

Annual Report 2006

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CellaVision in Short

CellaVision AB develops, markets, and sells the market leading imaging analysis based systems for routine analysis of blood. The Company's products enhance standardization and efficiency, and decrease costs of blood analysis in laboratories. Customers are large and medium-sized hospital laboratories in Europe, the USA, and parts of Asia.

The Company has 37 full-time employees, of which most work at headquarters in Lund. CellaVision also has a subsidiary in Jupiter, FL, USA.

2006 in Figures

- Net sales increased by 40% to SEK 54.8 million (39)
- Operating loss improved by SEK 7.9 million to -8.6 million (-16.5) and net loss amounted to -8.8 million (-16.7)
- Net loss per share amounted to SEK -0.37 million (-0.81)
- Liquid amounts were SEK 16.8 million (17.6) by the 31st December, 2006

Key data and ratios ¹ All amounts in KSEK	2006	2005	2004	2003	2002
Net sales	54 777	39 017	29 843	14 974	13 669
Operating loss	-8 606	-16 489	-26 597	-39 838	-49 433
Cash flow	-1 454	-17 001	-23 944	-33 844	-44 635
Shareholders' equity	17 733	26 561	18 148	8 069	48 664
Cash	16 752	17 588	19 157	5 068	39 239
Equity/assets ratio	43%	57%	40%	26%	66%
Number of employees	37	32	30	37	46

¹ For 2005 and 2006 the summaries below have been prepared in accordance with International Financial Reporting Standards (IFRS), while earlier years have been 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.

Significant Events 2006

- The exclusive distribution agreements with Sysmex Europe and Sysmex America were extended by three years and several markets were added.
- Transfer of production of CellaVision™ DM96 to Kitron Flen AB was completed.
- ISO-certification was obtained (ISO-13485:2003).
- In the Nordic region several hospitals replaced their first CellaVision systems with the most recent generation of systems, CellaVision™ DM.
- Products were delivered to the first clients in Canada.

Share Capital and Ownership Structure

Ownership Structure

The table below presents the ownership structure as of the 31st December, 2006.

Share holders	No of shares ¹	Ownership in %
H & B Capital LP	4 073 139	17,08
Stiftelsen Industrifonden	3 587 257	15,04
Christer Fähræus with companies	2 497 140	10,47
Metallica Förvaltnings AB	1 738 967	7,29
Life Equity Sweden KB	1 626 783	6,82
Företagskapital Kompanjonfond KB	1 578 786	6,62
SIF	1 190 000	4,99
3IU Group Plc	1 000 000	4,19
Others	6 559 475	27,50
TOTAL	23 851 547	100

¹) Subscribed and paid shares as of 2006-12-31.

Share Capital

On December 31 2006, CellaVision hold 23,851,547 shares to a nominal value of SEK 0.15 per share, in total a share capital of KSEK 3,557. In the new share issue 2005 there was an over-subscription and a guarantee remuneration. These parts were registered in January 2006 and represented 272 265 shares, a share capital of KSEK 41. Regardless of the number of shares held by one shareholder, each share gives the shareholder the right to one vote. Each vote may be used at the Annual General Meeting. All shares have equal right to shares in the company's assets and profit. This table illustrates the development since the inception of CellaVision:

Year	Transaction	Number of new shares	Acc. number of shares	Increase in share capital	Acc. share capital	Funds from new share issue	Acc. funds from share issues
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	Bonus 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	Warrants	2 500	4 962 036	0	744	150	132 386
2000	Warrants	1 000	4 963 036	0	744	40	132 426
2000	Warrants	2 000	4 965 036	0	745	80	132 506
2000	Warrants	22 000	4 987 036	3	748	1 100	133 606
2000	Warrants	88 000	5 075 036	13	761	4 400	138 006
2000	Warrants	3 000	5 078 036	0	762	120	138 126
2000	Warrants	11 500	5 089 536	2	763	690	138 816
2001	Warrants	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	Warrants	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

Warrants

The Company had no outstanding warrants as of 2006-12-31.

The Board's Report

The Board and the CEO of CellaVision AB (publ), corporate ID 556500-0998, submit this report for the financial year 2006-01-01 – 2006-12-31.

The Operation

CellaVision AB develops, markets, and sells the market leading imaging 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 and independent commercial 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. A subsidiary is established in the US.

CellaVision's vision is *to create a global de facto standard for digital microscopy analysis and thereby contribute to improved care quality and cost efficient medical care.*

Sales, Results and Investments

Net sales amounted to SEK 54.8 million (39.0) in 2006, which is an increase by 40% compared to the previous year. The European market accounts for 59% (64) of the turnover, the US for 33% (30), and the rest of the world for 8% (6). The gross profit amounted to SEK 32 million (19.6). The gross profit in percent of sales was 58% (50), the improvement of which in relation to the previous year is due to the write-down of inventory for DiffMaster with SEK 1.4 million in 2005, as well as write-downs on capitalized development projects for DiffMaster with 3.4 million. As capitalized development costs concerning DiffMaster were

fully depreciated at the end of 2005, no corresponding depreciations were booked in 2006. No write-downs on inventory have been made during 2006. The net loss for the Group amounted to SEK -8.8 million (-16.7). The overhead expenses for the Group were SEK 41.3 million (36.1) during the year.

During 2006, the Company has undertaken development projects regarding development of new hardware, for which costs have been capitalized by SEK 0.7 million (0.0). Depreciations of SEK 0.3 million (3.8) on capitalized development expenditures, were booked as costs of goods sold. Capital expenditures amounted to SEK 1.3 million (0.1) during the period.

Financial Risks

FINANCING

During the year, the Company has not acquired additional liquid assets for financing operating activities or investments. It has been assessed possible for these to be financed using available liquid assets in the Company.

