

CellaVision AB (publ)

Financial Report – Quarter 1 – 2007

January 1 – March 31, 2007

- Net sales increased by 85% to SEK 16.8 million (9.1) during the quarter.
- Operating loss amounted to SEK -1 million (-4.7) during the quarter.
- Liquid assets were SEK 7 million at the end of the quarter.
- CellaVision has established a subsidiary in Canada.
- CellaVision installed four systems at the Karolinska University Hospital.

ESSENTIAL EVENTS AFTER THE REPORTING PERIOD

- The Board of Directors intends to list the company on the First North list (Stockholm) during 2007.

1. Operations

GENERAL

CellaVision AB develops, markets, and sells the market leading image analysis based systems for routine analysis of blood. The company has a core competence in development of software and hardware for automatic image analysis of cells and cell changes for applications in health and medical care. The company offers cutting-edge expertise in advanced imaging analysis, artificial intelligence, and automated microscopy.

Currently the company focuses on the following three products: CellaVision™ DM8, CellaVision™ DM96 and CellaVision™ Diff IQ. The CellaVision DM product family includes analyzers which automate manual differential counts of white blood cells and characterization of red blood cells. The products provide an unprecedented level of efficiency, consistency and collaboration between laboratory staff and sites. CellaVision™ Diff IQ is a combined proficiency testing and educational software for manual blood cell differential in laboratories. Additional software applications are under development.

The CellaVision customers are large and medium sized hospital-laboratories in mainly Europe and the US. CellaVision markets and sells its products through a number of exclusive distributors, except for the Nordic and Canadian markets where CellaVision sells direct. Subsidiaries are established in the US and Canada.

MARKET AND SALES

Sales continued to grow during the quarter. Net sales increased by 85% compared to the first quarter in 2006. Net sales in the first quarter in 2006 were however low in relation to the total net sales of the entire year of 2006. During the quarter Europe accounted for 29% of net sales, the US for 56%, and the rest of the world for 15%. The latter includes sales to Canadian clients through CellaVision's newly established subsidiary in Canada.

The company has established a subsidiary in Canada which functions as a distributor. The Canadian subsidiary presently has two employees and will to some extent be supported by the American subsidiary in Florida. CellaVision now sells direct through own subsidiaries in the Nordic region and Canada.

The registration of the company's products for sale in China and Taiwan has taken longer than expected and has not yet been completed. The registration process is expected to be completed during the third quarter in 2007.

During the quarter, CellaVision exhibited at Arab Health in Dubai. Several potential clients from the region expressed a strong interest for the company's products, which indicates that there should exist a positive sales potential for the newly signed distributors.

The company installed four systems at four hospitals in the Stockholm region; the Karolinska University Hospital in Solna, the Karolinska University Hospital in Huddinge, Stockholm South General Hospital, and Danderyd Hospital. The products, which were sold towards the end of 2006 through Sysmex Sweden, are intended to allow the units in the region to share digital cell images and results, as well as to standardize analysis, through a common database. The new installations can be viewed as a result of previous installations of CellaVision's first generation product, the DiffMaster™ Octavia, present at Huddinge Hospital and Stockholm South General Hospital since 2002, which proved to enhance the performance of manual differentials considerably. During the last 12 months, nine systems have been sold to hospitals in Sweden, Norway, and Denmark.

RESEARCH AND DEVELOPMENT

The company has during the quarter worked with development of software for new applications in the hematology area. Furthermore, the company has continued work with cost reduction of hardware platforms.

At the end of the quarter, CellaVision had a patented portfolio containing 17 innovations, which so far have generated 22 patents.

2. Sales, financial results, and capital expenditures

Net sales during the quarter amounted to SEK 16.8 million (9.1), which was an increase of 85% as compared to the same period the previous year. Europe accounts for 29% (42) of net sales, the USA for 56% (52), and the rest of the world for 15% (6). The gross profit amounted to 57% (56) in the fourth quarter.

The Group's net income for the quarter was SEK -1.1 million (-4.8). Total operating expenses for the quarter were SEK -10.5 million (-9.7).

Capitalised costs for development projects amounted to SEK 0.9 million (0.0) for the quarter. Cost of goods sold for the quarter has been charged with amortisation on capitalised development projects from previous periods of SEK 0.1 million (0.9). Investments in property, plant and equipment for the period amounted to SEK 0.1 million (0.1).

3. Financing

The Group's cash and cash equivalents at the end of the period were SEK 7.0 million (15.3). The cash flow before changes in working capital was SEK -0.4 million (-3.7) for the quarter. During the period, liquidity has been charged with an increase in working capital of SEK 6 million (-3.5). The increase in restricted working capital is explained by increased finished product inventories of SEK 2.4 million and an increase in non-pledged trade receivables of SEK 3.8 million, compared with the close of the previous quarter. The Group's average monthly cash flow before changes in working capital in the last 12 months has been SEK -0.7 million (0.0).

4. Personnel

At the end of the quarter, the company had 39 (31) employees (FTE), of which 10 (8) were women.

5. Parent company

The Parent Company's operations consist of development, marketing and selling the market leading image analysis based systems for routine analysis of blood. Net sales for the period were SEK 16.6 million (8.8), the operating loss was SEK -0.7 million (-5.4) and loss after net financial income was SEK -0.8 million (-5.5). Gross investment for the period was SEK 0.1 million (0.1) and the net cash flow was SEK -10.0 million (-2.3).

6. Annual general meeting

The annual general meeting will be held on the 24th of April, 2007, at 1700 at CellaVision's headquarters, Scheelevägen 19 A, Delta 5-huset, LUND.

7. Reviews

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

8. Essential events after the reporting period

The Board of Directors intends to list the company on the First North list (Stockholm) during 2007.

