and in the Nordic area the customers are publicly financed hospitals.

Cash and cash equivalents
Cash and cash equivalents comprise cash, bank and current investments. A current investment is classified as a cash equivalent if it can easily be cashed for a known amount and if it is only exposed to an insignificant risk of value fluctuation.

Trade payables
Trade payables are recorded at the value the company intends to pay the supplier to settle the debt.

Currency forwards and hedge accounting
The Group uses currency forwards to hedge contracted inflows in foreign currency. These inflows are 100% hedged. Forward cover refers mainly to EUR, USD and DKK. The exchange hedging does not fulfil the requirements of IAS 39 "Financial instruments: Recognition and measurement" for hedge accounting. Accordingly, all currency forwards are recorded at fair value. Changes in value are recorded in the income statement as financial income or financial expense.

Segment reporting
CellaVision's operations only comprise one segment, automated microscopy systems in the field of hematology, and therefore reference is made to the income statement and balance sheet regarding primary segment reporting. The geographical areas Europe and North America are reported as the secondary segment.

Related party transactions
As regards the Company's board members there are no transactions apart from those reported in note 5. CellaVision AB and CellaVision Inc entered into a service agreement on 1 January 2004, under which CellaVision Inc. carries out services on behalf of CellaVision AB in relation to the American distributor Sysmex America Inc. CellaVision Inc receives remuneration for this at cost price plus 5%, a "cost plus" agreement. When the Canadian subsidiary was established a distribution agreement was signed based on external distributors' terms and conditions. Elimination of these internal transactions is in accordance with the principles described under the section "Consolidated Accounts".

Parent company's accounting policies
For a more detailed description of accounting policies, please refer to the section above "The Group's Accounting Policies". Only divergences in the Parent Company's policies compared with those of the Group are described below.

Investments in subsidiaries and associated companies
Investments in subsidiaries are recorded on the basis of cost of acquisition. In cases where the carrying amount exceeds the recoverable amount (see the section above on Impairment Losses) a write-down is made.

IMPORTANT ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES
Preparation of reports and application of various accounting policies are often based on the management's judgements or on assumptions and estimates considered to be reasonable under the circumstances. These assumptions and estimates are usually based on experience but also on other factors, including expectations of future events.

For CellaVision the following two areas are worth noting specifically.

Capitalised development expenditure
The recoverable amount for capitalised development expenditure is determined on the basis of estimated economic life and volume. This calculation is based on estimated future cash flows using financial forecasts approved by the management and covering product life cycles.

Carry forwards of unused tax losses
CellaVision's deferred tax asset referring to carry forwards of unused tax losses has not been recognised pending a stable capacity to generate profit.

NOTE 2 *Financial risk management and capital risk*

FINANCIAL RISK FACTORS

Through its operations, the Group is exposed to various financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy is to aim for minimum unfavourable impact on financial result and position.

MARKET RISK

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will vary due to changes in market interest rates. The Group's financial assets consist of deposits. The asset is of such insignificant value that a very low risk is considered to exist.

The Group's interest-bearing financial liabilities refer to liabilities to credit institutions. The majority of this liability refers to the invoice factoring used by the Group.

All liabilities have a floating rate. Calculated on the basis of financial interest-bearing liabilities as at 31 December 2007 a change of one percentage point in the market rate would affect the Group's earnings by SEK 75 thousand (72) . The corresponding figure for the parent company is SEK 75 thousand (72).

Currency risk

The Group operates internationally and is exposed to currency risk from various currency exposures, mainly in dollars and euros. The company's purchases are in SEK. Sales are predominantly in dollars and euros. The currency risk arises through future business transactions, reported assets and liabilities and net investments in foreign operations. At present the net exposure in each respective currency is limited, as the Group uses currency forwards to hedge contracted inflows of foreign currency. SEK 384 thousand of the Group's total exchange rate difference for the year has been reported as "Other operating income".

Price risk

The Group is not exposed to any price risk referring to shares classified as financial instruments at fair value through the income statement or financial assets available for sale.

Credit risk

Credit risk is the risk that a party to a transaction with a financial instrument cannot fulfil his obligations. The maximum exposure for credit risks referring to financial assets as at 31 December 2007 was SEK 11 565 thousand (11 355). However, at present the existing provision is deemed to be sufficient, see note 21. In other respects there is no significant concentration of credit risk, geographically or in relation to any particular customer segment. The percentage of receivables more than 120 days overdue was 4.2% of total trade receivables as at the balance sheet date, see note 21. There are no other financial assets due for payment.

Liquidity risk

Prudence in management of liquidity risk entails holding sufficient liquid assets and realisable securities or agreed lines of credit to be able to fulfil obligations. At present the liquidity risk is deemed to be reasonably low, mainly due to the Group's liquidity. As of 2005 the Group reports in accordance with International Financial Reporting Standards, IFRS, in accordance with the requirements laid down by the European Commission.

NOTE 2 *Finansiell riskhantering och kapitalrisk, forts*

Fair value

The carrying amount corresponds to fair value for all of the Group's and the parent company's financial assets and liabilities. The financial assets in the Group and parent company all belong to the category Trade and loan receivables and the financial liabilities in the Group and parent company belong to the category Financial liabilities recognised at amortised cost.