FOREIGN CURRENCY AND CREDIT RISKS

The company operations carry a number of Financial risks which are handled by the finance policy taken by the board. The major part of the company expenses is tied to the Swedish crown (SEK), while customer invoicing and production costs are mainly in foreign currencies (predominantly USD and EUR), which increases the company's exposure to currency fluctuations. All contractual inflows are secured to 100 percent.

Credit Risks

Commercial

The company believes there is no significant credit risk in relation to any specific customer or counterpart. Customers in the international market are well established hematology companies and distributors with high solvency. In the Nordic region and Canada the customers are hospitals with public financing.

Financial

Investment of surplus liquidity is only in fixed income securities with the highest possible rating, equivalent to the Standard & Poor K1 rating.

MARKET RISKS

The Company distributes its products via Sysmex, a global partner in laboratory equipment, in several countries in Europe, the US, and parts of Asia. The Company is therefore dependent on the success of Sysmex in the field of hematology where CellaVision's products are marketed.

DEPENDENCY ON KEY PERSONS

The Company is dependent on key persons and future results is to a certain extent depending on the ability to attract and to sustain qualified personnel.

Liquid Assets and Financing

Liquid assets amounted to SEK 16.8 million (17.6) by the end of the year. The Company's cash flow before changed in working capital amounted to SEK -10.4 million (-8.3).

Loans from Nordea Bank taken during 2005 have during the year been amortized by SEK 0.4 million and amounted to 1.8 million by the end of the year.

The consolidated shareholder's equity as per December 31 2006 amounted to SEK 17.7 million (26.6) and the total equity per share to SEK 0.74 (1.29).

Market and Sales

Sales growth continued with a total increase of slightly more than 40% (30) as compared to 2005. During the year the European market accounted for 60% (70) of sold instrument units, and the US for 33% (25). Remaining instruments have during the year been sold mainly to clients in Asia and Canada.

Interest for digital morphology continued to grow around the world during 2006. CellaVision now has more than 250 systems active in routine analysis, most of them spread around Europe and the USA. The products increase our distributors' business opportunities, since they now can offer their customers a complete hematology line.

In the Nordic region several hospitals have replaced their first CellaVision systems, DiffMaster™ Octavia, with the next generation of CellaVision DM products. Ålborg University Hospital and Linköping University Hospital are two of these. Additional hospitals have become new customers, amongst others Roskilde Hospital and the University Hospital in Stavanger. In total, CellaVision's systems can be found in 25 hospitals around Sweden, Norway, Denmark, and Finland.

In the middle of the year, CellaVision obtained approval to sell the products CellaVision DM96 and DM8 in Canada by Health Canada. In the end of the year the first systems were delivered to three hospitals in Ontario province, amongst others Hamilton Healthcare Sciences, Hamilton. The hospital chose to gather qualified personnel and centralize the final verification of the analysis to one laboratory site. While every unit now has a CellaVision DM-product connected to a common

IT-network, only one site does the final verification. Through creating a "Centre of Excellence" it is possible to achieve increased efficiency and ensure quality of test results.

CellaVision's cooperation with the distributor, Sysmex, has developed well during the last years. It has resulted in an extension of the exclusive distribution agreements with Sysmex Europe and Sysmex America by three years. In addition to the already existing markets in Europe, USA, and parts of Asia, the agreement now also includes Great Britain, Spain, Portugal, and a number of countries in the Middle East, as well as South Africa. In addition to this, agreements were made, amongst others, with new distributors in Hong Kong, China, and Taiwan. During the first quarter of the year the first instrument was delivered to the new distributor covering Hong Kong and China. The distributor then initiated the process of registering the products with the Chinese authorities.

Decision makers at laboratories in North America, Europe, and Asia have continued showing interest in CellaVision Diff IQ, the Company's proficiency testing and educational software. During the year, more than 500 laboratories have evaluated the software, and a number of trendsetting hospitals have implemented the product in their educational activities.

Purchase and Production

Purchase has to largest extent been handled within the own organization.

CellaVision DM96 is produced by Kitron Flen AB since the third quarter of the year. This outsourcing has been done in order to continue commercialisation and to meet the increasing volume demand. With regards to the remaining product range, components are produced by a number of suppliers while final assembly and quality control is performed by CellaVision.

Some countries requires ISO-certification in order to sell CellaVision's products. The process of ISO-certification was completed during the second quarter, and the ISO-certification (ISO-13485:2003) was obtained the 18th of April 2006.

Research and Development

During 2006 CellaVision has continued to develop and enhance the company's software in order to improve and adapt the products to the growing client base. Amongst other functions, the new software version 1.5 contained functions for communication with external information systems, and a function which allows the cell counter results to be displayed automatically on the CellaVision system screen. This simplifies the

work for laboratory personnel as the cell counter information can be seen simultaneously. Yet another function that has been developed is that CellaVision cell images can be automatically exported to become an integrated part of the final report given to the doctor in charge. In addition to this the software has been improved with an upgraded database engine and more functions for user support.

During 2006, substantial parts of development resources for hardware platforms have been focused on cost reduction in connection to the outsourcing of CellaVision DM96 to Kitron AB.

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

During 2006, the total costs of research and development amounted to SEK 15.1 million (11.5). Costs have been capitalized at SEK 0.7 million (0) during the year.

Organization and Employees

The CellaVision Group consists of CellaVision AB, the parent company, and two subsidiaries: CellaVision International AB and CellaVision Inc.

At the end of the year, the Group had 37 (32) employees (FTE), of which 9 (8) were women.

The Board

The Board held 8 minuted meetings in 2006, none of which have been held per capsulam. The Board has appointed a committee amongst the Board members which solely handles financing issues. Each month the Board receives reports on the Company's activities, cash flow, profit/loss, and financial status.

