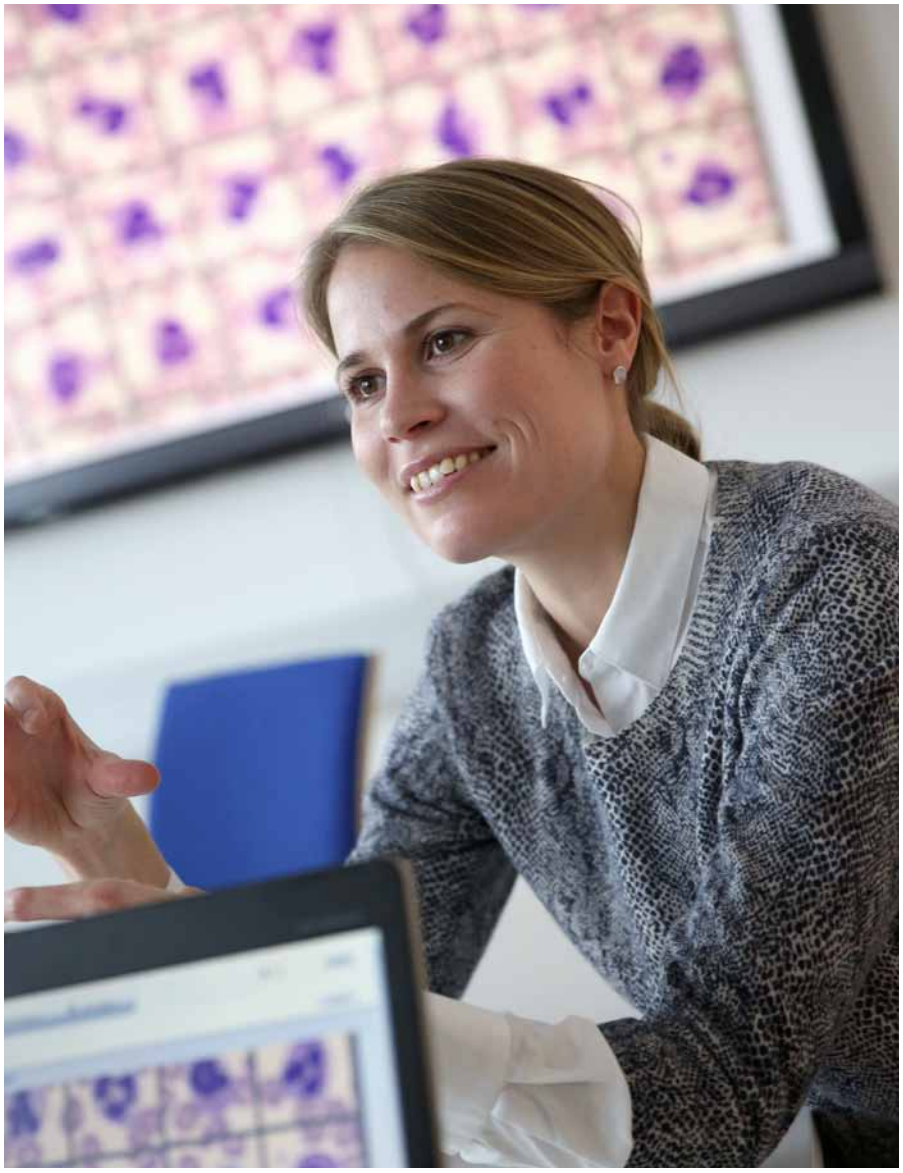
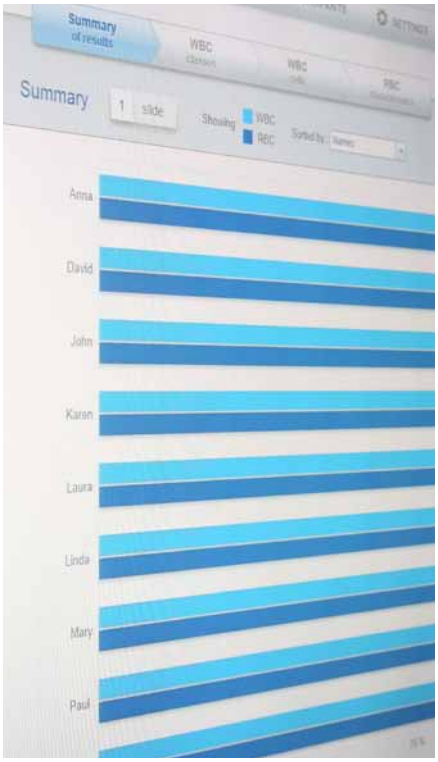
Annual Report 2012





Staff shortages and demand for faster, higher quality analysis drive demand for CellaVision products all over the world.

CELLAVISION®

World leader

CellaVision develops and sells digital solutions for medical microscopy and is now a world leader in hematology, the study of blood.

CellaVision's products and solutions replace manual microscopes with analyzers based on digital image analysis technology, artificial intelligence and IT. The solutions contribute both to more effective workflows and higher quality in laboratory medicine, an important part of the health care sector.

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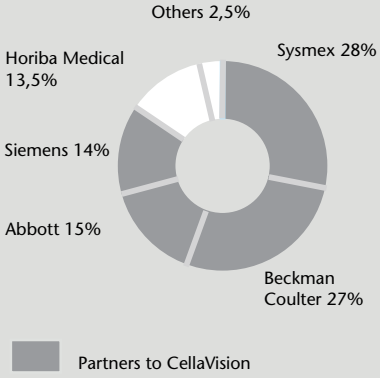


CellaVision's products are sold globally via four of the five largest hematology companies in the world. Through strong partners CellaVision increases its visibility and opportunities in the market.

50%

Using CellaVision's solution laboratories can share resources, ensure competence and work faster. Studies show that analysis time can be cut by up to 50 per cent.

60,000

Through the CellAtlas app a user learns what cells look like and can classify them within a set time. Almost 60,000 people have downloaded the app – a success.

2001

CellaVision was formed in 1994 in Lund by the entrepreneur and then medical student Christer Fåhraeus to develop an analyzer for automatic blood analysis. The idea came from one of Sweden's best known entrepreneurs. In 2001 the first analyzer was sold in Europe.

93%

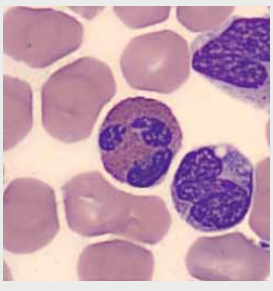
93 per cent of employees think that all in all CellaVision is a very good workplace.

2

On the product front in 2012 CellaVision launched two new products that strengthen the company's position; a veterinary analyzer and a supplementary product for small hospitals in networks.

2,890

2,890 readers in the world follow the blog started by CellaVision in 2011. Here committed hematology experts from all over the world share ideas and experiences.



Mystery cells, case #13

Posted on nov 21, 2012

CellaVisions blog continues to provide you with unusual cell morphology cases.

This Mystery cells case presents a 7 day old baby girl, at Sharp Memorial Hospital in San Diego USA. Upon examination at birth by a Pathologist the placenta was found to have bacteria and inflammation.

Content

Strengthened market position

The year in figures

- Net sales rose by 9% to SEK 169.5 million (155.4).
- Operating profit for the year was SEK 20.7 million (17.8) an increase of 16%.
- The operating margin increased to 12.2% (11.5).
- Profit before tax increased to SEK 18.6 million (1.5).
- Earnings per share for the year were SEK 0.27 (0.61).*
- Cash and cash equivalents amounted to SEK 46.2 million (56.8) at year end.

Important events

- Global agreement with one more distribution partner, Siemens.
- Increased activities in China, including establishing a business office in Shanghai.
- New system for veterinary medicine in North America – first order received.
- New tool for small laboratories in networks to send blood samples digitally.

Important events after the year end

- Sales channels in Europe broadened with Abbott in early 2013.
- A new product for quality assurance was launched in March 2013.

* The translation effect of deferred tax assets is SEK 7.2 million due to the corporate tax rate reduction from 26.3% to 22%. Excluding this item earnings per share is SEK 0.57 for the full year 2012.

(MSEK)	2012	2011	2010	2009	2008
Net sales	169.5	155.4	131.6	109.0	100.4
Gross profit	110.1	101.4	87.6	76.5	63.5
Operating profit	20.7	17.8	13.9	14.8	13.4
Profit before tax	18.6	18.5	10.7	14.2	13.1
Cash flow	-10.6	21.0	13.8	2.3	3.3
Number of employees	65	61	57	50	47

Broad sales channels will increase our growth opportunities

Despite the turmoil of the global economy CellaVision stands strong. In 2012 and early 2013 we developed our sales channels with more partners and now have agreements with four of the major players in our market. Together with a broader product portfolio, this gives us a stable base for continued profitable growth.

2012 was a turbulent year, as unease in the global economy escalated and was felt by CellaVision and many other medtech companies. Unfortunately indications are that there is some way to go before the economy picks up again.

Despite a weak global economy, CellaVision reports sales growth of 9 per cent for the full year 2012, which is somewhat lower than our growth target and the sales increase we are used to. The operating margin for the year rose above 12 per cent.

Our growth is dependent on continued investment. To increase sales and achieve our profitability target of an operating margin of 15 per cent, we are continuing to build the company and invest in line with our increased sales. We are broadening our sales channels through more partners. In parallel, we are developing new products which will strengthen our advantage against the beginnings of competition. We are determined to remain the obvious alternative for new customers, as well as for current customers who will begin replacing their existing CellaVision analyzers over time.

Global market initiatives

In 2012 we continued our international expansion entirely according to plan, and investments were made as our sales increased. We have now strengthened our presence in the important Chinese market, and are addressing many regions of the global market by adding more partners and increasing management focus.

The good overall growth in the North American market is largely due to our sales strategy. In the USA we work with several distribution channels, which effectively improves our visibility and market penetration. Sales in local currency increased by 7 per cent.

We will use the same sales strategy going forward in Europe. Volume development in European countries was very good in the first half of the year, but slowed down in the third quarter and the overall growth for the year was 12 per cent in local currency.

Development in Asia was positive and sales rose in local currency by 35 per cent. The region so far accounts for a small part of our total volume, 7 per cent during the year, but future potential is very great. Now we also have a business support office in Shanghai with two employees on site who support our partners in the region. Asia continues to be a priority region

and it is of primary importance to us to increase sales in the Chinese and Japanese markets.

Broader cooperation with more partners

Our market strategy is based on cooperating with all of the major players in the hematology market. We achieve a geographical breadth with parallel sales channels and can more quickly create interest in our products. We now have agreements with four of the five major players that together account for about 85 per cent of the world market.

During the year we concluded a global agreement with Siemens beginning 2013 and also in early 2013 we signed a European agreement with Abbott.

We already have agreements with Sysmex and Beckman Coulter. The fact that Siemens and Abbott have now decided to add our products to their offer shows that our solution is increasingly regarded as a standard method.

Product development

Offering the market new products is important for creating profitable growth. In 2012 we launched more new products, for example the CellaVision® DM96 Vet, a product for the veterinary market, primarily in North America. The veterinary products market consists of considerably fewer large laboratories than the human market, but provides good growth opportunities, since we can sell an existing analyzer with adapted software. The volume of samples at the larger laboratory chains in the USA and Canada is high and the need for an effective method of analysis is great.

During the year we also launched products to support laboratories in their operational development. The CellaVision® Image Capture System is a supplementary product for our analyzers and targets small laboratories in hospital networks. It is available for sale in Europe and will be successively introduced in other markets as we receive market approvals. In parallel, we completed a new version of our remote access software which provides greater flexibility of use within a hospital network.

We have also developed CellaVision Proficiency Software, for quality assurance. The product is web-based and adapted to customers with many users, which is in line with the market need for skilled staff. The product was launched in the first quarter of 2013 and we have already received our first Swedish order.

Employees who take initiatives and responsibility

CellaVision has managed well despite a turbulent environment during the year and I would mainly like to thank all our employees and partners for this. Our employees exhibit fantastic commitment and have the initiative and responsibility that is necessary in a vigorously growing company. It is fundamental to us that our employees feel involved and motivated. Our corporate culture is an important factor behind CellaVision's positive development.

Stable base for continued profitable growth

The continuing weak global economy makes growth prospects for 2013 difficult to assess. The tough economic climate impacts hospital laboratories' purchases of equipment and affects our partners' demand.