Specification of the respective categories:

	2007		2006	
Financial assets	Group	Parent company	Group	Parent company
Long-term receivables	24	-	-	-
Trade receivables	11 565	9 427	11 355	11 143
Other receivables	2 277	2 279	2 336	2 277
Cash and cash equivalents	16 347	15 845	16 752	16 553
Total	30 213	27 551	30 443	29 973

	2007		2006	
Financial liabilities	Group	Parent company	Group	Parent company
Liabilities to credit institutions	7 453	7 453	7 158	7 157
Trade payables	6 084	6 507	7 761	7 709
Total	13 537	13 960	14 919	14 866

IMPACT ON INCOME PER CATEGORY – FINANCIAL INSTRUMENTS IN THE GROUP

	2007	2006
Anticipated bad debt losses	507	0
Confirmed bad debt losses	0	0
Other	0	0
Total	507	0

Management of capital risk

The Group's targets with regard to capital structure are to secure the Group's capacity to continue operations in order to generate a return for the shareholders and benefit to other stakeholders and that the capital structure is optimal with regard to the cost of capital. Dividends to shareholders, redemption of shares, issuing new shares or selling assets are examples of measures that the Group can use to adjust the capital structure.

OPERATIONAL RISK FACTORS

Distributors
CellaVision's strategy is to establish strategic alliances with global players in medical technology. CellaVision operates through distributors in markets outside the Nordic area. This means that CellaVision's future expansion depends on successful distributors. The company mainly distributes its products via Sysmex, a global partner in laboratory equipment, in most countries in Europe, the USA and parts of Asia. The company is dependent on Sysmex' successes in the field of hematology, where CellaVision's products are marketed. Sysmex accounted for 87 per cent of total sales in 2007. Despite the fact that CellaVision has well-functioning and extensive contractual relationships with the most important distributors, these partnerships can be terminated. There is no guarantee that the distributor will sign a new agreement with CellaVision. Discontinued cooperation with a major distributor like Sysmex would have a negative impact on CellaVision's sales and earnings.

Suppliers
The company's strategy is to enter into strategic partnerships, in which the partners handle the manufacturing of the products. This means that CellaVision will be dependent on a number of suppliers of key components such as cameras, microscopes and control equipment as well as companies that manage the assembly and final inspection of the systems. CellaVision's future supply of products is dependent on subcontractors who can manufacture the Company's products. The company has long-term cooperation and contracts with its most important subcontractors. Despite this, contracts can be terminated. There is no guarantee that the suppliers will subsequently decide to sign a new agreement with the Company. Suspension of deliveries due to terminated contracts or discontinued cooperation with a subcontractor may have a negative impact on CellaVision's sales and earnings.

Dependence on key personnel
CellaVision has a distinct high-tech specialisation and is therefore dependent on being able to recruit and retain highly-qualified employees.

Cost savings in health care
For economic and political reasons measures are being taken to reduce costs in the health care sector in Western Europe and the US, for example. Ongoing changes and rationalisation, despite CellaVision's efforts at developing cost-effective solutions, may have a negative impact on the Company's future sales and earnings.

Product development
Continued development of existing and new products and solutions is of great importance to CellaVision. If the Company's ability to develop products ceases, or if products cannot be introduced in accordance with established schedules, or if the market reception is worse than expected, this may result in a negative impact on CellaVision's sales and earnings.

Competition
There is a risk that new competitors with a greater resource base in terms of skills and capital may establish themselves in CellaVision's market and offer better methods and more effective products than CellaVision. In order to counteract this, the Company constantly monitors competition.

Product liability
Testing, marketing and selling medical devices and solutions entails a risk of claims for damages and there is no guarantee that claims for compensation linked to product liability will not be made against CellaVision. The company has extensive insurance coverage for such claims.

Patents and rights
CellaVision's success is partly dependent on receiving and retaining patent protection for the Company's products and solutions and on being able to conduct its operations without encroaching on a technological area that has been patented by another. Patent and trademark protection are continually sought for the products and solutions developed by the Company. At the end of 2007 the company had a patent portfolio containing a total of 18 patented inventions, which to date have generated 22 patents. The earliest patent expires in 2016 and the latest in 2024. However, it cannot be guaranteed that current or future patent applications will lead to patents or that approved patents will offer sufficient protection against competitors. In addition, there is always a risk that disputes referring to patent infringement and other intellectual property rights may be started against or by CellaVision.

Legislation and regulatory framework
Manufacture, marketing and distribution of medical devices and equipment takes place on a regulated market where such bodies as the FDA (US Food and Drug Administration) and the EU have rules for clinical evaluation, approval and quality testing. CellaVision currently meets the applicable requirements in Europe and has FDA approval for CellaVision DM, DiffMaster and MICRO21. If CellaVision's operations were to be subject to restrictions by government agencies or if the Company did not receive necessary future official approval, it may have a negative impact on CellaVision commercially and financially.

NOTE 3 *Information by geographical area*

CellaVision's operations comprise only one segment; automated microscopy systems in the field of hematology, and therefore reference is made to the income statement and balance sheet regarding primary segment reporting. The geographical areas Europe and North America are reported as the secondary segment.

3.1 Income by geographical segment

Group	2007	2006
Europe (including the rest of the world) 1	47 222	35 502
North America2	27 343	19 275
Total 3	74 565	54 777

1 Of which 212 (659) is rental income.
2 Of which 0 (269) is rental income.
3 Of which 74 241 (53 829) refers to sale of goods and 324 (948) sale of services.