Proposal Treatment of Loss—Parent Company

Balance brought forward	0
This year's loss	12 532 402
Total	12 532 402

The Board and the CEO propose that the accumulated loss of SEK -12 532 402 will be balanced against the share premium reserve, which will be reduced by an equivalent amount. Appropriation of restricted reserves in the other group companies is not necessary.

Income Statement

Amounts in SEK '000	Note	<i>Group</i>		<i>Parent Company</i>	
		1 Jan-31 Dec 2006	1 Jan-31 Dec 2005	1 Jan-31 Dec 2006	1 Jan-31 Dec 2005
Revenue	1	54 777	39 017	54 161	37 187
Cost of goods sold	8, 9	-22 764	-19 390	-23 103	-18 912
Gross profit/loss		32 013	19 627	31 058	18 275
Selling expenses	9	-13 352	-13 556	-16 450	-16 794
Administrative expenses		-12 705	-10 795	-12 705	-10 794
Research and development costs		-15 081	-11 470	-15 081	-11 470
Other operating income		133	163	470	161
Other operating expenses		-333	-458	-333	-336
Capitalised development expenditure		719	0	719	0
Operating profit/loss	2, 3, 4, 5, 6, 7, 8	-8 606	-16 489	-12 322	-20 958
<i>Profit/loss from financial items</i>					
Financial income	10	354	163	320	512
Financial expenses		-530	-407	-530	-407
Profit/loss after financial items		-8 782	-16 733	-12 532	-20 853
Tax on profit for the year	11	0	0	0	0
Profit/loss for the year, attributable to the Parent Company shareholders		-8 782	-16 733	-12 532	-20 853
Earnings per share before and after dilution ¹		-0,37	-0,81	-0,53	-1,01
Average number of shares during the year		23 851 547	20 578 162	23 851 547	20 578 162

¹ No option programmes or other types of equity derivatives have been in use in the company in 2006.

Balance Sheet – Assets

Amounts in SEK '000	Note	Group		Parent Company	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Subscribed capital unpaid		-	-	-	1 266
Non-current assets					
<i>Intangible assets</i>					
Capitalised expenditure for development	5	1 280	881	1 280	881
Other intangible assets	6	0	0	0	3 638
Total intangible assets		1 280	881	1 280	4 519
<i>Property, plant and equipment</i>					
Equipment	7	1 373	1 302	1 300	963
Total property, plant and equipment		1 373	1 302	1 301	963
<i>Financial assets</i>					
Participations in group companies	12	0	0	100	100
Total financial assets		0	0	100	100
TOTAL NON-CURRENT ASSETS		2 653	2 183	2 680	5 582
Current assets					
<i>Inventories</i>					
Finished goods and goods for resale		7 423	12 432	7 423	12 432
Advance payments to suppliers		0	1 021	0	1 021
Total inventories		7 423	13 453	7 423	13 453
<i>Current receivables</i>					
Trade receivables		11 355	9 101	11 143	8 904
Other receivables		2 337	1 863	2 277	1 802
Subscribed amount unpaid		0	1 266	0	-
Receivables from group companies		0	0	46	54
Prepaid expenses and accrued income	13	810	786	810	786
Total current receivables		14 501	13 016	14 276	11 546
Cash and cash equivalents ¹		16 752	17 588	16 553	17 285
Total current assets		38 676	44 057	38 252	42 284
TOTAL ASSETS		41 329	46 240	40 932	49 132

¹ Cash and cash equivalents comprise cash, bank and current investments maturing in less than 3 months.

Balance Sheet – Equity and Liabilities

Amounts in SEK '000	Note	Group		Parent Company	
		31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Equity of which restricted equity in the parent company of 26 888 (44 741) and accumulated deficit of -12 532 (20 853)					
Share capital ¹		3 577	3 537	3 577	3 537
Unregistered share capital		0	40	0	40
Other contributed capital		23 331	44 184	-	-
Statutory reserve		-	-	23 311	44 164
Reserves		466	512	-	-
Accumulated deficit		-9 641	-21 712	-	-
Net profit/loss for year		-	-	-12 532	-20 853
Total equity attributable to the parent company shareholders		17 733	26 561	14 356	26 888
Provisions	14	-	-	1 280	1 240
<i>Current liabilities</i>					
Provisions for warranty commitments	14	1 280	1 240	-	-
Liabilities to credit institutions ²	15	7 158	8 793	7 157	8 793
Trade payables		7 761	3 147	7 709	3 151
Other liabilities	11	1 870	409	1 532	383
Liabilities to group companies		-	-	3 622	3 120
Accrued expenses and deferred income	16	5 527	6 090	5 276	5 557
Total current liabilities		23 596	19 679	25 296	21 004
TOTAL EQUITY AND LIABILITIES		41 329	46 240	40 932	49 132
Pledged assets	17	8 398	10 553	8 398	10 553

¹ The registered share capital in the Parent Company was distributed, as at 31 December 2006, among 23 851 547 shares with a quotient value of SEK 0.15 (0.15) each.

² Total interest-bearing liabilities as at 31 December 2006 amounted to SEK 7 761 thousand (8 793).

Changes in Equity

Group	Share capital ^{1, 2}	Other contributed capital	Reserves ³	Accumulated deficit	Total
Equity, 31 December, 2004	3 023	49 992	0	-34 867	18 148
New issues	554	24 725	0	0	25 279
Costs of raising capital	0	-645	0	0	-645
Appropriation of profit/loss	0	-29 888	0	29 888	0
Net profit/loss for year	0	0	0	-16 733	-16 733
Translation difference	0	0	512	0	512
Equity, 31 December, 2005	3 577	44 184	512	-21 712	26 561
Appropriation of profit/loss	0	-20 853	0	20 853	0
Net profit/loss for year	0	0	0	-8 782	-8 782
Translation difference	0	0	-46	0	-46
Equity, 31 December, 2006	3 577	23 331	466	-9 641	17 733

¹ Each share entitles the holder to one vote and each person entitled to vote 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.