9. Consolidated accounts

Consolidated income statement	Q1 2007	Q1 2006	2006
All amounts in KSEK	JAN – MAR	JAN – MAR	JAN – DEC
Net sales	16 752	9 061	54 777
Cost of good sold	-7 218	-4 018	-22 764
<i>Gross profit</i>	<i>9 534</i>	<i>5 043</i>	<i>32 013</i>
Selling expenses	-3 483	-3 004	-13 352
Administrative expenses	-3 408	-3 301	-12 705
R & D expenses	-4 518	-3 472	-15 081
Other operating income	249	41	133
Other operating expenses	-286	-3	-333
Capitalized development expenditures	923	0	719
<i>Operating result</i>	<i>-990</i>	<i>-4 696</i>	<i>-8 606</i>
Interest income	0	71	355
Interest expenses	-124	-210	-530
<i>Result after financial items</i>	<i>-1 114</i>	<i>-4 835</i>	<i>-8 781</i>
Tax	0	0	0
Net result	-1 114	-4 835	-8 782

Per share data	Q1 2007	Q1 2006	2006
	JAN – MAR	JAN – MAR	JAN – DEC
Net result, SEK	-0,05	-0,20	-0,37
Weighed average number of shares, diluted and undiluted, SEK	23 852	23 852	23 852
Number of shares at end of period, diluted and undiluted, SEK	23 852	23 852	23 852

Quarterly results	Q 1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
All amounts in KSEK									
Net sales	9 088	11 248	8 273	10 408	9 061	18 630	11 589	15 497	16 752
Gross profit	4 309	5 884	3 220	6 214	5 043	10 318	6 415	10 237	9 534
Gross profit in %	47	52	39	60	56	55	55	66	57
Expenses	-8 467	-9 269	-8 040	-10 340	-9 739	-10 602	-8 716	-11 563	-10 154
Operating result	-4 158	-3 385	-4 820	-4 126	-4 696	-284	-2 301	-1 325	-990
Net result	-4 280	-3 440	-4 919	-4 094	-4 835	-349	-2 371	-1 227	-1 114
Operating cash flow	-491	-8 206	-6 571	-1 600	-118	-1 901	3 507	-538	-9 764

Consolidated Balance Sheet

	MAR 31	MAR 31	DEC 31
Assets			
All amounts in KSEK	2007	2006	2006
Capitalized development expenditures	2 122	0	1 280
Tangible assets	1 260	1 018	1 373
Current assets	28 222	23 572	21 925
Cash	6 988	15 346	16 751
TOTAL ASSETS	38 592	39 936	41 329
Shareholders equity and liabilities			
All amounts in KSEK			
Shareholders equity	16 578	21 646	17 735
Long term liabilities	0	0	0
Short term liabilities	20 175	17 070	22 314
Current liabilities	1 840	1 220	1 280
TOTAL EQUITY AND LIABILITIES	38 592	39 936	41 329

Consolidated Cash Flow Statement

	MAR 31	Q1 2006	2006
All amounts in KSEK	2007	JAN - MAR	JAN - DEC
Operating result	-990	-4 696	-8 606
Cash flow from operating activities before changes in working capital	-378	-3 656	-7 086
Changes in working capital	-6 017	3 538	7 667
Cash flow from operating activities	-6 395	-118	581
<u>Investing activities</u>			
Acquisition of tangible assets	-110	-68	-1 809
Disposal of tangible assets	0	0	493
Capitalized development expenditure	-922	0	-719
Cash flow from investing activities	-1 033	-68	-2 035
Cash flow from financing activities	-2 336	-2 052	618
Changes in cash and cash equivalents	-9 764	-2 237	-735
Translation difference	0	-5	-101
Cash and cash equivalents, beginning of period	16 752	17 588	17 588
Cash and cash equivalents, end of period	6 988	15 346	16 752

Financial Ratios	MAR 31 2007	MAR 31 2006	DEC 31 2006
Equity assets ratio, %	43	54	43
Net debt/equity ratio	0,29	-0,46	0,40
Return on shareholders equity, %	Neg.	Neg.	Neg.
Return on capital employed, %	Neg.	Neg.	Neg.
Interest-bearing liabilities	4 822	5 475	7 158
Number of employees at end of period (FTE)	39	33	37
Shareholders equity per share, diluted and undiluted	0,69	0,91	0,74

Equity/assets ratio

Shareholders equity in relation to total assets.

Net debt/equity ratio

Net borrowings divided by shareholders equity.

Return on shareholders equity

Net profit/loss in relation to average shareholders equity.

Return on capital employed

Profit/loss after financial items plus financial expense in relation to average capital employed.

Shareholders equity per share

Shareholders equity in relation to the number of shares at end of period. Splits and share issues taken into account.

Changes in shareholders equity	JAN - MAR 2007	JAN - MAR 2006	JAN - DEC 2006
All amounts in KSEK			
Opening balance	17 735	26 561	26 561
New share issue	0	0	0
New share issue to set/off loan	0	0	0
Fundraising cost	0	0	0
Translation difference	-45	-80	0
Net result	-1 114	-4 835	-44
			-8 782
Closing balance	16 578	21 646	17 735

10. Other information

On March 31, 2007, the Group consisted of the parent company and the subsidiaries: CellaVision Inc. (USA), CellaVision Canada Inc. (Canada) and CellaVision International AB.

This report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies and valuation principles applied in the last annual accounts have also been used in this interim report.

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Lund, April 24, 2007

The Board of CellaVision AB (publ), corporate ID 556500-0998

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The company headquarters are in Lund, Sweden. The company also has subsidiaries Jupiter, FL, USA, and Toronto, ON, Canada. For more information, please visit www.cellavision.com.