3.2 Assets by geographical segment

Group	2007	2006
Europe (including the rest of the world)	45 562	41 059
North America	6 608	3 960
Group eliminations	-8 050	-3 690
Total	44 120	41 329

3.3 Investment by geographical segment

Group	2007	2006
Europe (including the rest of the world)	7 114	1 316
North America	252	-
Total	7 366	1 316

NOTE 4 *Non-cash items*

Group	2007	2006
Depreciation	1 384	1 713
Acccrued interest income	-233	0
Changes in exchange rates	-53	-101
Non-cash price fluctuations	0	199
Change in cost accruals	679	-644
Total	1 777	1 167

Parent company	2007	2006
Depreciation	1 114	5 092
Acccrued interest income	-233	
Changes in exchange rates	-	-137
Change in cost accruals	1 078	-2 503
Total	1 959	2 452

NOTE 5 *Staff*

5.1 Employees

Average number of employees	2007 Number of employees	2007 Of whom Men	2006 Number of employees	2006 Of whom men
Parent company	33	23	30	24
Subsidiaries	5	2	4	2
Total	38	25	34	26

Number of women in leading managerial positions:	2007 Board of	2007 Other positions	2006 Board of	2006 Other positions
Parent company	-	2	1	2
Subsidiaries	-	-	-	-
Total	0	2	1	2

5.2 Salaries and other remuneration

Salaries and other remuneration	2007 Board of directors, CEO	2007 Other	2006 Board of directors, CEO	2006 Other
Board of Directors	420	-	490	-
Parent company	1 262	14 398	1 155	11 884
Subsidiaries	-	2 107	-	2 358
Total	1 682	16 505	1 645	14 242

5.3 Social security and pension costs

Social security and pension costs	2007 Social security costs	2007 Of which pension costs	2006 Social security costs	2006 Of which pension costs
Parent company	7 742	2 158	7 300	2 907
Subsidiaries	517	64	475	297
Total	8 259	2 222	7 775	3 204

5.4 Remuneration to senior management

Salaries, remuneration and other benefits:	2007 Salary	2007 Pension	2006 Salary	2006 Pension
Board of directors	420	-	490	-
Chief Executive Officer	1 262	403	1 155	396
Other senior management	3 584	463	2 986	462
Total	5 266	866	4 631	858

In accordance with a resolution of the annual general meeting, remuneration to the board of directors of SEK 420 thousand (490), of which SEK 140 thousand (140) to the chairman of the board, is payable for the period until the next annual general meeting. This amount has not yet been paid out. The Chief Executive Officer's period of notice is twelve months for termination by the company and six months for termination by the Chief Executive Officer. For termination by the company, or by the Chief Executive Officer for material breach of contract by the company, the Chief Executive Officer is entitled to severance pay equivalent to twelve months' salary. No further severance pay is payable. Other senior management consists of 6 persons. The board of directors in its entirety prepares questions of remuneration and other conditions of employment for the company management.

5.5 Sickness absence

In the period 1 January 2007 - 31 December 2007 the total sickness absence was 3.62% (1.05). Sickness absence for men was 1.91% (1.03) and for women 7.67% (1.11). For the age group up to 29 years, sickness absence was 3.43% (-). For the age group from 30 to 49 years, sickness absence was 3.88% (1.4). In the age group of 50 years and over, CellaVision has fewer than 11 employees and therefore no sickness absence is reported for this group.
Of the total of 2 430 sickness absence hours, long-term sickness absence hours accounted for 48.40% (0%).

NOTE 6 *Audit fees*

	2007		2006	
Fees to the company's auditors, Deloitte	Group	Parent company	Group	Parent company
Audit	110	110	99	99
Other engagements	947	947	99	99
Total	1057	1057	198	198

Audit assignments refer to auditing of the annual accounts, the accounting records and the administration by the board of directors and managing director, other duties that rest with the company's auditor to perform, as well as advisory services or other assistance occasioned by observations made in the course of such audit examinations or the execution of such other duties. Everything else is classed as other engagements.

NOTE 7 *Rental contracts and leases*

	2007		2006	
Contracted future rental and lease charges	Group	Parent company	Group	Parent company
- Within one year	2 257	2 257	1 164	1 164
- Later than one but within five years	3 201	3 201	215	215
- Later than within five years	-	-	-	-
Total	5 458	5 458	1 379	1 379

Rental and lease payments for all rental contracts and leases amounted to SEK 2,791 thousand (2,342). The parent company's rental and lease payments were SEK 2,513 thousand (2,176) for the year. The Group does not have any finance leases.

NOTE 8 *Intangible assets*

8.1 Capitalised expenditure for development

	2007		2006	
	Group	Parent company	Group	Parent company
Opening cost of acquisition	19 537	19 537	18 818	18 818
Year's acquisitions	6 394	6 394	719	719
Closing accumulated cost of acquisition	25 931	25 931	19 537	19 537
Opening depreciation	-18 257	-18 257	-17 937	-17 937
Depreciation for the year	-320	-320	-320	-320
Closing accumulated depreciation	-18 577	-18 577	-18 257	-18 257
Closing carrying amount	7 354	7 354	1 280	1 280

Expenditure on research and development was SEK 17 532 thousand (15 081), which is 24% (28%) of net sales. Of this expenditure, SEK 6 394 thousand (719) has been capitalised, the remaining SEK 11 138 thousand (14 362) has been charged to earnings for the period.
The year's development work refers partly to hardware development and partly to development of a new software application for bodily fluids that will start to be introduced in the spring.

NOTE 8 *Intangible assets, continued*

Information on impairment testing

If there is an indication that carrying amounts exceed the recoverable amount the difference is charged to the result for the period as it arises. The recoverable amount for capitalised development expenditure is determined on the basis of estimated economic life and volume. This calculation is based on estimated future cash flows using financial forecasts approved by the management and covering product life cycles.

The company management has established budgeted gross margins based on expectations of market trends. The weighted average growth rate used is in line with the forecasts in trade reports.