² Of which SEK 40 thousand refers to unregistered share capital as at 31 December 2005. This share capital was registered on 11 January 2006.

³ Translation differences are accounted for as reserves. The translation difference was cleared on transition to IFRS in 2005.

Parent Company	Share capital ^{1, 2}	Statutory reserve ³	Share premium reserve ³	Accumulated deficit	Total
Equity, 31 December, 2004	3 023	2 187	47 785	-29 888	23 107
New issues	554	0	24 725	0	25 279
Costs of raising capital	0	0	-645	0	-645
Appropriation of profit/loss	0	0	-29 888	29 888	0
Net profit/loss for year	0	0	0	-20 853	-20 853
Equity, 31 December, 2005	3 577	2 187	41 977	-20 853	26 888
Appropriation of profit/loss	0	-20 853	0	20 853	0
Net profit/loss for year	0	0	0	-12 532	-12 532
Repoting of share premium reserve	0	41 977	-41 977	0	0
Equity, 31 December, 2006	3 577	23 311	0	-12 532	14 356

¹ Each share entitles the holder to one vote and each person entitled to vote 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.

² Of which SEK 40 thousand refers to unregistered share capital as at 31 December 2005. This share capital was registered on 11 January 2006.

³ The share premium reserve of SEK 41 977 thousand as at 31 December 2005 has been transferred to a statutory reserve in accordance with the Annual Accounts Act.

Number of shares and their quotient value:

	Increase in number of shares	Number of shares	Share capital/number of shares = quotient value
Opening balance 1 January 2005		20 150 711	0,15
New issues	3 700 836	23 851 547	0,15
Closing balance 31 December 2005		23 851 547	0,15
Opening balance 1 January 2006		23 851 547	0,15
New issues	0	0	
Closing balance 31 December 2006		23 851 547	0,15

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.

Cash Flow Statement

Amounts in SEK '000	<i>Group</i>		<i>Parent Company</i>	
	1 Jan-31 Dec 2006	1 Jan-31 Dec 2005	1 Jan-31 Dec 2006	1 Jan-31 Dec 2005
Operating activities				
Operating profit/loss	-8 605	-16 489	-12 323	-20 958
<i>Adjustment for non-cash items</i>				
Depreciation of non-current assets	1 713	5 406	5 092	8 272
Write-down of inventories	0	1 440	0	1 440
Capitalised development expenditure	-719		-719	
Non-cash price fluctuations	199	-212	-137	-212
Change in cost accruals	-2 785	1 761	-2 503	2 098
Impairment loss on loans	0	100	0	100
Income tax paid	0	-6	0	0
Financial income received	322	163	230	161
Interest paid	-530	-507	-530	-507
Cash flow from operating activities before changes in working capital	-10 405	-8 344	-10 799	-9 606
<i>Changes in working capital</i>				
Increase/decrease in inventories	6 030	-6 135	6 030	-6 135
Increase/decrease in trade receivables	-2 254	-2 649	-2 231	-2 586
Increase/decrease in other operating receivables	-474	851	-475	860
Increase/decrease in trade payables	4 614	-880	4 558	-821
Increase/decrease in other operating liabilities	3 438	389	3 870	1 848
Cash flow from operating activities	950	-16 768	953	-16 440
<i>Investing activities</i>				
Sale of property, plant and equipment	493	0	493	0
Purchases of property, plant and equipment	-1 809	-133	-1 809	-133
Cash flow from investing activities	-1 316	-133	-1 316	-133
<i>Financing activities</i>				
New issues	1 266	24 000	1 266	24 000
Cost of raising capital	0	-632	0	-632
Dividend	0	0	0	350
Loans raised	0	4 048	0	4 048
Repaid loans	-1 635	-12 152	-1 635	-12 152
Cash flow from financing activities	-369	15 364	-369	15 714
Change in cash and cash equivalents	-735	-1 637	-732	-959
Exchange gains/losses on cash and cash equivalents	-101	68	0	0
Cash and cash equivalents at beginning of the year	17 588	19 157	17 285	18 244
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16 752	17 588	16 553	17 285

Accounting Policies

General

CellaVision's consolidated accounts were prepared in accordance with the Annual Accounts Act (ÅRL), International Financial Reporting Standards (IFRS), and the Swedish Financial Accounting Standards Council recommendation 30 (RR 30) "Supplementary accounting rules for groups". 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 (RR 32) "Separate financial statements". The consolidated and annual accounts were submitted 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.

New Accounting Policies

The 2006 report is the first full-year report submitted in accordance with IFRS. In this document International Accounting Standards (IAS), IFRS and interpretations of them published by the Standards Interpretation Committee (SIC) and the International Financial Reporting Standards Committee (IFRIC) are all applied. IFRS 1 "First-time Adoption of International Reporting Standards" deals with the transition rules for implementing IFRS. IFRS 1 requires that one comparative year and one opening balance under IFRS per transition date be presented. CellaVision's transition date to IFRS was January 2005.

Up to the end of 2005 CellaVision prepared its annual accounts and consolidated accounts in accordance with the Swedish Financial Accounting Standards Council's recommendations, with the exception of RR 27 – Financial instruments and RR 29 – Employee benefits. The transition to IFRS did not have any impact on the income statement and balance sheet. See also note 20.