To our advantage it can be said that interest in our products and our position in the market has never been stronger. End consumers' and partners' positive opinions of us and our products strengthen us in that perception. For them CellaVision is the natural choice, which we are very proud of.

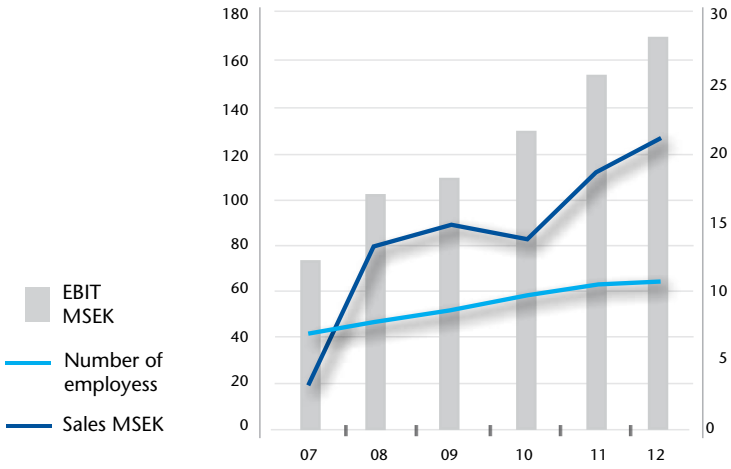
I am convinced that the investments we make now in more partners and new products will be rewarded. CellaVision has the required foundation for reaching a high rate of growth and achieving our profitability targets. I have great faith in CellaVision's continued positive development.

Lund, March in 2013
Yvonne Mårtensson, President and CEO

"The good overall growth in the North American market is largely due to our sales strategy. In the USA we work with several distribution channels, which effectively improves our visibility and market penetration.

We will use the same sales strategy going forward in Europe."

Development 2007-2012



Towards a global standard in co-operation with strong partners

Financial targets and outcome	Growth	Profitability
Targets over an economic cyclel:	At least 15% annual average	Operating margin of more than 15%
Outcome 2012	9.1%	12.2%
Outcome 2011	18.0%	11.5%
Outcome 2010	20.7%	10.6%

Objective

CellaVision is currently the world leader in digital microscopy in hematology. Our long-term objective is to be a world-leader in also other laboratory medicine areas. We will achieve that objective by working close to the customer together with strong partners and by being at the forefront in our area of technology.

Vision

Our vision is to create a global standard for digital microscopy in the field of laboratory medicine. Our method provides the laboratory with competency, quality and time, which together imply cost-effectiveness and improved patient care.

Business model

CellaVision's customers are in hospital laboratories and commercial laboratories, mainly in Europe and North America. Demand is also gradually increasing in parts of Asia. We sell via the four largest companies in hematology, and in selected markets via our own sales companies. The demand for our products is strong and is due to increased efficiency and quality assurance requirements in the healthcare sector.

Our products are usually part of major procurements of laboratory medicine equipment, in which our partners' cell counters are included. Our revenue comes mainly from sales of hardware, but also from software and consumables. The ambition is to increase share of software sales in the long term, both through more applications for the existing customer group and by examining the possibility of commercializing new areas of analysis.

Financial targets and outcome

CellaVision has an objective to increase sales over an economic cycle by an annual average of at least 15 per cent with an operating margin of more than 15 per cent.

Since the target was set in 2010, sales growth has averaged 16 per cent. The distribution strategy with parallel, global sales channels makes a considerable contribution to the positive sales trend, above all in the USA.

Continued investments in our own organization and establishment on new markets reduced the operating margin, which in 2012 was 12.2 per cent.

CellaVision's analyzers are mainly used in the hematology area of analysis. Hematology means the science of the blood and its diseases. In the health care sector, hematology is a branch of medicine that focuses on studies of the blood, diseases of the blood and other illnesses that can be diagnosed via blood analysis.

Hematology analyses are carried out throughout the world at clinical laboratories specializing in hematology or clinical chemistry. Samples are analyzed, mainly from blood but also bone marrow and often other body fluids, including cerebrospinal fluid, lung fluid and synovial fluid. Analysis is carried out as part of both human and veterinary diagnosis.

Microscopic analyses are made in a number of other sub-fields in laboratory medicine, such as pathology (tissue samples) and cytology (cell tests). CellaVision's long-term strategy includes investigating the possibility of introducing the company's technology in these areas too.

Products

CellaVision offers hematology laboratories products for blood and other body fluids analysis. The solution replaces manual microscopy and creates the conditions for effective and efficient hematology services aimed at delivering high-quality care.

The product portfolio for the healthcare market consists of analyzers for mid-size and large laboratories. The analyzers can be used with supplementary software for body fluid analysis, remote access and quality assurance as well a tool for digitization of blood samples.

The product portfolio for the veterinary market in North America consists of the analyzer CellaVision® DM96 Vet, with remote access software.

In addition there is CellAtlas®, a mobile application that is free of charge for training, an effective marketing tool.

Analysis chain

CellaVision's products replace manual microscopy, step 3 in the analysis chain.

1. Sample taken.
2. Analysis by cell counter.
3. Samples which show signs of disease are sent on for further analysis in CellaVision's analyzer.
4. A Medtech does the final assessment on a computer screen.
5. Cell images and the result of the analysis can be viewed remotely by other units in the same hospital network.
6. The doctor in charge interprets the patient's collected test results and makes a diagnosis.

Products

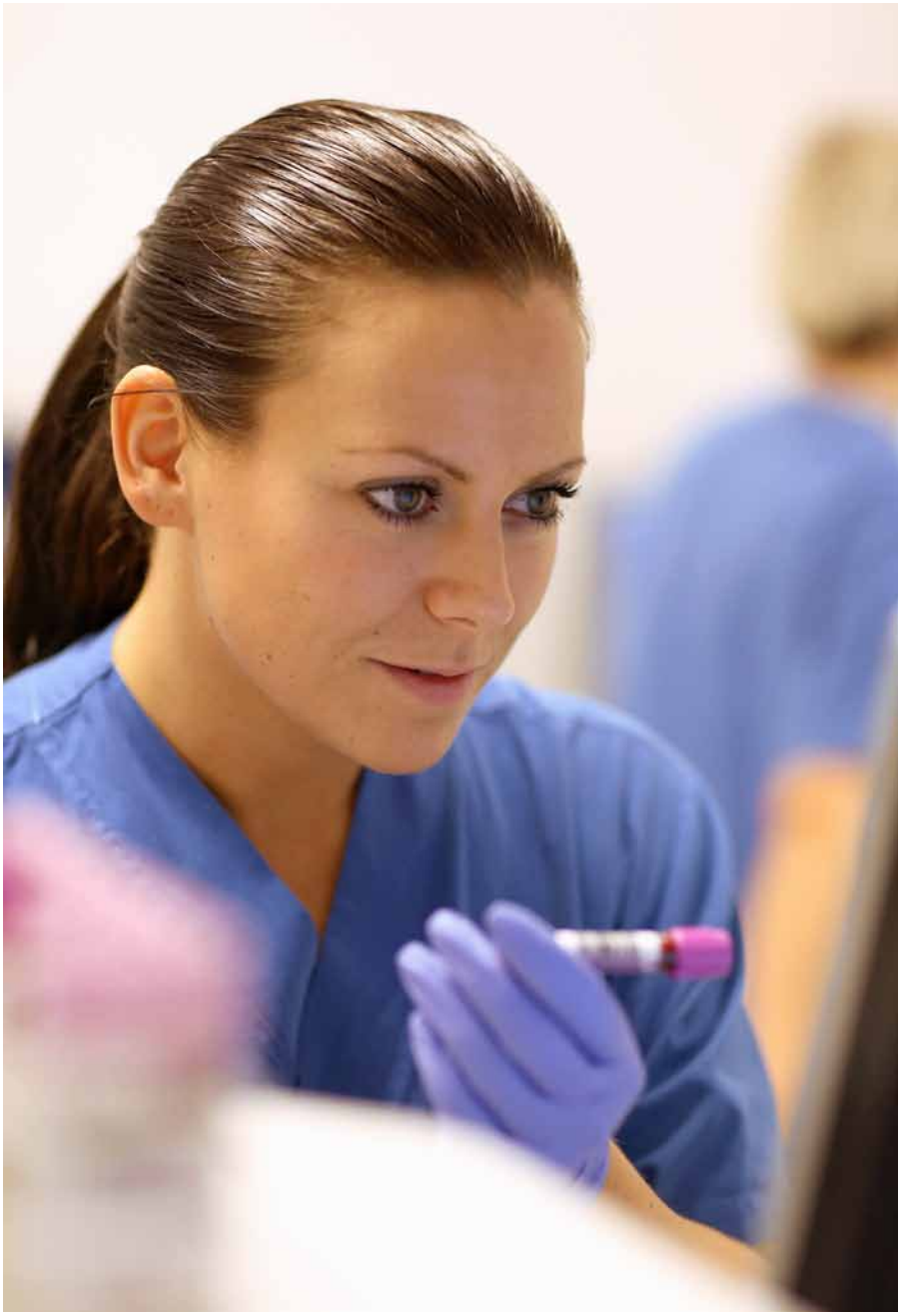
Analyzers for blood:

- CellaVision® DM96
- CellaVision® DM1200
- CellaVision® DM96 Vet

Software and tools

- CellaVision® Body Fluid Application
- CellaVision® Remote Review Software
- CellaVision® Proficiency Software*
- CellaVision® Image Capture System
- CellaVision® Remote Review Software Vet
- CellAtlas®

* CellaVision® Proficiency Software replaced CellaVision® Competency Software in early 2013.



Five foundations for growth

CellaVision's overall growth strategy is based on global expansion, partnership and product development. Growth takes place through focusing on customers and the market. Our goal is for our analytical method to be standard at clinical laboratories throughout the world.

1. Clear target group and positioning. We currently target clinical laboratories in hematology with a growing need for automation. These are mainly found in Europe, North America and selected markets in Asia, including Japan, China and South East Asia.

2. Customer relations. Customers' purchasing behavior and needs direct our business. Only through satisfied customers can CellaVision continue to grow and develop. We work close to partners and end customers to ensure that our products meet market requirements for quality, function and user-friendliness. In customer surveys in the last two years the average score for reliability and user-friendliness of the product has been just over four, on a scale from one to five.[1]

3. Sales channels. CellaVision reaches a broad geographical market by cooperating with strong, strategic and complementary partners with a local presence. We sell our products through the largest hematology companies in the world; Sysmex, Beckman Coulter, Siemens and Abbott, with a presence in more than 150 countries. Our own sales organizations in the Nordic area, the USA, Canada and Japan, and our business office in China give continuous support and training to our partners during the sales process. We are constantly looking at new opportunities and forms of cooperation.

4. Product development. We will grow by broadening our product range for existing customer groups and by examining the possibility of commercializing new areas of analysis. We seek the best solution and preferably develop it ourselves, but the strategy also includes development through cooperation with partners. The emergence of competing companies in the market puts further demands on our future product development.

5. Company culture. Satisfied employees create the conditions for satisfied customers. It is important to us that our employees feel involved and motivated. Initiatives and responsibility are important factors behind CellaVision's positive development. With leading-edge expertise in image analysis, artificial intelligence and automated microscopy, as well as a great quantity of IT knowledge, we can develop solutions that bring considerable benefits to our customers.

For source references, see page 58.

With a clear positioning on clinical laboratories in hematology CellaVision develops products with high customer value. CellaVision's new product for quality assurance, CellaVision Proficiency Software, fills an important need by bridging the knowledge gap as the industry's large retirement leaves behind. The picture shows the statistics of cell classification.

Customer relations

"Most importantly it's for patient access for our more remote healthcare partners to the UHN Hematopathologists. That being for consultation or for primary diagnosis. Why should a patient have to travel to a major healthcare facility when there blood smear can be sent digitally to UHN.

Tom Clancy, University Health Networks in Toronto, Canada. From the evaluation of the new product CellaVision Image Capture System

Sales channels

"Through our collaboration with CellaVision, we can now deliver digital microscopy products to laboratories worldwide, expanding our practical automation solutions to help high-volume operations improve their workflow efficiency."

Stefan Wolf, CEO, Hemostasis, Hematology, and Specialty Business Unit, Siemens Healthcare Diagnostics

Product development

"For us at CellaVision it is important that customers feel they have bought the best solution and that we develop the product by continually finding solutions to customers' problems."