8.2 Other intangible assets

	2007		2006	
Customer database – USA	Group	Parent company	Group	Parent company
Opening cost of acquisition	-	0	-	10 912
Year's acquisitions	-	-	-	-
Closing accumulated cost of acquisition	-	0	-	10 912
Opening depreciation	-	-	-	-7 274
Depreciation for the year	-	-	-	-3 638
Closing accumulated depreciation	-	0	-	-10 912
Closing carrying amount	-	0	-	0

NOTE 9 *Property, plant and equipment*

	2007		2006	
	Group	Parent company	Group	Parent company
Opening cost of acquisition	11 042	8 547	9 726	7 231
Year's acquisitions	1 363	1 068	1 809	1 809
Disposals/ retirements	-3 567	-1 073	-493	-493
Closing accumulated cost of acquisition	8 838	8 542	11 042	8 547
Opening depreciation	-9 420	-7 246	-8 182	-6 268
Depreciation for the year	-1 064	-794	-1 393	-1 133
Reversal of acc. depreciation on disposals/retirements	2 953	724	155	155
Closing accumulated depreciation	-7 531	-7 316	-9 420	-7 246
Translation difference	-50		-249	
Closing carrying amount	1 257	1 226	1 373	1 301

NOTE 10 *Non-current financial assets*

Group	2007	2006
Opening cost of acquisition	0	-
Office rent, deposit	24	-
Exchange rate differences for the year	-	-
Closing carrying amount	24	0

NOTE 11 *Intra-Group transactions*

SEK 4 340 thousand of the parent company's invoicing refers to subsidiaries.

Invoicing from subsidiaries to the parent company amounted to SEK 3 602 thousand.

NOTE 12 *Group*

12.1 Group

	2007		2006	
	Capitalised development	Equipment	Capitalised development	Equipment
Cost of goods sold	-320	-216	-320	-194
Selling expenses	-	-377	-	-427
Administrative expenses	-	-180	-	-113
Research and development expenses	-	-291	-	-658
Total	-320	-1 064	-320	-1 392

12.2 Parent company

	2007		2006	
	Capitalised development	Equipment	Capitalised development	Equipment
Cost of goods sold	-320	-216	-3 958	-194
Selling expenses	-	-107	-	-169
Administrative expenses	-	-180	-	-112
Research and development expenses	-	-291	-	-658
Total	-320	-794	-3 958	-1 133

NOTE 13 *Taxes*

	2007		2006	
	Group	Parent company	Group	Parent company
Opening tax liability	0	-	-2	-
Income tax paid	0	-	2	-
Closing tax liability	0	-	0	-
Loss carry forwards	267 587	256 758	271 348	262 328
Unrecognised deferred tax assets	72 891	71 892	74 237	73 452

NOTE 13 *Taxes, continued*

All companies in the Group have accumulated loss carry-forwards. In Sweden and the USA these are not subject to any time limit and can therefore reduce taxes on future profits. In Canada the time limit is 20 years. As there is uncertainty as to whether, and within what timeframe, these loss carry forwards will be utilised, they have not been capitalised as deferred tax assets. Evaluation of whether a deferred tax asset for loss carry forwards shall be reported or not is made on a current basis.

	2007		2006	
Effective tax reconciliation	Group	Parent company	Group	Parent company
Accounting profit/loss before tax	2 625	4 434	-8 782	-12 532
Tax at current tax rate, 28%	-735	-1 242	2 459	3 509
Tax effect of:				
-Non-deductible expenses	-318	-318	-137	-137
-Deficit where deferred tax is not reported	-	-	-2 322	-3 372
Utilised deficit	1 053	1 560	-	-
Tax on profit for the year	0	0	0	0

NOTE 14 *Shares and participations in subsidiaries*

Parent company	2007	2006
Opening book value	100	100
Acquisitions	6	-
Closing carrying amount	106	100

Shares owned by the parent company, 2007

Company	Corporate identity number	Registered office	Number of participations	Share of equity (%)	Book value
CellaVision International AB	556573-4299	Lund, Sweden	1 000	100	SEK 100 thousand
CellaVision Inc., Canada	1724445	Toronto, Canada	1 000	100	SEK 6 thousand
CellaVision Inc., Canada	06-1624895	Delaware,USA	10	100	SEK 1

Shares owned by the parent company, 2006

Company	Corporate identity number	Registered office	Number of participations	Share of equity (%)	Book value
CellaVision International AB	556573-4299	Lund, Sweden	1 000	100	SEK 100 thousand
CellaVision Inc., Canada	06-1624895	Delaware,USA	10	100	SEK 1

The acquisition in 2007 refers to the capital investment in the newly started subsidiary in Canada.

NOTE 15 *Prepaid expenses and accrued income*

	2007		2006	
	Group	Parent company	Group	Parent company
Office rent	540	533	488	488
Pension premiums	115	115	91	91
Acccrued interest income	233	233	-	-
Other	456	456	231	231
TOTAL	1 344	1 337	810	810

NOTE 16 *Provisions*

	2007		2006	
Provisions for warranty	Group	Parent company	Group	Parent company
Opening amount	1 280	1 280	1 240	1 240
Allocated during year	2 800	2 800	1 280	1 280
Reversed provisions	-1 280	-1 280	-1 240	-1 240
Utilised	-	-	-	-
TOTAL	2 800	2 800	1 280	1 280
Provisions fall due for payment				
- Within one year	2 800	2 800	1 280	1 280
- Later than one but within five years	-	-	-	-
TOTAL	2 800	2 800	1 280	1 280

NOTE 17 *Liabilities to credit institutions*

	2007		2006	
Current liabilities	Group	Parent company	Group	Parent company
Nordea Bank AB	1 320	1 320	1 760	1 760
Nordea Finans Sverige AB	6 133	6 133	5 398	5 398
TOTAL	7 453	7 453	7 158	7 158

The liability to Nordea Finans Sverige AB (publ) refers to invoice factoring. The company pledges 80% of the value of external customer invoices at the time of invoicing. The limit for invoice factoring was SEK 28 million as at 31 December 2007.