The Group's Accounting Policies

CONSOLIDATED ACCOUNTS

The consolidated accounts include the Parent Company CellaVision AB and the wholly-owned subsidiaries Cella-Vision Inc. 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 rate¹, for all balance sheet items and at the average rate² 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 difference please refer to the text under the heading "Exchange rate gains and losses".

REVENUE RECOGNITION

For sales of instruments and/or software to end consumers 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 or distributor.

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

¹ Closing day rate SEK/USD: 6.8725 (7.9525)

² Average rate SEK/USD: 7.3766 (7.4775)

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 of 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.

GOODWILL

Goodwill reported in connection with acquisitions of subsidiaries as above, is initially recognised as an asset valued at cost of acquisition. Goodwill is not depreciated, instead the value is annually tested for impairment, by means of calculating the corresponding cash generating unit's recoverable amount. The recoverable amount is defined as the higher of an asset's net realisable value and value in use. Goodwill is written down if the carrying amount of the unit in the group exceeds the recoverable amount. The write down is charged to the profit/loss for the year.

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 and amortisation according to plan is based on the cost of acquisition 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

If there is indication that an asset's value is impaired its recoverable amount is established. If the asset's carrying amount exceeds its recoverable amount the asset is written down to that amount. The recoverable amount is defined as the higher of market value and value in use. The value in use is defined as the present value of the future cash inflows generated by the asset.

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 export invoices are included in invoice factoring. They are reported in the usual way among 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 cash equivalents include both cash and bank balances and current investments maturing within 90 days of the date of acquisition.

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.

IMPAIRMENT LOSSES, EXCLUDING GOODWILL

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.

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. Value changes 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 the USA 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 2. CellaVision AB and CellaVision Inc entered into a service agreement on 1 January 2004. This means that 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. 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 divergencies 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.

IAS 1:113, 116 JUDGEMENTS WHEN APPLYING THE GROUP'S ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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:

Warranty Provisions

CellaVision's provisions for any warranty costs consist of a fixed amount per instrument sold. The size of the amount earmarked is based on actual historical warranty costs during a relatively short period. This means that the size of the provision constitutes a source of uncertainty.

Carry Forwards of Unused Tax Losses

CellaVision's deferred tax asset referring to carry forwards of unused tax losses has not been recognised pending establishment of the company's capacity to generate taxable profits.

Note 1 – 2B

Note 1. Information by Geographical Area

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 the USA are reported as the secondary segment.

Information by geographical area	2006	2005
<i>Revenue from external customers by geographical area</i>		
Europe (including the rest of the world) ¹	35 502	27 141
USA ²	19 275	11 876
Total ³	54 777	39 017
<i>Assets by geographical area</i>		
Europe (including the rest of the world)	41 059	49 259
USA	3 960	3 770
Group elimination	-3 690	-6 789
Total	41 329	46 240
<i>Investments in property, plant and equipment</i>		
Europe (including the rest of the world)	1 316	133
USA	0	0

¹Of which 659 (528) is rental income.

²Of which 269 (664) is rental income.

³Of which 53 829 (37 896) refers to sales of goods and 948 (1 121) refers to sales of services.

Note 2. Staff

A. Average number of employees	2006		2005	
	Employees	Of whom men	Employees	Of whom men
Parent Company	30	24	28	22
Subsidiaries	4	2	4	2
Total	34	26	32	24
B. Salaries and other remuneration	2006		2005	
	Board of Directors, CEO	Other	Board of Directors, CEO	Other
Parent Company	1 551	11 884	1 541	11 055
Subsidiaries	0	2 358	0	2 390
Total	1 551	14 242	1 541	13 445

Note 2B cont. – 4

Senior Management

In accordance with a resolution of the general meeting of shareholders remuneration to the board of directors of SEK 490 thousand (SEK 350 thousand), of which SEK 140 thousand (SEK 100 thousand) to the chairman of the board, is payable for the period until the next general meeting. This amount has not yet been paid out. Salary and remuneration to the CEO of the Parent Company (excluding social security contributions), including pension premiums, amounted to SEK 1 551 thousand (SEK 1 676 thousand). 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. On 31 December 2006 the Board of Directors of CellaVision AB consisted of 5 male and 1 female members. There were 8 other members of senior management in the Group on 31 December 2006, of whom 2 were women.

Sickness Absence

In the period from 1 January 2006 to 31 December 2006 there was no long-term sickness absence among the company's staff. The total sickness absence for the period was 1.05% (0.91). Sickness absence for men was 1.03% (0.94) and for women 1.11% (0.82). In the 30 to 49 age group sickness absence was 1.14% (1.07). For the age group up to 29 years and 50 years and above CellaVision had fewer than 11 employees and sickness absence is accordingly not reported for this group.

Note 2C.

C. Social security expenses and pension costs	2006		2005	
	Social security expenses	Of which pension costs	Social security expenses	Of which pension costs
Parent Company	7 300	2 907	6 663	2 683
Subsidiaries	475	297	512	107
Total	7 775	3 204	7 175	2 790

Note 3. Audit Fees

Fees to the company's auditors Deloitte	2006		2005	
	Group	Parent Company	Group	Parent Company
Audit	99	99	90	90
Other engagements	99	99	195	195
Total	198	198	285	285

Note 4. Lease Costs

	2006		2005	
	Group	Parent Company	Group	Parent Company
<i>Future minimum lease charges referring to non-cancellable operating leases:</i>				
- Within one year	1 164	1 164	1 972	1 963
- Later than one but within five years	215	215	1 345	1 345
- Later than five years	0	0	0	0
Total ¹	1 379	1 379	3 308	3 726

¹ The Group's total lease costs include SEK 797 thousand (2 256) rent for premises. The equivalent figures for the Parent Company are SEK 797 thousand (2 256).

The total lease cost for the Group amounts to SEK 1 833 thousand (1 607). The equivalent figures for the Parent Company are SEK 1 833 thousand (1 492).