Left: Peter Wilson, President of CellaVision North America

Company culture

"I'm willing and able to influence what we are doing. There is so much to do and I really want to be part of it and see results both in the short and the long term."

Quote from questionnaire to employees in 2012.

More effective analysis and higher quality

Using CellaVision's solutions, the world's laboratories can improve effectiveness, speed and quality of both everyday work and analysis results. CellaVision's products and systems make the manual microscope redundant.

Analysis time cut by half

CellaVision's analyzers identify and photograph the different cells in batches of up to 96 samples at a time. Automation frees time for staff and contributes to cost savings. Studies show that analysis time can be cut by up to 50 per cent.[2]

For staff, CellaVision's products also mean an improvement in work posture, which reduces repetitive strain injury, in particular to the neck, back and eyes. At the same time the workflow is improved and made more effective.

Higher quality test results

CellaVision's analyzers pre-classify the cells. The cell images are magnified and shown directly on a screen, which facilitates the final sample assessment.

CellaVision's method promotes cooperation and the transfer of competence between colleagues. Reference libraries and proficiency tests using digital cell images make training easier and more effective.

Direct contact with experts

Cell images and test results can be sent electronically in just a few seconds. This opens completely new opportunities for the staff to consult colleagues and specialists at other units or hospitals. Response times can be cut from days to minutes, while access to more specialists proves a better quality of analysis.

Cell images and analyses are automatically saved in the analyzer's database, making it easy to follow patients over time

"Working in front of a microscope is hardly something that attracts us today, and we only do it when we have to."

When digital analyzers replaced microscopy manual hematology was revolutionized.

Margit Grome is an experienced Medical Technologist at "Special hematology" at the Copenhagen University Hospital (Rigshospitalet). In 2012 she was awarded a prize as Medical Technologist of the year at the hospital and has followed closely how equipment has changed her profession.

– Most important in the new technology is the medical precision and reliability," she says.

– Our doctors have also pointed out that our level of competence increased after obtaining equipment from CellaVision.

With CellaVision's equipment the laboratory can simply and quickly consult an expert and obtain a second opinion on the sample without the expert having to be in the laboratory.

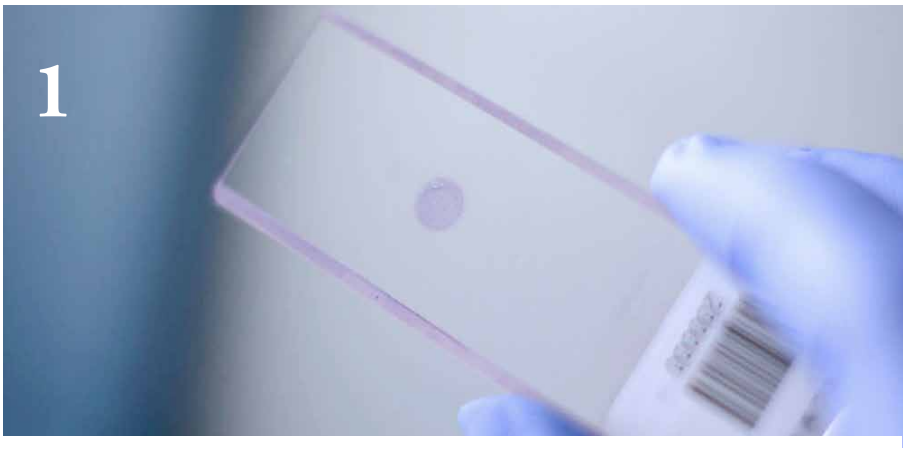
– With digital technology we are certain we are assessing exactly the same cells. This was not the case when we were using the manual microscope.

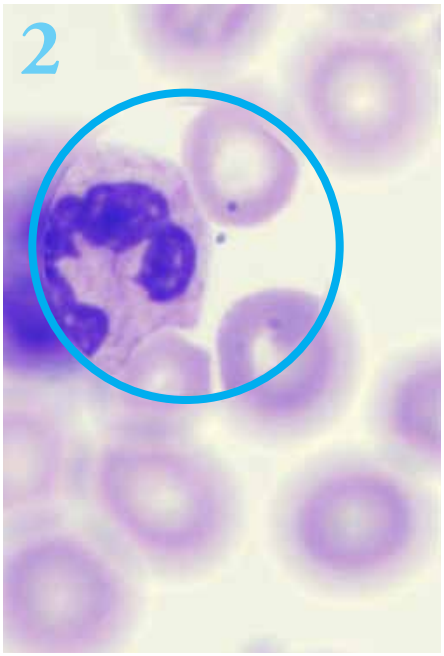
– The work environment is perhaps the most obvious change. The hunched up posture at the microscope has been replaced by a considerably more ergonomic working posture.

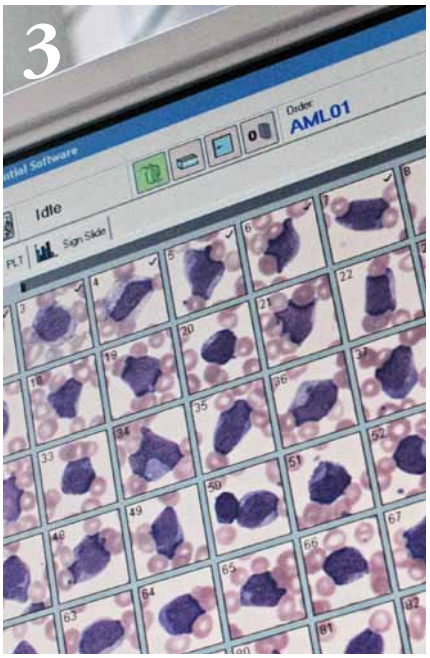
Margit Grome, Medical Technologist Copenhagen University Hospital, Denmark

For source references, see page 58.

CellaVision's software contains advanced algorithms for digital image analysis and cell identification. Neural networks recognize, distinguish and classify cells. In a certain sense a neural network imitates the human brain's way of processing signals. The digital camera replaces the human eye's recording of information.







Unique technology in the fields of autofocus and image analysis

CellaVision's technology in the fields of autofocus and image analysis is unique. Inside the analyzers an inbuilt microscope, a digital camera, high-precision mechanics, advanced image analysis software with patented autofocus systems and artificial neural networks all interact. Using these functions the analyzer identifies, photographs and pre-classifies cells in blood and other body fluids.

Protected by patents

Since its formation, CellaVision has built up a technology platform that forms the basis of the company's product development. It has core competence in image analysis, artificial intelligence and automated microscopy. The technologies are protected from infringement with the help of a patent portfolio that currently consists of 20 patented inventions, which to date have generated 43 patents. Most of the company's patents are in the technology fields of image analysis and precision mechanics.

This is how it works

1. Hardware precision and advanced navigation software

To find and record images of cells on the microscope slide the slide is transported to the microscope itself, where the lens and camera are. With the help of digital imaging a suitable area is found in low magnification and then images of cells are collected in high magnification. To achieve this, both large movements and extremely small movements are required, which makes heavy demands on precision in the hardware and on speed in the navigation software.

2. Autofocus

One of the most time-consuming operations in automated microscopy is to ensure the correct focus for the digital images. CellaVision has several methods for automatic focusing, which guarantee that each image quickly comes into perfect focus.

3. Image improving technology

When the cell has been photographed CellaVision uses image improving technology methods to accentuate, reduce interference and adjust the color. This is to achieve an image that is at least as good as the image seen through a microscope.

4. Feature extraction

When the computer has this picture, the cell is cut out from the rest of the image using segmentation algorithms. Quantities of characteristics are calculated from this image. These are based on advanced image analysis and statistics.

5. Artificial neural networks

Finally a classification of the cell is proposed, using a complex hierarchy of artificial neural networks. A large quantity of calculations based on the cells in CellaVision's image database is required to train these networks. CellaVision has developed its own training algorithms that enhance the training considerably compared with traditional methods, which makes the use of very large data sets and complicated network structures possible.

Increased cost pressure and staff shortages drive demand

There is demand from clinical laboratories all over the world for faster, higher quality analysis. At the same time, cost pressure is rising and shortages of skilled staff increasing. Taken together, these are important changes driving demand for CellaVision's digital products.

CellaVision's products automate the work that laboratory staff traditionally carry out manually at microscopes. Test results are saved digitally with images of blood cells and other patient information. At the same time laboratory procedures are simplified by CellaVision's products. They give more effective workflows and more standardized test results. Sales are global, partly via partners, partly directly through CellaVision's own organization.

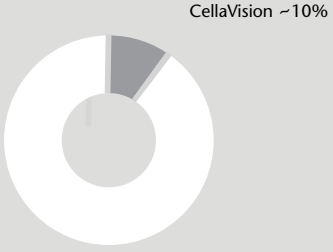
The market for hematology – about SEK 10.5 billion

Blood cell analysis in cell counters is currently one of the most common diagnostic tests in clinical laboratories and implemented in both human and veterinary diagnostics. In total 1.3 billion blood cell analyses are carried out annually in cell counters, and the value of the hematology market is estimated at SEK 10.5 billion. The market is growing annually by an average of about 2 percent. The USA is the largest market, followed by Europe. Several emerging markets, for example China, are growing fast.

The market is relatively mature and characterized by large-scale procurement contracts. Price, product innovations and strategically important associations between companies are important competitive factors.

New statistics show that the global installed base of cell counters at medium and large laboratories is approximately 30,000 units. About 15 percent of the samples analyzed in cell counters require further analysis, either in CellaVision or traditionally in manual microscopy. CellaVision customers have an average of at least two cell counters and one CellaVision instrument to manage their volumes of samples.[3,4,5]

CellaVision's market penetration 2012



For source references, see page 58.

"Enable us to get Pathology and diff specialist reviews much quicker"

– Having CellaVision at our six outpatient facilities has always been a goal. Having this ability at all of our sites will improve patient care and enable us to get Pathology and diff specialist reviews much quicker.

– The benefits are related to an increased turnaround time and the advantage of having/creating consistency in our blood cell differentials. We are able to conduct better competencies on technicians, and monitor results. There is also the advantage of being able to pull up abnormal slides for faster review from our pathologists.

Kristy Carnevale, Hematology Lab Manager at Cincinnati Children's Hospital, Medical Center, Cincinnati, Ohio, USA

CellaVision's current market – annually about one billion kronor

The target group for CellaVision's current products is large and mid-sized hospital laboratories and commercial laboratories. CellaVision estimates that this means a world market of about 15,000 laboratories, of which 5,000 in Americas and 5,000 in Europe, Middle East and Africa (EMEA). So far CellaVision has penetrated about 10 percent of the potential global market.

CellaVision estimates that the potential global market for the company's current products is at least six billion kronor to the distributors. Customers award procurement contracts at intervals of about five to seven years which means that the annual target market for CellaVision's current products is about one billion kronor.

CellaVision's products replace manual microscopy

On average about 15 per cent of blood cell analyses in cell counters show signs of disease. These analyses are sent for further review, which in the past was only carried out manually with a microscope, but this is now gradually being replaced by CellaVision's analyzers for digital microscopy. This is the main market for CellaVision's products.

The analysis involves examining the distribution and appearance – size, form and color – of red and white blood cells. In that way signs of infections, allergies, anemia and serious cancers such as leukemia (a blood cancer) and lymphoma (cancer in the lymphatic system) can be detected.

The manual work of analysis with a microscope is estimated by CellaVision to amount to about one billion USD distributed among 200 million tests per year. With more sophisticated cell counters the percentage of microscopy analyses is expected to slowly decrease. This will be compensated by an increase in the average number of blood analyses as a result of higher average life expectancy and a greater number of older people in the industrialized world. As the number of blood analyses increases so will the need for effective processes and tools.