NOTE 18 *Accrued expenses and deferred income*

	2007		2006	
	Group	Parent company	Group	Parent company
Holiday liability	2 113	2 052	2 308	2 171
Board fee	420	420	432	432
Social security contributions	802	802	701	701
Other	2 395	2 364	2 086	1 972
TOTAL	5 730	5 638	5 527	5 276

NOTE 19 *Pledged assets and contingent liabilities*

	2007		2006	
	Group	Parent company	Group	Parent company
Pledged trade receivables	6 133	6 133	5 398	5 398
Floating charge	3 000	3 000	3 000	3 000
Total	9 133	9 133	8 398	8 398
Contingent liabilities	None	None	None	None

The floating charge applies to invoice factoring and overdraft facilities and covers all CellaVision AB's property.

NOTE 20 *Events after the balance sheet date*

The dispute with the subcontractor Onrox was settled in arbitration proceedings on 5 February. CellaVision was awarded a price reduction on products already delivered. The result of the dispute is included in the annual accounts for 2007.

The distribution agreement with Sysmex America Inc. has been amended, allowing CellaVision to sell in the American market parallel with Sysmex.

NOTE 21 *Trade receivables*

As at 31 December 2007 trade receivables of SEK 219 thousand (2 378) were due for payment in the Group, but no impairment loss was identified. These trade receivables are from customers who have not previously had any payment difficulties. The age analysis for the Group relating to these trade receivables is shown below.

Trade receivables overdue but not written down:

	2007	2006
1–30 days overdue	204	740
31–60 days overdue	-	1573
61–90 days overdue	15	-
91–120 days overdue	-	2
More than 121 days overdue	-	63
Total	219	2 378

As at 31 December 2007 the Group reports a loss referring to provision for anticipated bad debt losses of SEK 507 thousand (0). The provision for doubtful trade receivables was SEK 507 thousand (0) as at 31 December 2007. The individually assessed impairment losses mainly refer to customers who have unexpectedly experienced a difficult financial situation. Provision for doubtful trade receivables and their age distribution:

Provision for doubtful trade receivables:

	2007	2006
Provision at beginning of year	0	-
Anticipated bad debt losses	507	-
Confirmed bad debt losses	-	-
Reversal of anticipated bad debt lo	-	-
Provision at end of year	507	-

NOTE 21 *Trade receivables, continued*

Provision for doubtful trade receivables broken down by:

	2007	2006
1–30 days overdue	-	-
31–60 days overdue	-	-
61–90 days overdue	-	-
91–120 days overdue	-	-
More than 121 days overdue	507	-
Total	507	-

The maximum exposure for credit risk as at the balance sheet date is the fair value for each category of receivables stated above. There are no pledges as collateral for receivables.

The Group uses invoice factoring. The borrowing level is a maximum of 80% per customer. As at 31 December 2007 the borrowing level is 80% (79).

NOTE 22 *Dividend per share*

The board of directors proposes to the annual general meeting that no dividend be distributed for 2007.

NOTE 23 *Disputes in the Group*

The previously reported dispute with Onrox is settled, see note 20.

The parent company submitted a claim for compensation from a supplier for faulty products in December. The company does not regard this as a dispute in the present situation.

Annual general meeting

The annual general meeting will be held on Wednesday April 23, 2008 at 17.00 at CellaVision AB, Scheelevägen 19 A, Delta 5, Lund, Sweden.

Signing of the Annual Accounts

The board of directors and President hereby certify that the annual accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council recommendation, RR 32 and give a true and fair view of the company's financial position and performance and that the administration report gives a fair review of the development of the Group's business, financial position and performance and describes material risks and uncertainties to which the company is exposed.

The board of directors and President hereby certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EC, and give a true and fair view of the Group's financial position and performance and that the administration report for the Group gives a fair review of the development of the Group's business, financial position and performance and describes material risks and uncertainties to which the Group is exposed.

Lund, 19 March 2008

Lars Gatenbeck
Chairman of the board

Christer Fåhraeus

Torbjörn Kronander

Sven-Åke Henningsson

Niels Freiesleben

Yvonne Mårtensson
CEO

Our audit report was submitted
on 19 March, 2008

Per-Arne Pettersson
Authorised public accountant

AUDIT REPORT

To the annual general meeting of shareholders in CellaVision AB (publ)
Corporate identity number 556500-0998

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of CellaVision AB (publ) for the financial year ended 31 December 2007. The Company's annual accounts are included in the printed version of this document on pages 4-32. The Board of Directors and President are responsible for the accounting records and administration as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards, IFRS, as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual general meeting of shareholders that the income statements and balance sheets of the parent company and the Group be adopted, that the profit of the parent company be dealt with in accordance with the proposals in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Malmö, 19 March 2008
Deloitte AB

Per-Arne Pettersson
Authorised public accountant

BOARD OF DIRECTORS, CEO AND AUDITORS

Lars Gatenbeck
Chairman of the board since 2002. Member of the board since 2000.
Year of birth 1956

Other directorships: Chairman of the board and partner of GZ Group, which manages H&B Capital and Life Equity Sweden. Chairman of the board of Swecare AB , Stiftelsen Swecare and Life Medical Sweden AB. Member of the board of Aerocrine AB, Cancerföreningen and Profdoc ASA.