Note 5 – 6

Note 5. Capitalised Development Expenditure

	2006		2005	
	Group	Parent Company	Group	Parent Company
Opening accumulated cost of acquisition	18 818	18 818	18 818	18 818
Acquisitions	719	719	0	0
Closing accumulated cost of acquisition	19 537	19 537	18 818	18 818
Opening accumulated amortisation	-17 937	-17 937	-14 173	-14 173
Amortisation for the year	-320	-320	-3 764	-3 764
Closing accumulated amortisation	18 257	18 257	-17 937	-17 937
Closing book amount	1 280	1 280	881	881

Note 6. Other Intangible Assets

Customer database – USA

	2006		2005	
	Group	Parent Company	Group	Parent Company
Opening accumulated cost of acquisition	0	10 912	0	10 912
Acquisitions	0	0	0	0
Closing accumulated cost of acquisition	0	10 912	0	10 912
Opening accumulated amortisation	0	-7 274	0	-3 637
Amortisation for the year	0	-3 638	0	-3 637
Closing accumulated amortisation	0	-10 912	0	-7 274
Closing book amount	0	0	0	3 638

Note 7 – 8

Note 7. Property, Plant and Equipment

	2006		2005	
	Group	Parent Company	Group	Parent Company
Opening accumulated cost of acquisition	9 726	7 231	9 673	7 118
Acquisitions	1 809	1 809	358	358
Disposals/retirements	-493	-493	-305	-245
Closing accumulated cost of acquisition	11 042	8 547	9 726	7 231
Opening accumulated depreciation according to plan	-8 182	-6 268	-6 902	-5 629
Depreciation for the year	-1 393	-1 133	1 480	-871
Reversal of accumulated depreciation on disposals/retirements	155	155	200	232
Closing accumulated depreciation according to plan	-9 420	-7 246	-8 182	-6 268
Translation difference	-249	0	-242	0
Closing book amount	1 373	1 301	1 302	963

Note 8. Distribution of Depreciation/Amortisation

	2006		2005	
A. Group	Capitalised development	Equipment	Capitalised development	Equipment
Cost of goods sold	-321	-194	-3 764	-416
Selling expenses	0	-427	0	-509
Administrative expenses	0	-113	0	-81
Research and development costs	0	-658	0	-474
Total depreciation	-321	-1 392	-3 764	-1 480

B. Parent Company	Capitalised development	2006 Other intangible assets	Equipment	Capitalised development	2005 Other intangible assets	Equipment
Cost of goods sold	-3 958	0	-194	-3 764	0	-194
Selling expenses	0	0	-169	0	-3 637	-122
Administrative expenses	0	0	-112	0	0	-81
Research and development costs	0	0	-658	0	0	-474
Total depreciation/amortisation	-3 958	0	-1 133	-3 764	-3 637	-871

Note 9 – 11

Note 9. Non-Recurrent Items

Write-down of inventories¹

	2006		2005	
	Group	Parent Company	Group	Parent Company
Cost of goods sold	0	0	1 440	1 440
Total non-recurrent items	0	0	1 440	1 440

¹ Write-down of remaining inventory value for DiffMaster Octavia 2005. The amount for 2004 refers to partial write-down of inventory value for DiffMaster Octavia.

Note 10. Financial Income

	2006		2005	
	Group	Parent Company	Group	Parent Company
Interest income	354	320	163	162
Dividends from subsidiaries	0	0	0	350
Total financial income	354	320	163	512

Note 11. Taxes

	2006		2005	
	Group	Parent Company	Group	Parent Company
Opening tax liability	-2	0	-8	0
Income tax paid	2	0	6	0
Closing tax liability	0	0	-2	0
Loss carry forwards	271 348	262 328	256 345	246 841
Unrecognised deferred tax assets	74 237	73 452	69 942	69 115

Carry forwards of unused tax losses refer to Swedish and American companies and are not time-limited.

Note 11 cont. – **13**

	2006		2005	
	Group	Parent Company	Group	Parent Company
Reconciliation between statutory and effective tax rate.				
Accounting profit/loss before tax	-8 782	-12 532	-16 733	-24 893
Tax in accordance with statutory tax rate, 28%	2 459	3 509	4 685	6 970
Tax effect of:				
- Expenses not deductible for tax purposes	-137	-137	-1 124	-1 124
- Adjustment of previous years tax for VAT on cost of raising capital			-	-
- Deficit where deferred tax is not reported	-2 322	-3 372	-3 561	-5 846
Tax on profit for the year	0	0	0	0

Note 12. Participations in Group Companies

	Corporate Registration Number	Registered office	Number of shares	Nom. Value	Share of capital and votes	Book amount
CellaVision International AB	556573-4299	Lund	1 000	SEK 100 thousand	100%	SEK 100 thousand
CellaVision Inc.		USA	10	1kr	100%	SEK 1

Note 13. Prepaid Expenses and Accrued Income

	31 December 2006		31 December 2005	
	Group	Parent Company	Group	Parent Company
Office rent	488	488	408	408
Pension premiums	91	91	109	109
Accrued interest income	0	0	0	0
Other	231	231	269	269
Total	810	810	786	786

Note 14 – 16

Note 14. Provisions

	31 December 2006		31 December 2005	
	Group	Parent Company	Group	Parent Company
<i>Provision for warranty</i>				
Opening amount	1 240	1 240	1 020	1 020
Allocated during year	1 280	1 208	1 240	1 240
Reversed provisions	-1 240	-1 240	-1 020	-1020
Utilised	0	0	0	0
Closing amount	1 280	1 280	1 240	1 020
Provisions fall due for payment				
Within one year	1 280	1 280	1 240	1 240
Between 2-5 years	0	0	0	0
Total	1 280	1 280	1 240	1 240

Note 15. Liabilities to Credit Institutions

	31 December 2006		31 December 2005	
	Group	Parent Company	Group	Parent Company
<i>Current</i>				
Nordea Bank AB	1 760	1 760	2 200	2 200
Nordea Finans Sverige AB (publ) ¹	5 398	5 398	6 593	6 593
Total current liabilities to credit institutions	7 158	7 158	8 793	8 793

¹This liability refers to invoice factoring. Nordea Finans Sverige AB (publ) advances funds on 80 % of the company's customer invoices for export at the time of invoicing. The limit for invoice advances was SEK 11 million as at 31 December 2006.