Using CellaVision's analyzers the analysis is automatic and approved on screen by a Biomedical Technologist. In that way laboratories can halve the time needed for the manual work, while retaining or improving the quality of analysis. The same laboratories also carry out analyses of body fluids. They follow the same procedures, but the number of samples is considerably lower than for blood. [2,4,6]

Trends that create a need for more effective technology

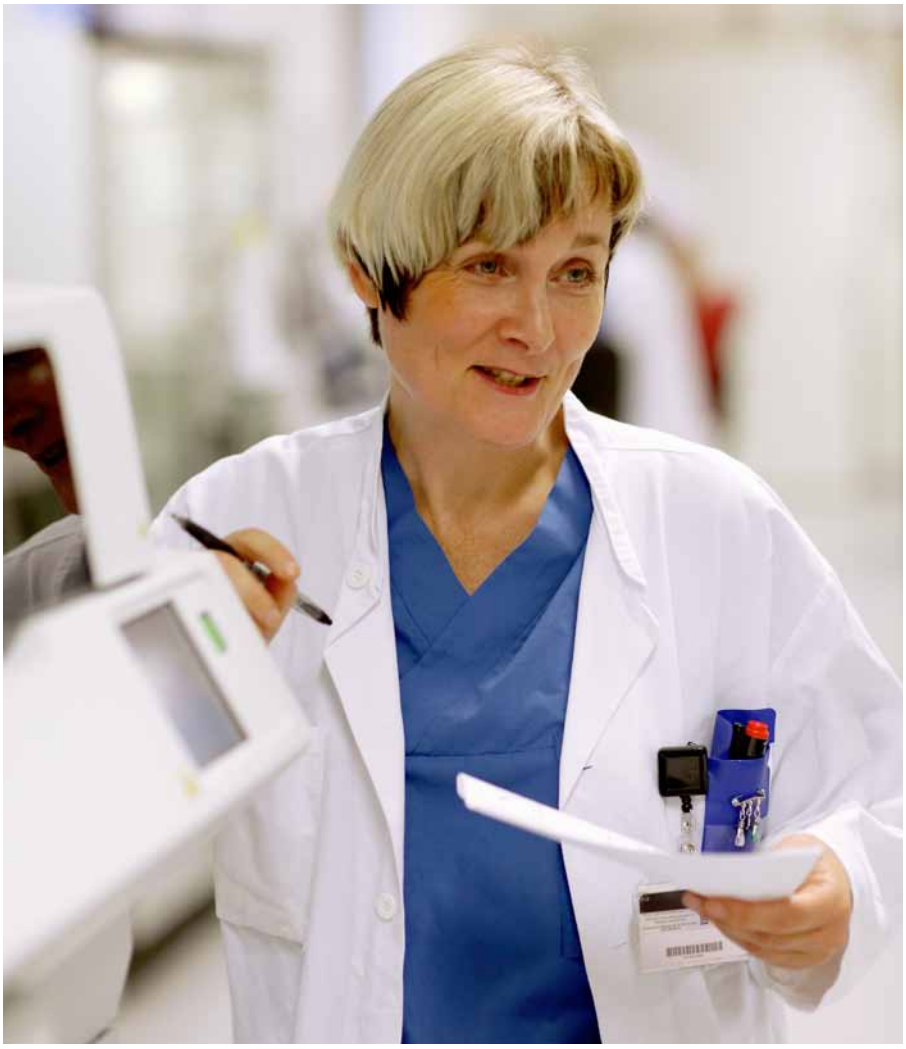
The laboratory market is characterized by increased cost pressure. Demands for improved effectiveness and timesaving are being made of both users and suppliers. The market is continually driven towards consolidation in the form of increased cooperation and mergers between hospitals, laboratories and health centers. The need for technology that increases effectiveness and reduces costs is great. Laboratories do not want to handle samples manually, either during analysis or when they are being transported. Modern information technology allows new work procedures; for example telemedicine transfer and communication (remote medical care). Using digital image analysis it is simpler to scan large areas or a large number of cells, at the same time as more interesting cells can be more closely studied.

Higher cost pressure and staff shortages

CellaVision's market is exposed to heavy cost pressure. In addition, growing staff shortages make CellaVision's automated products very attractive. They free up time for the analyst and increase objectivity, security and standardization in analysis. This means reduced anxiety for the patient due to shorter response times and increased patient safety.

Swedish and North American reports show that for many years too few bioanalysts have been trained and young people's interest in the occupation is weak, which reduces the chances of recruiting qualified staff. International assessments show that almost double the number of newly qualified bioanalysts will be needed before 2020 to meet recruitment needs arising from coming large retirement figures in the profession. Calculations in the USA show that about 40 per cent of staff in laboratories will retire within ten years.[7]

With the help of CellaVision's technology laboratories can secure the processing of large volumes of samples and create a more attractive working environment. In addition, new technology may increase interest in the profession among the younger generation.



Collaboration with strong partners gives broad market penetration

CellaVision reaches a broad geographical market by collaborating with strong, strategic partners with a local presence. The company sees great opportunities for further increasing penetration in countries where CellaVision has both partners and its own sales organizations.

By selling both directly, with its own salespeople, and in parallel via partners, CellaVision penetrates the market more broadly and effectively. The partner's offer becomes more attractive, since CellaVision's products complement the laboratories' existing analyzers and automates more of the work.

Collaboration with the major players

CellaVision currently collaborates with four of the major players in the market for cell counters and other hematology analyzers. Sysmex (Japan) and Beckman Coulter (USA) are the two largest, and between them have more than 50 per cent of the market.

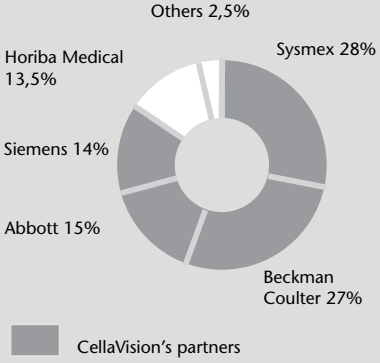
Collaboration with Sysmex, which is estimated to have 28 per cent of the world market, started in Europe in 2001 and has been successively intensified over the years. The agreement has been global since 2010, including Sysmex' domestic market, Japan, with the exception of Canada.

In 2010 CellaVision strengthened its distribution network with Beckman Coulter, estimated to have 27 per cent of the market.

As part of CellaVision's long-term expansion strategy, in 2012 the company broadened its market penetration by signing a global distribution* agreement with the German company Siemens, which has 14 per cent of the world market. In early 2013 the sales channels in Europe were also extended through an agreement with Abbott, assessed to have 10-15 per cent of the European market.[3] In the Nordic countries, the USA, Canada and Japan there are also direct sales via CellaVision's own sales companies.

* Canada, Japan, China and the Nordic countries are not covered by the agreement. Separate agreements have been signed for Sweden, Norway and Denmark.

Leading players in the hematology market[8]



”Faster analysis and higher competence”

– The examination of blood films is not only time consuming and labour intensive but it also requires highly trained staff. The impact of a wrong diagnosis necessitates that experienced staff are present in the laboratory 24 h a day.

–We invested in CellaVision after our evaluation showed that the instrument was faster than all of our Biomedical Scientists, even experienced ones but most pronouncedly with the more junior scientists.

The benefits of the CellaVision DM96 at the lab in comparison with manual microscopy are speed and teaching. It is a reliable tool and makes training and monitoring of staff in blood cell morphology skills easier and more efficient. The staff also says less eye strain.

Carol Briggs, head of hematology evaluation and development in the Department of Haematology at University College London Hospitals, London, England.

CellaVision's products are often included in large procurement contracts for laboratory medicine equipment, such as cell counters and sample preparation equipment. With CellaVision's products as part of the range distributors can offer their customers a completely automated production line for the entire analysis process.

Access to more salespeople

Working together with partners gives access to more salespeople in a cost-effective way. The sales process is extensive, and most business transactions take between six and 24 months; in other words the process is time-consuming. In markets where CellaVision has its own staff, they act as experts at meetings with customers. The products and their advantages are then presented, while any questions can be dealt with in more detail and in a personal way. The distributor then handles the rest of the sales process.

Close dialogue with market

Through a close dialogue with partners and end customers CellaVision get important information about product customer satisfaction and user feedback on current and future uses. Customer communication and knowledge of end-user situation are important areas for CellaVision marketing and product development.

CellaVision distributors have a close and natural dialogue with end users and forward the information continuously to CellaVision. In markets where the company has its own organization, the contact with the end user is dense with regular reviews. This allows CellaVision to ensure product quality and functionality, and to identify market needs for new products.

Image analysis in health care

Manual microscopy is still the most common method for analyzing blood cells' look and shape. The last decade, however, interest in digital images and image analysis in health care has increased substantially.

Most laboratories have at least one microscope with camera set up to record images of samples for the purpose of training or consultation. There are several projects around the world, including at universities and higher education institutions, aimed at digitizing samples to use for classification or diagnosis of cells and tissue samples. To date very few of them have been commercialized.

Developing a reliable high speed analyzer with high image quality, automatic classification of cells and functions for integrating IT solutions is a great challenge. Successful innovation not only builds on science and technology, but also on development together with customers. So far only CellaVision has achieved compliance with the respective regulatory safety and quality requirements and succeeded in commercializing its products in a global market.

Attractive segments

The emergence of new digital analyzers shows that the segment is attractive for other companies too. At present, however, commercial competition is limited to very few products and companies. CellaVision estimates that in 2012 the company accounted for more than 90 per cent of global sales in the rapidly growing market for digital blood analyzers.

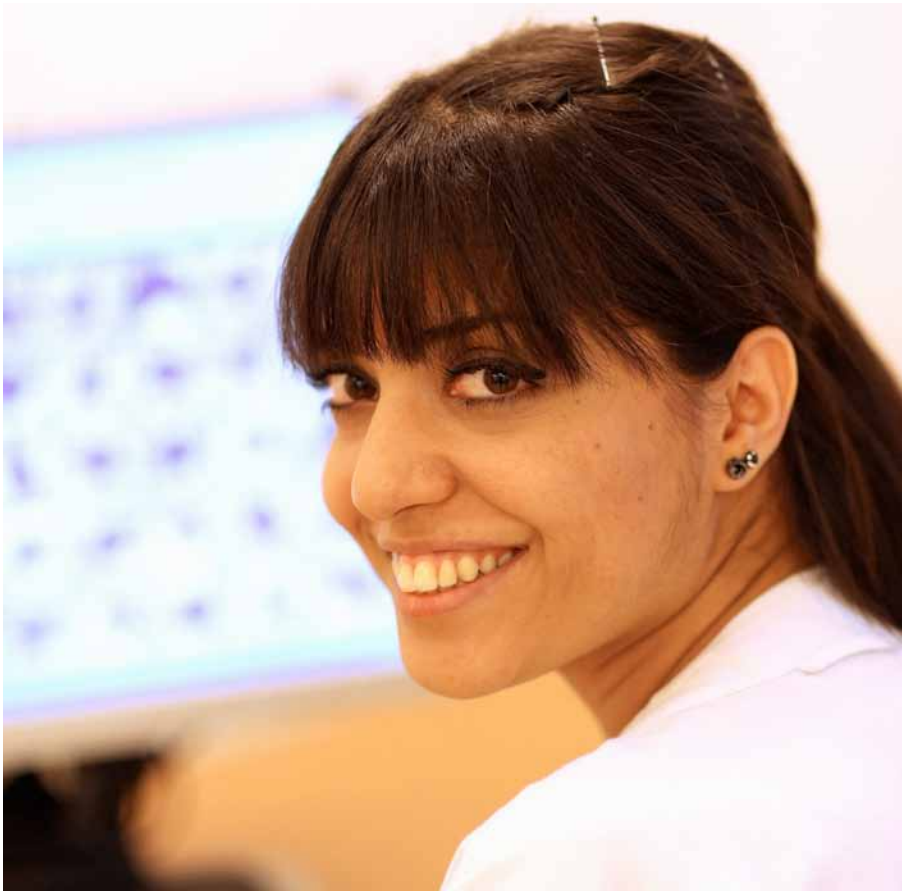
World leader in digital microscopy

CellaVision has established itself as the world leading supplier of digital solutions for medical microscopy in hematology. CellaVision holds a strong market position with highly accessible systems that can easily be adapted and integrated with other systems in a hospital environment.

CellaVision estimates that the company has a considerable lead over its competitors, both as regards the products' potential and the strong market position established by CellaVision in the course of ten years' sales. CellaVision offers a more complete solution, with products for both blood and body fluids, the possibility of remote access and competency development, thereby reaching a considerably wider target group.