Education: Med Dr.
Shareholding as at 31 December 2007: 0

Lars Gatenbeck is President of H&B Capital Advisors AB and GZ & Partners AB, exclusive advisors to the H&B Capital LP and Life Equity Sweden KB funds, which together own 5 699 922 shares in CellaVision.

Christer Fåhraeus
Founder and member of the board since 1994.
Year of birth 1965

Other directorships: CellaVision's founder and CEO until June 1998. President of EQL Pharma AB and President of FlatFrog Laboratories AB. Chairman of the board of Agellis Group AB, Respiratorius AB and Taktio A/S. Member of the board of EQL Pharma AB, Anoto Group AB, Benehus fastigheter AB, Precise Biometrics AB and Fårö Capital AB.

Education: M Sc. Bioengineering, B Sc Mathematics, Ph D (hc) Lund University.
Shareholding as at 31 December 2007:

Niels P. Freiesleben
Member of the board since 2004.
Year of birth 1951

Other directorships: President of SolarCAP A/S, President of General Solar Systems GmbH, President and chairman of the board of Freiesleben Management ApS and member of the board of Energi Industrien Damnark.

Education: Officer
Shareholding as at 31 December 2007: 0

Torbjörn Kronander
Member of the board since 2007.
Year of birth 1957

Other directorships: President of Sectra Imtec AB and Deputy President and member of the board of Sectra AB.

Education: Doctor of technology, MBA
Shareholding as at 31 December 2007: 85 000

Sven-Åke Henningsson
Member of the board since 2006.
Year of birth 1940

Other directorships: Styrelseordförande i ACAP invest AB, Rittal Scandinavian AB, Hörviks Rökeri AB och Hörviks Förvaltning AB. Styrelseledamot i Gant Company AB och DIAB International AB.

Education: Graduate business administrator
Shareholding as at 31 December 2007: 0

CEO

Yvonne Mårtensson
Chief Executive Officer, employed in 1998.
Year of birth 1953

Previous experience: Has more than 25 years experience of international marketing and sales in fast-growing companies in various phases. Her most recent employer was HemoCue AB, where in her final two years she was head of marketing and sales in the USA.

Other directorships: Member of the board of CellaVision International AB, CellaVision Inc., CellaVision Canada Inc., Biolin AB, Ns- Gene A/S and Innovationsbron Syd.

Education: Graduate engineer in industrial economics
Shareholding as at 31 December 2007: 40 000

AUDITOR

Per-Arne Pettersson
Authorised public accountant, Deloitte AB, auditor of CellaVision since 2000

FIVE YEAR SUMMARY

For 2005 – 2007 the summary below was prepared in accordance with International Financial Reporting Standards (IFRS), while the summary for the years before was prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations. The transition to IFRS as at 1 January 2006, with comparative year 2005, does not, however, imply any adjustment of the figures for 2005 compared with previously submitted annual accounts.

Income statement Amounts in SEK '000	2007	2006	2005	2004	2003
Revenues	74 565	54 777	39 017	29 843	14 974
Cost of goods sold	-29 312	-22 764	-19 390	-19 338	-10 077
Gross profit	45 253	32 013	19 627	10 505	4 897
Selling expenses1	-15 135	-13 352	-13 556	-11 432	-17 023
Administrative expenses1	-16 066	-12 705	-10 795	-11 274	-10 512
Research and development costs 1	-17 532	-15 081	-11 470	-14 305	-16 094
Other operating income	384	133	0	0	0
Other operating expenses	-157	-333	-295	-91	-626
Capitalised development expenditure	6 395	719	0	0	0
Operating profit/loss	3 142	-8 606	-16 489	-26 597	-39 358
Profit/loss from financial items	-517	-175	-244	1 704	-789
Tax	0	0	0	0	309
Net profit/loss for the year	2 625	-8 782	-16 733	-24 893	-39 838

1 The principles for allocating costs to functions were changed in 2002. Income statements Income statements for previous years have been adjusted to reflect the change.

Balance sheet Amounts in SEK '000	2007	2006	2005	2004	2003
Assets					
Intangible assets	7 354	1 280	2 147	4 645	8 409
Property, plant and equipment	1 257	1 373	1 302	2 398	3 827
Non-current financial assets	24				
Current assets	35 485	38 676	42 791	38 073	18 294
Total assets	44 120	41 329	46 240	45 116	30 530
Equity and liabilities					
Shareholders' equity	20 072	17 735	26 561	18 148	8 069
Long-term liabilities	0	0	0	10 000	13 389
Current liabilities and current provisions	24 048	23 594	19 679	15 948	9 072
Total equity and liabilities	44 120	41 329	46 240	45 116	30 530

Key ratios	2007	2006	2005	2004	2003
Equity, SEK '000	20 072	17 735	26 561	18 148	8 069
Liabilities to credit institutions, SEK '000	7 453	7 158	8 793	16 897	14 874
Net investments, SEK '000	4 190	1 316	-133	-642	2 418
Cash flow for the year, SEK '000	-405	-836	-1 569	14 089	-34 171
Interest coverage ratio	4,4	Neg.	Neg.	Neg.	Neg.
Net debt/equity ratio	-0,44	-0,54	-0,33	-0,68	1,22
Equity-assets ratio, %	45	43	57	40	26
Percentage risk-bearing capital	45	43	57	40	26
Return on equity, %	14	Neg.	Neg.	Neg.	Neg.
Return on capital employed, %	12	Neg.	Neg.	Neg.	Neg.
Average number of employees	38	34	32	31	38
Number of employees at close of period	40	37	32	30	37

Data per share	2007	2006	2005	2004	2003
Net profit/loss before and after dilution, SEK	0,11	-0,37	-0,81	-1,31	-2,95
Equity before dilution, SEK	0,84	0,74	1,29	0,95	0,6
Equity after dilution, SEK	0,84	0,74	1,29	1,84	2,09
Average weighted number of shares before dilution, thousands	23 852	23 852	20 578	19 043	13 505
Average weighted number of shares after dilution, thousands	23 852	23 852	20 578	19 643	14 225
Number of shares at end of period before dilution	23 852	23 852	23 579	20 151	13 505
Number of shares at end of period after dilution	23 852	23 852	23 579	20 751	14 225

Average number of employees. The number of employees at the end of each month, divided by twelve.