Note 16. Accrued Expenses and Prepaid Income

	2006		2005	
	Group	Parent Company	Group	Parent Company
Holiday liability	2 308	2 171	1 861	1 708
Board fee	432	432	398	398
Social security contributions	701	701	887	887
Other	2 086	1 972	2 944	2 564
Total	5 527	5 276	6 090	5 557

Note 17 – 20

Note 17. Pledged Assets

All bank guarantees issued before the beginning of 2006 (SEK 960 thousand) were terminated during the year.

Nordea Finans Sverige AB (publ) receives customer invoices covered by invoice factoring as security until they are fully paid. As at 31 December 2006 this amount was SEK 5 398 thousand (6 593).

A floating charge of SEK 3 000 thousand (3 000) was granted by Nordea Bank AB (publ) as security for credit given.

The floating charge covers all CellaVision AB's property.

Note 18. Post Balance Sheet Events

There are no post balance sheet events to report in these annual accounts.

Note 19. Financial Instruments

Financial assets and liabilities

There are no differences between book value and fair value for the Group's financial assets and liabilities.

Hedging

The Group uses currency forwards to hedge contracted inflows in foreign currency. Specification of forward agreements as at 31 December 2006:

Currency	Amounts (in currency '000)	Amount (in SEK)
EUR	169	1 521
USD	240	1 619

Note 20. Effects of Transition to IFRS.

A description of the Group's transition to IFRS can be found in the accounting policies. The most recent annual accounts for CellaVision, for 2005, were prepared in accordance with the Annual Accounts Act (ÅRL) and the Swedish Financial Accounting Standards Council's recommendations, with the exception of RR 27 – Financial instruments and RR 29 – Employee benefits. The transition to IFRS does not imply any differences in the Group's balance sheet and income statement for 2005. Neither is a reconciliation of equity in the opening balance as at 1 January 2005 presented, as there are no adjustment items in relation to earlier accounting policies.

Signatures and Annual General Meeting

The annual accounts and consolidated accounts were adopted by the Board of Directors on April 10, 2006. The Group's income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders. The Annual General Meeting will be held on 24 April 2006 at 17:00 at CellaVision's premises at Ideon in Lund. Delta 5, Scheelevägen 19A, 3rd floor.

Lund, April 10, 2006

Lars Gatenbeck
Chairman of the Board

Christer Fähræus

Per Sjöberg

Sven-Åke Henningsson

Niels Freiesleben

Paula Treutiger

Yvonne Mårtensson
President and Chief Executive Officer

Our audit report was submitted in Malmö on April 10, 2007

Deloitte AB
Per-Arne Pettersson
Authorised Public Accountant

Audit Report

To the annual general meeting of shareholders of CellaVision AB (publ)

Corporate registration 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 Managing Director of CellaVision AB (publ) for the financial year ended 31 December 2006. The Company's annual accounts are included in the printed version of this document on pages 7–24. The Board of Directors and Managing Director 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 Managing Director and significant estimates made by the Board of Directors and the Managing Director 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 Managing Director. We also examined whether any board member or the Managing Director 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 loss of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Malmö, April 10, 2007

Deloitte AB

Per-Arne Pettersson
Authorised Public Accountant

Five Year Summary

The summaries below for 2005 and 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS), while earlier years have been 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	2006	2005	2004	2003	2002
Revenue	54 777	39 017	29 843	14 974	13 669
Cost of goods sold	-22 764	-19 390	-19 338	-10 077	-8 762
Gross profit/loss	32 013	19 627	10 505	4 897	4 907
Selling expenses ¹	-13 352	-13 556	-11 432	-17 023	-20 918
Administrationskostnader ¹	-12 705	-10 795	-11 274	-10 512	-12 278
Research and development costs ¹	-15 081	-11 470	-14 305	-16 094	-20 792
Other operating income	133	0	0	0	0
Other operating expenses	-333	-295	-91	-626	-352
Capitalised development expenditure	719	0	0	0	0
Operating profit/loss	-8 606	-16 489	-26 597	-39 358	-49 433
Profit/loss from financial items	-175	-244	1 704	-789	374
Tax	0	0	0	309	-49
Net profit/loss for year	-8 782	-16 733	-24 893	-39 838	-49 108

¹The principles for allocation of costs between functions were changed in 2002. The income statements for previous years have been adjusted to reflect the change.