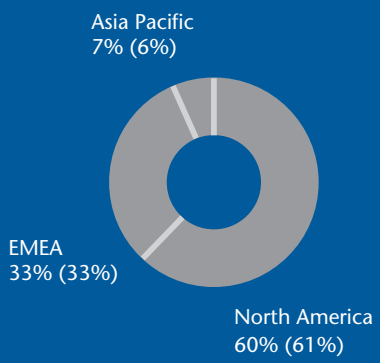
CellaVision estimates that the products' customer benefit, combined with CellaVision's degree of technical innovation, knowledge of the market and experienced management, will mean that the company will continue to confirm and strengthen its global market position.

For source references, see page 58.



Global presence with sales in more than 50 countries

Thanks to CellaVision's strategy of addressing the market together with selected partners, the company has been able to build up a global presence. The majority customers are in North America and Europe.



North America

The market developed well in 2012 and sales increased by 8 per cent compared with 2011. The increase was 7 per cent in dollars.

The North American market is characterized by high service and support requirements. Centralization and consolidation have come further than in many other markets and sample volumes are generally higher.

In general, demand for the larger analyzer, the CellaVision DM96, is great in North America, since capacity requirements are high at the US laboratories. In 2012 interest in the analyzer for mid-size hospitals, the CellaVision® DM1200, also rose and accounted for approximately 25 percent of the sales in the region.

USA

In the US, CellaVision sales are through several distribution channels, Sysmex, Beckman Coulter and the own sales organization, and since January 1, 2013 also through Siemens, which effectively improve the company's visibility and expansion opportunities in the market. Together the distributors have more than 70 per cent of the market, which gives very good market penetration.

For a couple of years CellaVision's sales organization in the USA has also been collaborating closely with Abbott through a co-marketing agreement.

Canada

In Canada sales are directly via CellaVision Canada, which has functioned well and resulted in a relatively large number of systems being sold. Many of the hospitals are part of networks and one sale is often for several systems.

New product for the veterinary market

In August CellaVision received its first order for the analyzer that was introduced for the veterinary market in North America at the start of the year. The order covers installation of the CellaVision® DM96 Vet at a laboratory belonging to a major laboratory chain operating in several places in the USA and Canada. The volume of samples at these laboratories is high and the need is great for an effective method of analysis. The total number of veterinary laboratories in North America is about 100. The product is proof of CellaVision's strategic ambitions to broaden the product offer in hematology to increase the company's growth.

Europe, the Middle East and Africa

Europe is the market in which CellaVision has to date sold most analyzers, which creates opportunities in the aftermarket and replacement market. The region's sales in 2012 developed well and increased by 8 percent. In euros the increase was 12 percent.

For a couple of years there has been a high level of activity to transfer from manual microscopy to CellaVision's method in European countries, where Sysmex is the leading player. Sysmex Europe sells CellaVision's products in EMEA, which is Europe, the Middle East, and Africa, and operates the concept of automated production lines for the entire analysis process with great success. Interest in CellaVision's digital solutions is particularly widespread in Germany, France, Benelux, Spain, the Czech Republic and the United Kingdom.

Generally speaking, the European laboratory market is not as consolidated as the American, but more fragmented with mid-size laboratories and lower sample volumes.

A rising interest can be noticed in several countries of the Middle East and Africa, above all in Saudi Arabia and South Africa.

As part of CellaVision's long-term expansion strategy, from 2013 CellaVision will also be working with parallel sales channels in Europe. Distribution agreements have been signed with Siemens and Abbott.

The Nordic area

In the Nordic region CellaVision's own sales organization sells in parallel with Sysmex. To increase its possibilities of participating with the company's products in procurements of laboratory equipment, CellaVision entered into agreements in 2012 with the three other players in the market: Siemens, Beckman Coulter and Abbott. These agreements differ from the global agreements in that CellaVision is responsible for installation and support.

Asia and the Pacific region

Marketing in Asia and the Pacific region is in process of being built up and so far the region accounts for a limited part of CellaVision's total sales; about 7 per cent for the full year in 2012. In 2012 sales increased by 35 percent in local currency. CellaVision assesses that in the long term, above all the markets in China, South East Asia and Japan will have the potential for strong development.

China

China is the fastest growing market in pharmaceuticals and medical technology and is currently estimated to be the third largest market in the world. China's government has taken the initiative for universal sickness insurance for all citizens and in 2009-2011 USD 125 billion was invested annually in new hospitals and improved quality. In 2020 China is expected to be investing more than USD 1,000 billion per year in health care. [9]

There are more than 20,000 hospitals in China. The target group for the CellaVision DM96 is about 800 of China's largest hospitals, which will increase to about 3,000 hospitals when sales of the CellaVision DM1200 start in the next few years.[8] The driving forces in the Chinese market are the same as in the rest of the world; a focus on costs and improved health care quality.

To attain broad coverage and address the market effectively, CellaVision has been working with several partners in China since 2010; Sysmex, Beckman Coulter and Vastec. During the year CellaVision established its own office in Shanghai, to support distributors more effectively, increase knowledge of the brand and develop strong relations with important opinion formers. CellaVision now has some of the more prestigious hospitals in China as customers. Taken together, this is an excellent platform for continued growth in the country.

Development of linked hospitals and utilizing network functions is only in its infancy in China, due to limitations in computer technology and IT networks. This is expected to improve gradually in coming years, which will increase the attraction of CellaVision's products.

Japan

Japan is a market with important growth potential for CellaVision and consists of about 1,000 hospitals. Since the start in 2008 CellaVision's subsidiaries have marketed the company's technology to the major clinical laboratories in Japan. The distributor Sysmex, which is market leader with its domestic market in Japan, has been selling CellaVision's products since 2010.

Japanese health care is facing several challenges; above all funding problems as expenditure increases for an ageing population. The demand trend in Japan continued to be dampened in 2012, with some improvement at the end of the year. In parallel with Sysmex, CellaVision's own sales organization is continuing to increase knowledge and interest in CellaVision's products, for example through presentations of customers' study results at seminars and industry fairs.

For source references, see page 58.

"Detection of significant findings"

–Before the CellaVision DM96 came into our lab, our review rate was a low 10%, but we were afraid we could be missing positive findings. Now because of the improved productivity and workflow of the DM96 we are able to increase our review rate to 26%, and greatly reduce the risk we will miss significant findings.

– For three reasons we bought CellaVision DM96: Firstly, we wanted to improve the hematology diagnosis workflow in our hematology lab, increase the review rate, and guarantee the differential test quality. Secondly, because of the retirement of experienced medical techs, our lab is lack of medical techs in cell morphology field. Finally, we wanted to enhance the cell morphology skills of current medical techs.

Xijing Hospital, Xi'an, China

New product for collaborating laboratories

CellaVision's new product for collaborating laboratories, the CellaVision® Image Capture System, continues to arouse interest at trade fairs and seminars in Europe. There is interest in the product among hospital groups that want to improve efficiency of collaboration in assessing samples and give local laboratories fast access to expertise.

The local laboratories use the product in combination with existing microscopes and within their network they can send digital images of the blood sample for examination where there are more resources and a CellaVision DM analyzer. The product helps hospital groups to work faster and achieve more consistent laboratory results.

Corporate social responsibility

CellaVision makes a positive contribution to sustainable development by offering new knowledge and reliable decision-making data to the health care sector when assessing blood and other body fluid samples. Our offer and our corporate culture are characterized by honesty, reliability and innovation.

For CellaVision, corporate social responsibility relates to anything from human rights, safe products and responsibility for the environment to the company's social responsibility for promoting diversity, gender equality and good working conditions, both in Sweden and other countries where the company operates.

For some years CellaVision's leadership has highlighted corporate social responsibility as an important issue for the company's operations. The goal is for sustainability issues to become an integrated part of the business, add value and constitute a strategy for growth.

Environmental work

In 2012 the company started preparations for certification under ISO 14001 by gathering more knowledge and planning resources. ISO 14001 is the international standard for environmental management systems.

Certification requires CellaVision's environmental and sustainability work to be well-organized and to lead to constant improvement. Another important premise is compliance with current legislation and regulations and the performance of regular internal environmental audits. Certification will lead to a strengthened focus on sustainability in all parts of CellaVision's operations. The certification process will continue in 2013.

Safe products

CellaVision develops medical equipment in a highly regulated environment. We comply with the requirements of international legislation and product safety standards, such as IEC and ISO standards, the European Directive on in vitro diagnostics (IVD), American FDA quality system requirements and a number of national directives and laws. Documentation and procedures are set up in accordance with regulatory requirements for the product development process, the function and safety aspects of the product, service and user training and customer feedback and reporting.

All in all, CellaVision is responsible for our analyzers being safe for patients, users and technical service staff.

Code of Conduct

The Code of Conduct describes CellaVision's values and guidelines for how we behave in various business situations. The Code is based on the UN Declaration of Human Rights and together with CellaVision's core values and policies, it forms the foundation for how we work.

The Code aims mainly to describe to our employees the responsibility that is associated with employment at CellaVision and how each employee's actions impact the company's identity and reputation. It applies to all employees of the CellaVision Group and others who represent the company, for example members of the Board and consultants.

Core values

CellaVision's core values state the principles for how we together develop CellaVision as a company. Our core values include the agreement between employees and the company

on what we stand for and how we move forward. The core values are the driving force that together with objectives and vision form CellaVision's corporate culture.

- *The customer in focus.* The customer's perceived relation to us as supplier impacts all parts of the company. Consequently, customers' needs drive all we do, from product development to delivery, service and relations. Our knowledge of the customers gives us the power of innovation to produce solutions that improve their operations.

- *Initiative and responsibility.* Ideas, competence and independent work with responsibility are required to drive CellaVision's business forward. All employees of CellaVision have the task of continually developing their areas of work to the extent necessary to achieve the company's objectives.

- *Simplicity and quality.* We strive for quality in all we do, an ambition that permeates the entire business. At the same time it implies an aspiration towards renewal and development, in many cases using smart, natural and simple solutions.

The core values guide decisions and actions and form the basis of how we work, the quality we offer and the way we treat customers, partners, investors and employees. They keep CellaVision's team together and contribute to competitive advantage. Working with us is to imply a stamp of quality for customers, partners and employees.

Responsible employer

CellaVision endeavors to offer all employees a safe, stimulating and fulfilling workplace. At CellaVision the employees' various competencies and perspectives are to be allowed scope and contribute to developing the business. Questions concerning human rights, work environment and safety are regulated in the company's Code of Conduct.

In the past three years CellaVision has worked to successively increase the percentage of women and achieve a more even gender distribution in the organization. The company believes that a more even distribution between men and women enhances competence and is positive for the work climate. When recruiting, one of the company's requirements is to meet as many women as men.

At year-end the total number of women was 27 (26), equivalent to 42 per cent (43) of the workforce. The total number of employees at year-end was 65 (61). In early 2013 two women were appointed to CellaVision's management team, which now has seven members, three of whom are women.

CellaVision's business is knowledge-intensive and its employees constitute a very important asset. Participation, great commitment and the right skills on the part of its employees give CellaVision an important tool to continue being a strong and leading player in the hematology market.

All employees in the CellaVision Group have annual performance reviews and target discussions with their immediate manager. At these discussions individual targets are set in accordance with overall business goals and at the end of the year target fulfillment is evaluated. Individual development plans are linked to the targets to ensure competency development, above all covering "on the job learning" but also through external training initiatives. In that way the company ensures continual competency development for its employees with a clear link to our business. Each individual employee's input has a clear impact on the company's development.

Annual employee surveys follow up how employees perceive CellaVision as a workplace. In the employee survey for 2012, 93 per cent of employees at the head office and the subsidiaries agreed with the statement "All in all, I would say that CellaVision is a very good workplace". Staff turnover during the year was 11 per cent (12) and sickness absence of 1-13 days was 1.0 per cent (1.2).

Support in the community

CellaVision's social commitment focuses on the core areas of education and entrepreneurship. CellaVision has supported the charity initiative Hand in Hand since 2009.

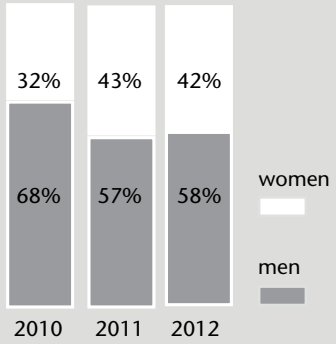
In 2012 CellaVision decided to increase its contribution to Hand in Hand instead of giving Christmas presents to its customers, partners and employees. Hand in Hand creates jobs for the poorest by educating women, so that they can start companies and thereby work themselves out of poverty under their own power. The money provides the women with training in entrepreneurship and teaching in reading, writing and math. The organization is currently active in India, southern and eastern Africa and Afghanistan.