Equity per share. Equity divided by the number of shares at the end of the year. Splits and issues effected have been taken into account.

Equity per share after full dilution. Equity after dilution divided by the number of shares at year-end, as though full dilution had taken place. Splits and issues effected have been taken into account.

Net investments. Investments in property, plant and equipment and intangible assets adjusted for disposals.

Net earnings per share. Net earnings in relation to average weighted number of shares. Splits and issues effected have been taken into account.

Net earnings per share after full dilution. Net earnings divided by the average weighted number of shares plus the additional number for full dilution. Splits and issues effected have been taken into account.

Net debt/equity ratio. Net loan liability in relation to equity. (Net loan liability is calculated as loan liability minus cash at the end of the period.)

Percentage risk-bearing capital. Total of equity and deferred tax liabilities as a percentage of the balance sheet total.

Return on equity. Net earnings in relation to average equity.

Return on capital employed. Profit/loss after financial items, plus financial expenses as a percentage of average capital employed.

Interest coverage ratio. Profit/loss after financial items plus financial expenses divided by financial expenses.

Capital employed. Balance sheet total less deferred tax liabilities and non-interest bearing liabilities.

Equity-assets ratio. Equity as a percentage of the balance sheet total.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

Share capital

Share capital in CellaVision as at 31 December 2007 amounted to SEK 3 577 000, distributed among 23 851 547 shares worth SEK 0.15 each. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented by the holder without limit to the voting right. Each share has equal entitlement to the company's assets and profits. As at 31 December 2007 CellaVision AB had about 700 shareholders.

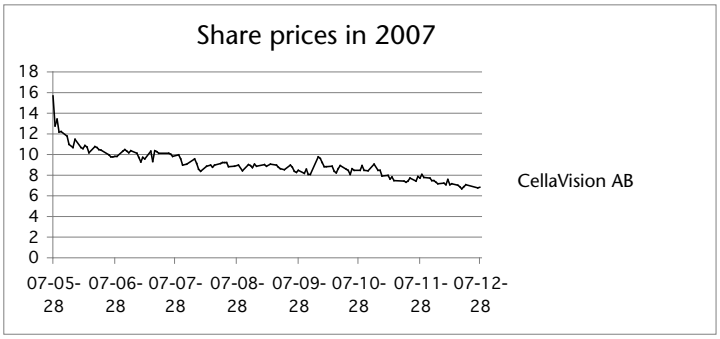
Share capital development

Year	Transaction new shares	Number of shares	Acc. number share capital	Increase in capital (SEK '000)	Acc. share issue (SEK '000)	Proceeds from issue (SEK '000)	Acc. issue proceeds (SEK '000)
1994	New issue	500	500	50	50	50	50
1996	New issue	150	650	15	65	1 500	1 550
1996	New issue	110	760	11	76	1 500	3 050
1997	Bonus issue	760	1 520	76	152	-	3 050
1997	Split 1000:1	1 518 480	1 520 000	0	152	-	3 050
1997	New issue	122 000	1 642 000	12	164	4 066	7 116
1997	New issue	75 000	1 717 000	8	172	1 500	8 616
1998	New issue	100 000	1 817 000	10	182	4 500	13 116
1998	New issue	158 000	1 975 000	16	198	8 690	21 806
1999	New issue	1 296 750	3 271 750	130	327	25 935	47 741
1999	New issue	333 332	3 605 082	33	361	10 000	57 741
2000	Fonus issue	0	3 605 082	180	541	-	57 741
2000	New issue	1 354 454	4 959 536	203	744	74 495	132 236
2000	Options	2 500	4 962 036	0	744	150	132 386
2000	Options	1 000	4 963 036	0	744	40	132 426
2000	Options	2 000	4 965 036	0	745	80	132 506
2000	Options	22 000	4 987 036	3	748	1 100	133 606
2000	Options	88 000	5 075 036	13	761	4 400	138 006
2000	Options	3 000	5 078 036	0	762	120	138 126
2000	Options	11 500	5 089 536	2	763	690	138 816
2001	Options	15 000	5 104 536	2	766	900	139 716
2001	Bonus issue	5 104 536	10 209 072	766	1 531	-	139 716
2001	New issue	2 656 070	12 865 142	399	1 930	73 042	212 758
2002	Options	94 610	12 959 752	14	1 944	1 892	214 650
2002	New issue	545 455	13 505 207	82	2 026	15 000	229 650
2003	-	-	13 505 207	-	2 026	-	229 650
2004	New issue	6 645 504	20 150 711	997	3 023	33 227	262 877
2005	New issue	3 428 571	23 579 282	514	3 537	24 000	286 877
2006	New issue	272 265	23 851 547	41	3 577	1 906	288 783

Trade in the CellaVision share on First North

CellaVision's share is traded on First North, which is an alternative marketplace operated by the various stock exchanges belonging to OMX. CellaVision is traded under the ticker symbol CEVI and the company's ISIN code is SE0000683484. A trading lot is 500 shares. Shares listed on First North are traded in the Stockholm stock exchange trading system SAXESS. Trading is electronic and continual in the same way as for listed companies. Information concerning prices, volume and depth of trading interest are published in real time through the same channels as listed shares.