Balance Sheet

Amounts in SEK '000	2006	2005	2004	2003	2002
Assets					
Intangible assets	1 280	2 147	4 645	8 409	16 392
Property, plant and equipment	1 373	1 302	2 398	3 827	3 956
Current assets	38 676	42 791	38 073	18 294	53 339
Total assets	41 329	46 240	45 116	30 530	73 687
Equity and liabilities					
Shareholders' equity	17 733	26 561	18 148	8 069	48 664
Non-current liabilities	0	0	10 000	13 389	13 790
Current liabilities and current provisions	23 594	19 679	15 948	9 072	11 233
Total equity and liabilities	41 329	46 240	45 116	30 530	73 687

Five Year Summary

Key Ratios	2006	2005	2004	2003	2002
Shareholders' equity, SEK '000	17 735	26 561	18 148	8 069	48 664
Capital employed, SEK '000	24 892	35 354	35 045	22 944	63 369
Liabilities to credit institutions, SEK '000	7 158	8 793	16 897	14 874	14 706
Net investments, SEK '000	1 316	-133	-642	2 418	3 005
Cash flow for the year, SEK '000	-366	-17 001	-23 944	-33 844	-44 635
Interest coverage ratio	Neg.	Neg.	Neg.	Neg.	Neg.
Net debt/equity ratio	-0,54	-0,33	-0,68	1,22	-0,50
Equity-assets ratio, %	43	57	40	26	66
Percentage risk-bearing capital	43	57	40	26	66
Return on equity, %	Neg.	Neg.	Neg.	Neg.	Neg.
Return on capital employed, %	Neg.	Neg.	Neg.	Neg.	Neg.
Average number of employees	34	32	31	38	45
Number of employees at close of period	37	32	30	37	46

Percentage risk-bearing capital

The total of equity and deferred tax liabilities as a percentage of the balance sheet total.

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 investments 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 in relation to 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.)

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 in relation to financial expenses.

Capital employed

The balance sheet total less deferred tax liabilities and non-interest bearing liabilities.

Equity-assets ratio

Equity as a percentage of the balance sheet total.

Cash flow for the year

Profit/loss after financial items plus depreciation and amortisation, less tax paid, adjusted for decrease/increase in working capital excluding cash and cash equivalents and less net investments in non-current assets.

Data per Share	2006	2005	2004	2003	2002
Net earnings before and after dilution, SEK	-0,37	-0,81	-1,31	-2,95	-3,76
Equity before dilution, SEK	0,74	1,29	0,95	0,60	3,61
Equity after dilution, SEK	0,74	1,29	1,84	2,09	6,04
Average weighted number of shares before dilution, thousands	23 852	20 578	19 043	13 505	13 057
Average weighted number of shares after dilution, thousands	23 852	20 578	19 643	14 225	14 713
Number of shares at end of period before dilution	23 852	23 579	20 151	13 505	13 505
Number of shares at end of period after dilution	23 852	23 579	20 751	14 225	15 184

Board and Management Team

Board of Directors

Lars Gatenbeck, Chairman

Djursholm, year of birth 1956

Chairman and Partner of the GZ Group, which manages H&B Capital and Life Equity Sweden. Other directorships include Aerocrine AB, Cancerföreningen, GZ Group Holding AB, Profdoc ASA.

Christer Fåhraeus

Lund, year of birth 1965

CellaVision's founder and CEO up to June 1998. Chairman of the board of Agellis Group AB and Respiratorius AB. Also on the boards of Anoto Group AB, Axiglaze AB and Precise Biometrics AB. Venture Partner in Vaekstfonden.

Shareholding: 2 497 140

Per Sjöberg

Ängelholm, year of birth 1948

CEO of LPS Medical AB. Chairman of the boards of LPS Medical AB, LPOS Förvaltning AB and Expertmaker AB.

Niels Freiesleben

Hornbaek, year of birth 1951

CEO of SolarCAP A/S and chairman of the board of Freiesleben Management ApS.

Sven-Åke Henningsson

Nyhamnsläge, year of birth 1940

Chairman of the board of Active Capital AB, Rittal Scandinavian AB, Hörviks Rökeri AB and Hörviks Förvaltning AB. Other directorships: Gant Company AB, DIAB International AB, Arcam AB and EPLAN Software & Service AB.

Paula Treutiger

Bromma, year of birth 1967

Portfolio Manager – Healthcare, Swedbank Robur AB.

Management Team

Yvonne Mårtensson

Year of birth 1953

CEO since 1998. Has more than 20 years' experience of international marketing and sales. Her most recent employer was HemoCue AB, where in her final two years she was head of marketing and sales in the USA. Member of the boards of Biolin AB, Luab (Lunds Universitets Holdingbolag), NsGene A/S and Innovationsbron Syd.

Shareholding: 40 000

Lars Juliusson

Year of birth 1964

Sales Director, employed since 2000. Has extensive experience of sales of other optical, medical technical equipment. Previously sales manager for the Microscopy Division at Zeiss.

Shareholding: 3 000

Peter Åkerlund (resigned in January 2007)

Year of birth 1961

Chief Financial Officer. Employed since 1998. Has long experience of financial management and accounting, his previous employer was Gambro.

Shareholding: 10 000

Hans-Inge Bengtsson

Year of birth 1958

Quality Assurance Manager. Employed since 2001. Has more than 15 years experience of blood analysis and clinical laboratories. His most recent employer was PolyPeptide Laboratories AB, where he was head of Quality Control.

Shareholding: 1 200

Christian Matson

Year of birth 1971

R&D Director. Employed since 1999. His most recent employer was Axis Communications AB, where he was a project manager.

Shareholding: 2 000

Jeanette Bengtsson

Year of birth 1967

Operations Manager. Employed since 2006. Has broad experience of Operations, QA and Regulatory Affairs in several medical device companies. Her most recent employers were Cresco Ti Systems and AstraTech.

Shareholding: 0

Ron Hagner

Year of birth 1954

General Manager, CellaVision Inc. Has long experience of sales and marketing within diagnostics. Ron was marketing and sales director of Intelligent Medical Imaging Inc. and Triangle Imaging Inc. On acquisition of the assets of Triangle Imaging Inc. in 2001, Ron was appointed as General Manager of CellaVision Inc.

Shareholding: 1 000

Peter Wilson

Year of birth 1967

Product Manager. Employed since 2000. Several years's experience of global launching of new technology and new products. His most recent employer was Foss.

Shareholding: 1 000

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