You can read more about the activities of Hand in Hand at www.handinhand.nu.

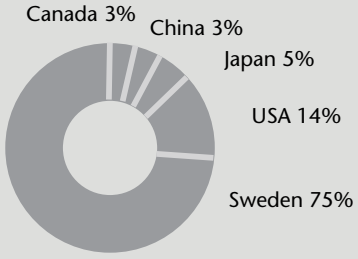
"I am very proud and pleased to belong to a company that I believe stands for sound values, a caring atmosphere and products that benefit fellow human beings."

From CellaVision's employee survey for 2012

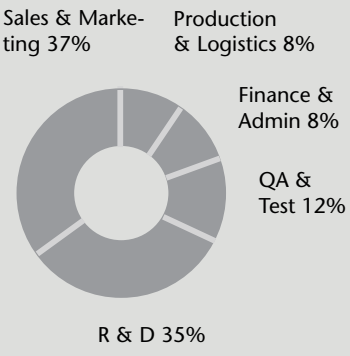
Distribution between men and women, in percent



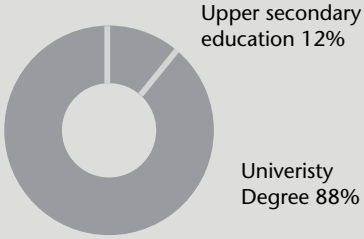
Employees by country



Employees per area of responsibility



Employees' level of education



CellaVision share performance

The CellaVision share is listed on the Nasdaq OMX Stockholm, Small Cap list since May 2010. The company's market value as at December 31, 2012 was SEK 351 million and the number of shareholders was 1 704. The Board of Director's dividend proposal to the Annual General Meeting in April 2013 will be SEK 0.40 per share.

Share capital

Share capital in CellaVision AB as at December 31, 2011 amounted to SEK 3,577,732, distributed among 23,851,547 shares. The quotient value per share is SEK 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. All shares confer an equal right to share in the company's assets and profits.

Price trend and share trading

The price of the CellaVision share increased during the year by 11 per cent, from SEK 13.25 at the start of the year to SEK 14.70 at year-end. During the same period index (OMX Stockholm PI) increased by 10 per cent. The highest price paid during the year was SEK 18.10 (2012-05-02), and the lowest was SEK 12.90 kronor (2012-01-17). The company's market value at year end was SEK 351 million (316).

In 2012 a total of 4.5 million shares were traded to the value of SEK 71.7 million. In 2011 the number of shares traded was 5.4 million.

Shareholders

The number of shareholders at year-end was 1,704, which is an increase of 4 per cent during the year. Three shareholders have direct and indirect holdings that represent more than ten per cent of the votes: Stiftelsen Industrifonden (15.0%), Metallica (10.4%) and CellaVision's founder Christer Fåhraeus (10.1%). The ten largest shareholders controlled 60.2 per cent of the company's shares on the balance sheet date. Swedish ownership was 75.6 per cent of the votes. The total institutional ownership in Sweden was 45.2 per cent. The Board of Directors and the management together owned, privately and through companies, about 12 per cent of the shares.

Dividend

In 2012, CellaVision paid to its shareholders a dividend of SEK 0.40 per share.

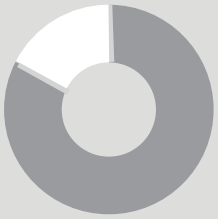
The Board of Directors proposes that the Annual General Meeting 2013 approve a dividend of SEK 0.40 SEK per share for 2012. CellaVision has decided not to announce a dividend policy for the coming year since the company is undergoing strong growth and still requires operational investments. A decision on share dividend will be made from year to year, based on the company's financial situation and working capital requirements to finance the company's growth ambitions.

Employee option programs

The company had no outstanding option programs as at December 31, 2012.

Shareholder categories

Foreign owners: 24,4%



Swedish owners: 75,6%

Analyses

Analyses of CellaVision are made quarterly by Redeye AB and Remium AB.

- Peter Östling, Redeye: peter.ostling@redeye.se
- Johan Löchen, Remium: johan.lochen@remium.com

The CEVI share

- Ticker symbol: CEVI
- Sector: Health Care
- ISIN code: SE0000683484

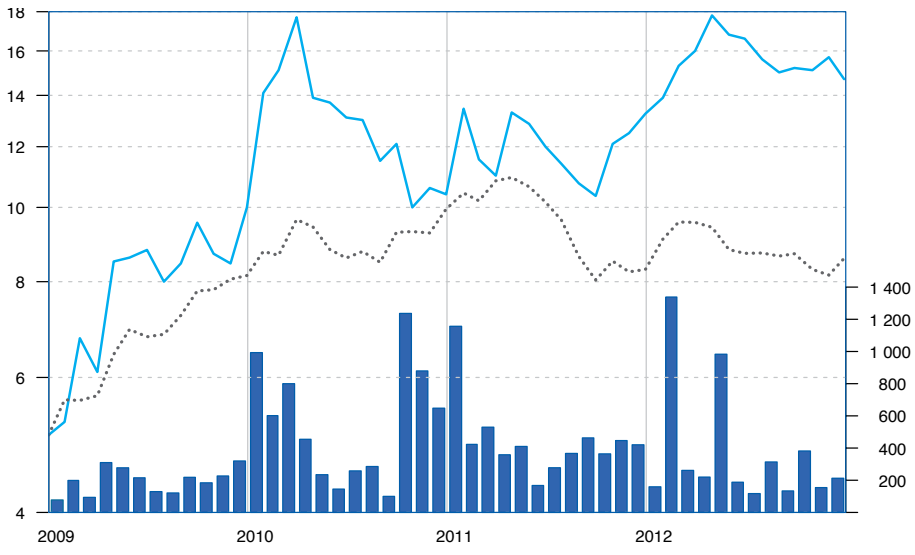
CellaVision's ten largest shareholders

Shareholders	Number of shares	Ownership in %
Stiftelsen Industrifonden	3,587,257	15.0
Metallica Förvaltnings AB	2,472,852	10.4
Christer Fåhraeus m bolag	2,400,000	10.1
Lannebo fonder	1,150,000	4.8
Livförsäkrings AB Skandia (PUBL)	967,776	4.1
Althin, Anders	962,000	4.0
SSB and Trust Omnibus, OM14	800,000	3.4
Tredje AP-fonden	714,000	3.0
Avanza Pension Försäkring AB	654,257	2.7
Sjätte AP-fonden	644,416	2.7
Ten largest shareholders, holding	**14,352,558**	**60.2**
Others	9,498,989	39.8
Total	**23,851,547**	**100**

Shareholder spread

Shareholder spread	Number of shares	%
1-500	644	37.9
501-1,000	367	21.5
1,001-5,000	425	24.9
5,001-10,000	119	7.0
10,001-20,000	62	3.6
20,001-	87	5.1
Total	**1,704**	**100.0**

Share performance 2009-2012



Annual General Meeting & calendar

CellaVision's Annual General Meeting will be held on April 24, 2013 at 16.00 at Ideon in Lund, Scheelevägen 19A, Delta 5.

Partcipation

Shareholders listed in the share register on April 18, 2013 and that have given notice of their intention to attend by 12.00 noon on April 18, 2013 are entitled to participate in the Annual General Meeting. Notice to attend shall be given in one of the following ways:

- By mail to CellaVision AB, Ideon Science Park, SE-223 70 Lund, Sweden
- By email: bolagsstamma@cellavision.se
- By fax: +46 46-286 44 70

Please specify name, personal or corporate identity number, daytime telephone number and number of shares. Where applicable, the number of advisors (a maximum of two) is to be stated. If a shareholder intends to be represented by a proxy, a power of attorney and other legitimacy papers should be attached to the notice of attendance.

Nominee registered holdings

For entitlement to participate in the Annual General Meeting shareholders with nominee-registered holdings must apply for temporary re-registration of the shares in their own name with Euroclear Sweden. Registration must have been effected at the latest by April 18, 2013 and should be requested in good time before that date.

Dividend

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 0.40 SEK per share for 2012.

Financial calendar

- April 24, Interim Report Q1
- July 17, Interim Report Q2
- Oct 24, Interim Report Q3
- Feb 13, 2014 Year-end Bulletin 2013

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Investor relations contact

For IR-related matters, please contact:
Tina Dackemark Lawesson, Director Investor Relations, tdl@cellavision.se

Definition of key ratios

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

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 investments. Tangible and intangible investments adjusted for disposals.

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

Equity per share after full dilution. Equity in relation to average weighted number of shares increased by the number that resides at full dilution. Splits and issues effected have been taken into account.

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

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 operting capital. Result before financial items as a percentage of average operating capital.

Interest coverage ratio. Operating result plus financial income divided by financial expenses.

Operating Capital. Balance sheet total less financial liabilities, deferred tax liabilities and non-interest bearing liabilities.

Cash flow for the year. Result after financial items plus amortisation/depreciation, less tax paid, adjusted for decrease/increase in working capital excluding cash and cash equivalents and less net investment in non-current assets and change in loans raised/repaid.

Five year in summary

SEK thousands	2012	2011	2010	2009	2008
INCOME STATEMENT					
Revenues	169,512	155,402	131,638	108,974	100,444
Cost of goods sold	-59,456	-53,991	-44,082	-32,486	-36,941
Gross profit	**110,056**	**101,411**	**87,556**	**76,488**	**63,503**
Selling expenses	-38,859	-35,281	-33,637	-30,443	-21,748
Administrative expenses	-29,060	-27,013	-23,046	-19,285	-16,461
Research and development costs	-21,435	-21,407	-17,336	-12,058	-11,896
Other operating income	0	90	411	75	0
Other operating expenses	0	0	0	0	-12
Operating profit/loss	**20,702**	**17,800**	**13,948**	**14,777**	**13,384**
Profit/loss from financial items	-2,151	714	-3,224	-616	-330
Tax	-12,100	-3,881	27,625	13,559	12,000
Net profit/loss for the year	**6,451**	**14,633**	**38,349**	**27,720**	**25,054**
BALANCE SHEET					
Assets					
Intangible assets	24,152	21,329	22,269	23,004	14,910
Tangible assets	2,693	2,015	1,592	2,270	2,824
Non-current financial assets	91	114	133	638	95
Deferred tax assets	37,994	49,304	53,184	25,000	12,000
Current assets	113,626	105,966	85,323	62,440	66,644
Total assets	**178,556**	**178,728**	**162,501**	**113,352**	**96,473**
Equity and liabilities					
Shareholders' equity	124,912	126,067	113,422	74,799	45,985
Current liabilities and current provisions	53,644	52,661	49,079	38,553	50,488
Total equity and liabilities	**178,556**	**178,728**	**162,501**	**113,352**	**96,473**
KEY RATIOS					
Equity, SEK '000	124,912	126,067	113,422	74,799	45,985
Operating capital, SEK '000	54,863	35,550	45,129	40,858	35,053
Liabilities to credit institutions, SEK '000	14,272	15,719	20,835	13,661	20,801
New investments, SEK '000	11,103	5,891	4,785	11,114	11,326
Cash flow for the year, SEK '000	-10,582	21,007	13,847	2,326	3,291
Interest coverage ratio	41	35	28	29	26
Net debt/equity ratio	-0.26	-0.33	-0.13	-0.11	0.03
Equity assets ratio, %	70	71	70	66	48
Return on equity, %	5	12	41	46	76
Return on operating capital, %	46	44	32	39	59
Average number of employees	64	59	54	49	42
Number of employees at close of period	65	61	57	50	47
DATA PER SHARE					
Net result before and after dilution, SEK	0.27	0.61	1.61	1.16	1.05
Net result before and after dilution, before translation effect of deferred tax asset SEK	0.57	-	-	-	-
Equity before dilution, SEK	5.24	5.29	4.76	3.14	1.93
Equity after dilution, SEK	5.24	5.29	4.76	3.14	1.93
Average weighted number of shares before dilution, thousands	23,852	23,852	23,852	23,852	23,852
Average weighted number of shares after dilution, thousands	23,852	23,852	23,852	23,852	23,852
Number of shares at end of period before dilution	23,852	23,852	23,852	23,852	23,852
Number of shares at end of period after dilution	23,852	23,852	23,852	23,852	23,852

Description of activities

The Board of Directors and the CEO/ President of CellaVision AB (publ), corporate registration number 556500-0998, hereby submits their Annual Report and consolidated financial statements for the fiscal year 2012.