All First North companies have an agreement with a Certified Adviser. CellaVision's Certified Adviser at First North is Remium, which is a member of and contracted to the Stockholm stock exchange. As Certified Adviser Remium is responsible for ensuring that the company both initially and in the future complies with the First North regulatory framework and reports immediately to the Stockholm stock exchange if any rule is broken. The Stockholm stock exchange supervises trading continuously and also ensures that Certified Advisers live up to their obligations.



Price trend

The adjacent figure shows the price trend for the CellaVision share. The last price paid on 29 December 2007 was SEK 6.75, giving a total market value for CellaVision of about SEK 161 million. In the period from 28 May 2007 to 31 December 2007 a total of 1.98 million shares were traded at a value of about SEK 19.5 million.

Authorisation

The 2007 annual general meeting authorised the board, with or without deviation from the shareholders' preferential rights, for the period until the next annual general meeting, to decide on a new issue of a maximum of 3 000 000 shares. If the authorisation is fully utilised, this means a maximum of 11.2 dilution of the share capital.

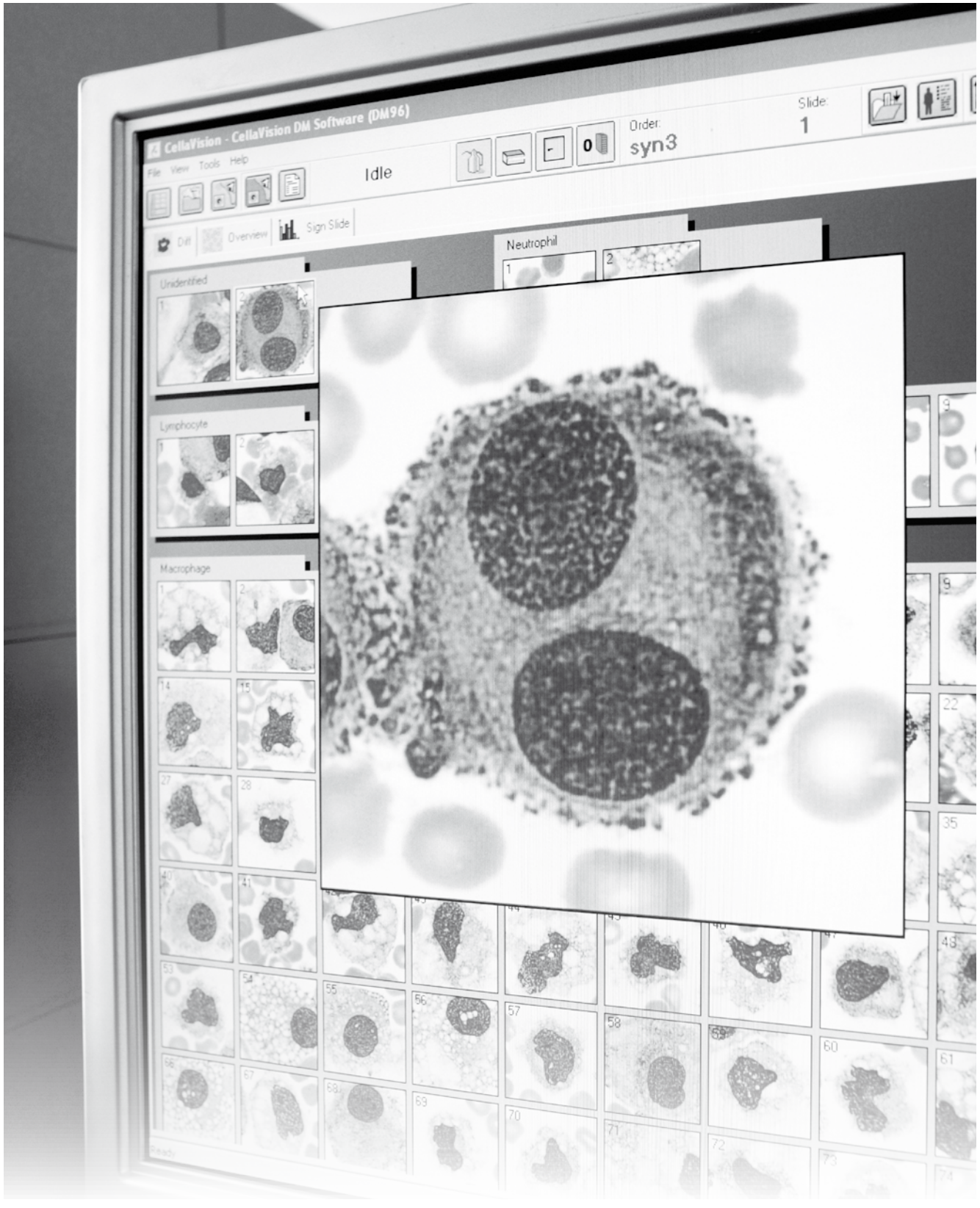
Employee options programme

The company had no outstanding options programmes on 31 December 2007.

Ownership structure

The ownership structure of CellaVision on 31 December 2007 is shown in the table below. The number of shareholders as at 31 December 2007 was about 700.

Shareholder	Number of shares	Ownership in %
H & B Capital LP	4 073 139	17.08
Stiftelsen Industrifonden	3 587 257	15.04
Metallica Förvaltnings AB	2 738 967	11.48
Christer Fåhraeus and companies	2 500 000	10.48
Life Equity Sweden KB	1 606 783	6.74
Unionen	1 090 000	4.57
Others	8 255 401	34.61
Totalt	**23 851 547**	**100**



CELLAVISION

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