CellaVision develops and sells digital solutions for medical microscopy in the field of hematology. The company replaces microscopes with analyzers based on digital image analysis technology, artificial intelligence and IT. The products are used when examining the distribution and appearance – size, form and color – of red and white blood cells, and contributes to more effective workflows and higher quality.

Customers

CellaVision's potential market for existing products currently consists of 15,000 laboratories that carry out microscopy analysis of blood and other body fluids. The customers are large and mid-sized hospital laboratories and commercial laboratories, mainly in Europe and North America. There is a growing interest in China, Japan and the countries of South East Asia.

Products

The product portfolio for the healthcare market consists of analyzers for blood for mid-size and large laboratories CellaVision DM1200 and CellaVision DM96. The analyzers can be used with supplementary software for body fluid analysis, remote access and quality assurance as well as the tool for digitization of blood samples.

The products are registered for sales in Europe and North America and in a number of markets, particularly in the Asia Pacific region. In most geographic markets CellaVision products are classified for the healthcare market as in-vitro diagnostics.

The product portfolio for the veterinary market in North America consists of the analyzer for blood CellaVision® DM96 Vet, with remote access software.

In addition there is CellAtlas®, a mobile application that is free of charge for training, an effective marketing tool.

Products

CellaVision® DM96
CellaVision® DM1200
CellaVision® DM96 Vet

CellaVision® Body Fluid Application
CellaVision® Remote Review Software
CellaVision® Proficiency Software
CellaVision® Image Capture System
CellaVision® Remote Review Software Vet
CellAtlas®

Sales and distribution

CellaVision sells its products through global partners with a local presence: Sysmex, Beckman Coulter and from 2013 also Siemens Healthcare Diagnostics and Abbott. Together they cover about 85 per cent of the global market. In the Nordic area, the USA, Canada and Japan, direct sales are also made via CellaVision's own sales companies. In China the region's three distributors are supported by our own business office, set up in collaboration with Business Sweden (formerly the Swedish Trade Council) in 2012.

CellaVision's income is mainly from sales of the CellaVision DM96 and DM1200 analyzers via the distributors. Software, spare parts, consumables and service account for a minor part of the company's total sales.

Competition

Manual microscopy is still the most common method for analyzing blood cells' look and shape. Commercial competition is limited to a few competing products and companies, all with limitations in their product registrations and sales. The emergence of new digital analyzers shows that the segment is attractive for other companies too. CellaVision assesses that its lead over its competitors is considerable, as regards both product potential and the strong market position established by CellaVision after more than ten years in the market.

Research and development

CellaVision is conducting several development projects, aimed at strengthening the product portfolio in relation to customers in the field of hematology.

During the year, CellaVision completed two new products: CellaVision® DM96 Vet, an analyzer for the veterinary market in North America and CellaVision® Image Capture System, for small laboratories in network to digitize their blood samples.

Moreover, a new version of the CellaVision analysis software, CellaVision® DM Software 3.2.1, was completed. This version includes functions for working together with the Image Capture product. At the same time the CellaVision® Remote Review Software was approved for installation in a Citrix environment.

The new web-based training tool, CellaVision Proficiency Software, which has been adapted for customers with many users, was under development during the year. The product targets both hospital laboratories and external quality bodies that arrange tests in laboratory medicine. In early 2013 the product was ready for use.

Capitalized expenditure for development projects during the year was SEK 9.3 million (4.5).

Patent

At the close of the year the company had a patent portfolio containing a total of 20 (18) patented inventions, which have generated 43 (34) national patents. The earliest patent expires in 2016 and the latest in 2029. Most of the company's patents are in the technology fields of image analysis and precision mechanics.

In 2012 CellaVision obtained patents for two new inventions. The first invention relates to the transportation of a slide during the analysis process and the other relates to a device for optical analysis of a biological specimen, both comprising valuable protection of vital parts of the analyzer CellaVision DM1200. During the year a total of nine national patent applications were granted.

Product supply and manufacture

The CellaVision DM96 and DM1200 analyzers are manufactured on contract by Kitron in Jönköping. CellaVision in Lund releases the products. There are sub-contractors in Japan and Taiwan and elsewhere.

Legal structure

CellaVision is a Group consisting of the parent company CellaVision AB and the wholly-owned subsidiaries CellaVision Inc., based in Florida, USA, CellaVision Canada Inc. Toronto, Ontario, Canada, CellaVision Japan K.K., Yokohama, Japan and CellaVision International AB. The functions of the subsidiaries are sales, marketing and support to end customers. The business office in China supports the distributors' sales activities.

Personnel

The number of employees of the Group, restated as full-time equivalents, was 65 (61) at the year-end. Of these, 38 (35) were men and 27 (26) women. More information is given in the sustainability report on pages 18-19.

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). The company's environmental work is described in the sustainability report on pages 18-19.

Significant events during 2012

The addition of a new global distribution partner

As part of the company's long-term expansion strategy, at the beginning of October CellaVision signed a distribution agreement with Siemens Healthcare Diagnostics. The agreement came into force on January 1, 2013 and gives Siemens the right to sell CellaVision's market leading products for digital microscopy globally, with the exception of the Nordic countries, Canada, China and Japan. Separate agreements have been signed for Sweden, Norway and Denmark.

New product for the veterinary market in North America

In February CellaVision decided to launch an analysis system for the veterinary market in North America. The product, the CellaVision® DM96 Vet, is a veterinary adapted version of the instrument for human samples and provides CellaVision with further growth opportunities in the hematology segment. In August CellaVision received its first order from a major laboratory chain.

Changes in the CellaVision management team

During the year the management team was augmented with Ron Hagner as VP Business Development and member of the Board Sven-Åke Henningsson, as acting Chief Financial Officer until a permanent successor has been appointed. Peter Wilson was appointed as new head of the subsidiaries in the USA and Canada.

More changes were made in the management team at the beginning of 2013, when the team was augmented with Maria Morin as VP Human Resources and Karin Dahllöf as VP Sales and Marketing.

Financial performance

Figures stated in parentheses refer to the 2011 financial year.

Sales, earnings and investment

Net sales for the Group rose during 2012 to SEK 169.5 million (155.4), an increase of 9% compared with the previous year.

The gross margin for the year was 65% (65).

The Group's operating profit for the year rose to SEK 20.7 million (17.8). Total operating expenses for the year were SEK 89.4 million (83.7). Operating expenses have increased because CellaVision grew during the year and the organization as planned now includes more employees in important areas of competency. On average the company has had 8% more employees than the previous year.

During the year CellaVision conducted several development projects, aimed at strengthening the product portfolio in relation to customers in the field of hematology. Capitalized expenditure for development projects during the year was SEK 9.3 million (4.5).

Investments (net investments) in property, plant and equipment during the period amounted to SEK 1.9 million (1.4).

Development in geographical markets

Sales in international markets are mainly in USD and EUR, which means that the company's sales and results are impacted by changes in these currencies. The company hedges 50-75 per cent of planned currency flows to compensate for any foreign exchange fluctuations.

All geographical regions report growth during the year but variations between quarters have been significant. In the last six months of the year investments in medical devices were affected by the generally harsh economic climate and CellaVision's volume growth was subdued. Fewer new investments in capital goods mean a longer investment cycle for laboratories and more delayed business transactions.

Sales in North America were SEK 101.8 million (94.6), an increase of 8%. The increase in dollars was 7%.

Sales in Europe, Middle East and Africa (EMEA) increased to SEK 55.3 million (51.2), an increase of 8%. In euros the increase was 12%.

Marketing in Asia and the Pacific region is in process of being built up and so far the region accounts for a limited part of CellaVision's total sales; about 7% for the full year in 2012. Sales in the region were SEK 12.4 million (9.6), an increase of 35% in local currencies.

Like others in the medical devices industry selling capital equipment, CellaVision's inflow of orders is unevenly distributed over the year, depending on the distributors' sales, inventory levels and contracted volumes. Consequently, the variation in order volume in individual quarters may be great in the different geographical markets.

Financing

The funds at the Group's disposal at the close of the year amounted to SEK 51.2 million (61.8), of which SEK 46.2 million (56.8) was cash and cash equivalents and SEK 5.0 million in unutilized credit.

The year's cash flow from operating activities was SEK 11.5 million (32.0). As an effect of high invoicing at the end of the reporting period the operations had a large amount of capital tied up in trade receivables over the balance sheet date.

Total cash flow for the year was SEK -10.6 (21.0), which is due to the binding in trade receivables and to the dividend of SEK 9.5 million distributed by the company in the second quarter.

Taxes

Of the year's tax expense of SEK 12.1 million, SEK 7.2 million is a decrease in deferred tax assets due to the corporate tax rate reduction to 22 per cent as of 2013. This also affects the earnings per share, which excluding this item is SEK 0.57 for the full year 2012.

Parent company

Parent company sales during the year were SEK 161.9 million (146.6). Profit before tax was SEK 15.5 million (13.8). The parent company's investments in property, plant and equipment and intangible assets during the year amounted to SEK 10.7 million (5.7) and the cash flow was SEK -6.6 million (15.8).

In other respects please refer to the information for the Group.

Risks and risk management

Reduced demand and changes in exchange rates constitute uncertainties but not material risks. For a more detailed description of the risks and uncertainties facing CellaVision, please refer to the risk and sensitivity analysis in note 3.

Significant events after the close of the financial year

CellaVision signs distribution agreement with Abbott for the European market

In February 2013 CellaVision extended its sales channels in Europe by signing an agreement with Abbott. The collaboration with Abbott creates conditions for increased penetration of the market in the European countries and the former Soviet Union states (CIS). Through the agreement more European laboratory customers will gain access to CellaVision's products and solutions. The agreement came into force on February 25, 2013.

Outlook for 2013

The underlying demand for CellaVision's products is continually increasing and the company has a strong position in the market through a stable product base and broader sales channels. CellaVision is planning for continued product development and continued international market expansion in 2013.

Financial uncertainty in markets important to CellaVision - North America and Europe - makes growth prospects for 2013 difficult to assess. Investments in medical devices are affected by the generally harsh economic climate. Fewer new investments in capital goods mean a longer investment cycle for laboratories and more delayed business transactions. The company's assessment is that the weak world economy will affect CellaVision's growth in the short term. In the first quarter of this year we therefore expect lower income and negative earnings. For the rest of the year, however, prospects are good for CellaVision's continued profitable growth.

Dividend

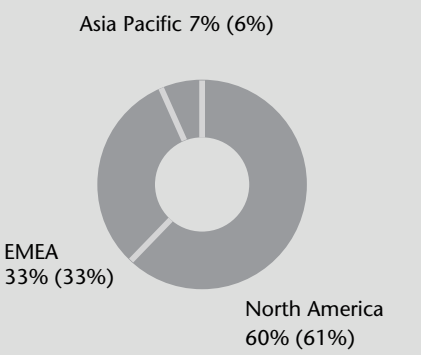
The Board of Directors proposes that the Annual General Meeting 2013 approve a dividend of SEK 0.40 SEK per share for 2012.

CellaVision has decided not to announce a dividend policy for the coming year since the company is undergoing strong growth and still requires operational investments. A decision on share dividend will be made from year to year, based on the company's financial situation and working capital requirements to finance the company's growth ambitions.

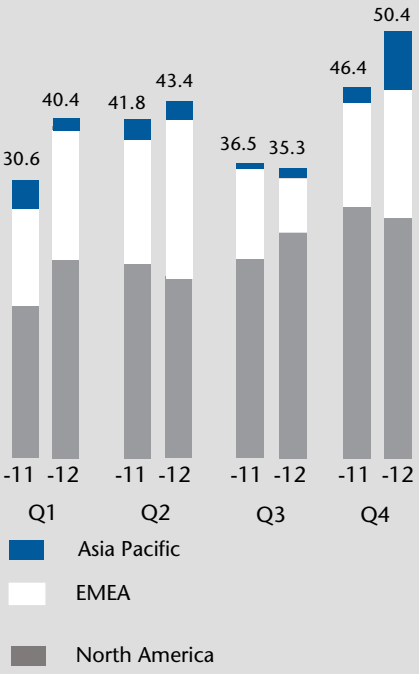
Statement by the Board of Directors on the proposed dividend

After distribution of the proposed dividend, the Group's equity ratio and liquidity are satisfactory, which means all group companies can meet their commitments in both the short and long term. The proposed dividend can thus be justified under the provisions of Chapter 17, Section 3 of the in terms of the Swedish Companies Act.

Sales per geographical region, 2012



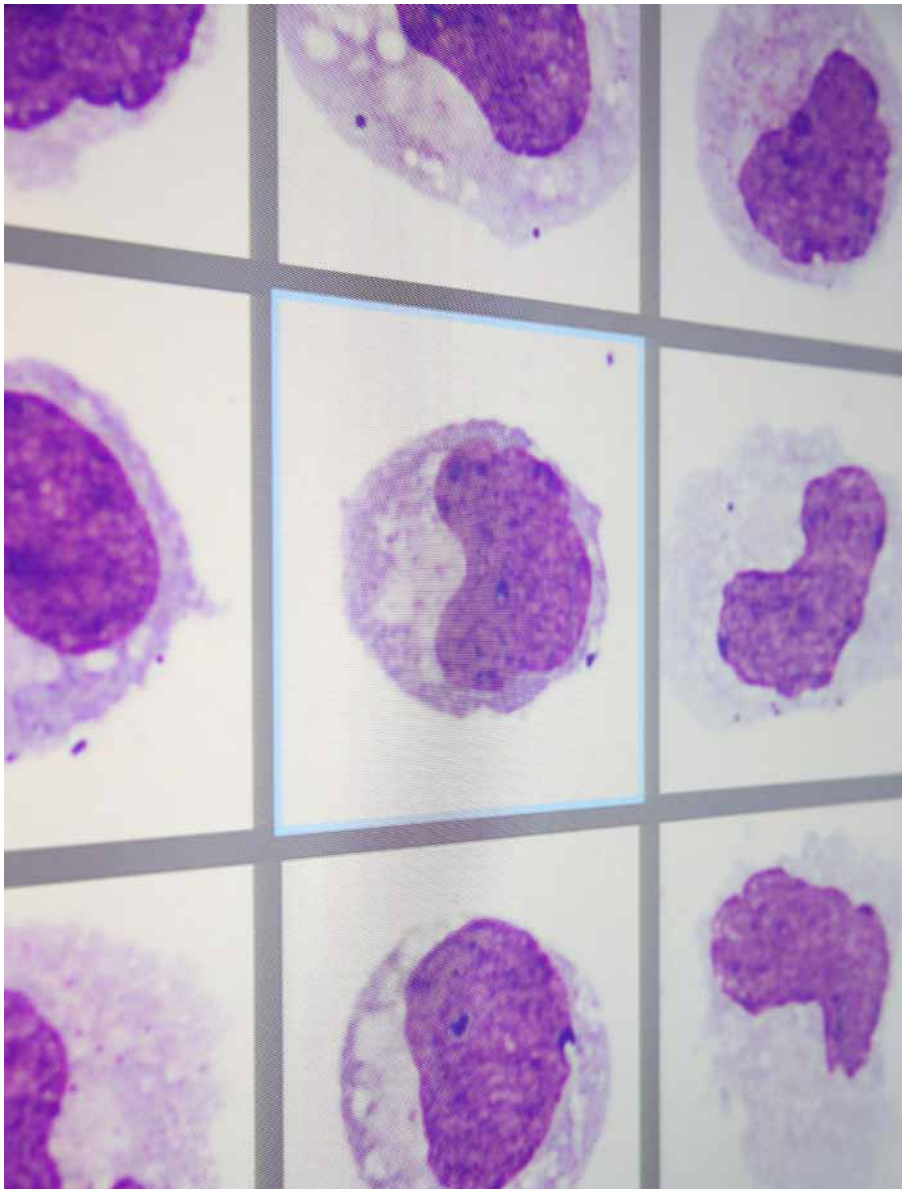
Sales per quarter and geographical region 2011-2012, MSEK



Appropriation of profits

The following profits are at the disposal of the Annual General Meeting	
Profit brought forward	112,921,972
Net profit/loss for the year	4,129,949
Total	117,051,921

The Board of Directors proposes the following for the parent company:	
Dividend to shareholders SEK 0,40 per share	9,540,619
To be carried forward	107,511,302
Total	117,051,921



Corporate governance report 2012

CellaVision is a Swedish public limited liability company with its registered office in Lund. Apart from the parent company, the Group consists of four wholly-owned subsidiaries in Sweden, the USA, Canada and Japan. The company's share is listed on NASDAQ OMX Stockholm. CellaVision has applied the Swedish Code of Corporate Governance (the Code) since the shares were admitted to trading in May 2010 and reports no deviations from the Code for 2012.

The term corporate governance normally refers to the rules and structure built up to govern and direct a limited liability company in an effective and controlled manner. Governance and control of CellaVision is divided between the shareholders at the Annual General Meeting, the Board of Directors and the President/CEO, and is regulated in legislation (including the Companies Act), the Articles of Association, the NASDAQ OMX Stockholm rule book for issuers and the Swedish Code of Corporate Governance. The Code is available at www.bolagsstyrning.se. In addition to legal control and governance principles CellaVision is also influenced by several internal policy documents, including instructions and rules of procedure for the President/CEO and Board of Directors, as well as internal policies and guidelines.

Shareholding

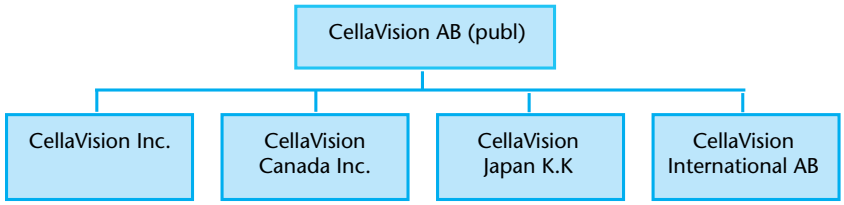
Share capital in CellaVision as at December 31, 2012 amounted to SEK 3,577,732, distributed among 23,851,547 shares. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote the full number of shares owned and represented by her or him without limit to the voting right. All shares confer an equal right to share in the company's assets and profits.

CellaVision had 1,704 shareholders on the closing date. Of these, the following shareholders have direct and indirect holdings that constitute more than ten per cent of the voting rights of all shares in the company; Stiftelsen Industrifonden represents 15 per cent of the votes, Metallica Förvaltnings AB represents 10.4 per cent of the votes, Christer Fåhraeus, who directly and indirectly through corporations represents 10.1 per cent of the shares. No shares are held by the company itself.

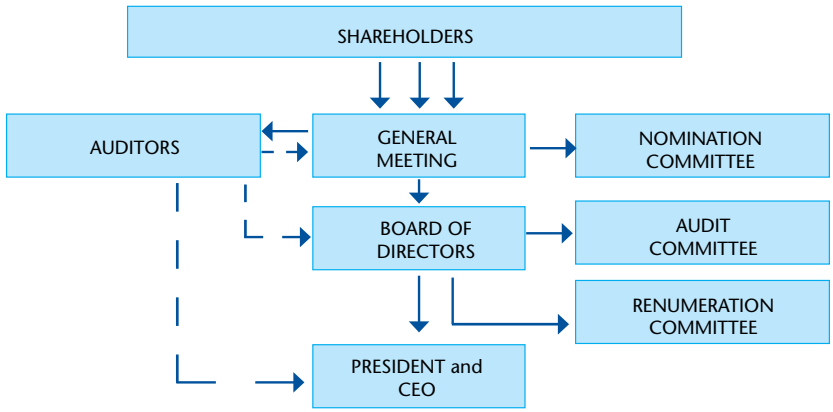
The Articles of Association

The Articles of Association of CellaVision stipulate that the company shall develop, market and sell products and systems for automated digital microscopy, specializing in software applications for the medical market. The registered office of the company is in Lund and the company's financial year is a calendar year. In other respects the Articles of Association contains provisions concerning the number of shares, number of board members and auditor and the Annual General Meeting. The Articles of Association contain no separate provisions concerning

Legal structure



Overall governance structure for CellaVision



CellaVision's operations are governed by a Board of Directors elected by the shareholders. This Board in turn exercises control over the company management. The administration of the Board of Directors and the President/CEO and financial reporting is examined by the external auditors elected by the Annual General Meeting.

the appointment or removal of members of the board or concerning amendments to the Articles of Association. The complete Articles of Association can be downloaded from www.cellavision.se.

General Meeting of Shareholders

The highest decision-making body in CellaVision is the general meeting, which is called at least once a year and among other things passes resolutions on the treatment of the company's balance sheet and income statement, discharge from liability of the Board of Directors and President/CEO, election of the Board of Directors and auditor, fees to the Board of Directors and auditor and appointment of the Nomination Committee. Amendments to the articles of association require a resolution by the general meeting of shareholders.

In order to participate in resolutions a shareholder must attend the meeting, in person or via a representative, and be entered under his or her own name in the register of shareholders and give notice of attendance to the company.

The Annual General Meeting of CellaVision is held in Lund during the first half of every year. In connection with the third quarterly report CellaVision's shareholders are informed of the time and place of the Annual General Meeting and of their right to bring a matter before the Meeting. A notice to attend the Annual General Meeting is published no earlier than six and no later than four weeks before the Meeting.

An extraordinary general meeting may be held if the Board of Directors considers it necessary or if the company's auditors or shareholders holding at least 10 per cent of the shares so requests.

2012 Annual General Meeting

CellaVision's Annual General Meeting was held on Wednesday May 2, 2012 at CellaVision's premises at Ideon in Lund. The Board of Directors, Nomination Committee and auditor of the company were present at the Meeting. Essentially, the following resolutions were passed:

- The parent company and consolidated income statements and balance sheets were adopted. It was further resolved that dividend of SEK 0.40 SEK per share will be distributed for the 2011 financial year.
- Discharge from liability of the members of the Board of Directors and the President.
- Re-election of Lars Gatenbeck, Christer Fåhraeus, Torbjörn Kronander, Sven-Åke Henningsson, Anna Malm Bernsten, Lars Henriksson and Roger Johanson. Lars Gatenbeck was re-elected as Chairman of the Board of Directors. Deloitte AB was re-elected as auditor.
- Fee to the Board of Directors, presented in the table on page 31 and in Note 7.4 of the annual report.
- Principles for the Nomination Committee.
- Guidelines for remuneration to senior management.

No authorizations for the Board of Directors to issue new shares or acquire own shares were resolved.

The minutes of the Annual General Meeting were presented on the website within a week of the Meeting. Material from the Meeting, such as the notice to attend, the minutes and information on the Nomination Committee is available to read on CellaVision's website www.cellavision.se. The full resolutions of the Meeting as above are available from the Company at the address Ideon Science Park in Lund and will be sent to any shareholder who so requests.

The Nomination Committee for the Annual General Meeting in 2013

The main task of the Nomination Committee is to propose to the Annual General Meeting the composition of the Board of Directors, which is then decided by the Annual General Meeting.

The work of the Nomination Committee starts by studying the evaluation of the work of the Board of Directors commissioned by the Board of Directors. The work of the Committee is characterized by transparency and discussion to achieve a well-balanced Board. The Nomination Committee then nominates members to the Board for the next term of office and submits proposals for remuneration to the Board of Directors and auditors.

According to a resolution of the Annual General Meeting in 2012, CellaVision's Nomination Committee for the 2013 Annual General Meeting is to consist of the Chair-

man of the Board and one representative for each of the four largest shareholders in terms of voting rights at the end of September 2012. For the 2013 Annual General Meeting the Nomination Committee consists of Lars Gatenbeck (Chairman of the Board of CellaVision), Lennart Hansson (representing Stiftelsen Industrifonden), Aleksandar Zuza (representing Metallica Förvaltnings AB), Christer Fåhraeus (representing Christer Fåhraeus and companies) and Caroline af Ugglas (representing Skandia Liv). The Nomination Committee represented about 40 per cent of shareholders' votes.

The composition of the Nomination Committee was presented in connection with the interim report for January – September 2012. The Nomination Committee proposals are presented in the notice to attend the 2013 Annual General Meeting and are also available on the company's website together with an explanatory statement concerning the proposed Board.

Board of Directors

The Board of Directors and ultimately the President/CEO administers the affairs of the company on behalf of the shareholders. The Board of Directors appoints the President/CEO, who is responsible for the day-to-day management of the company. The division of duties and responsibilities between the Board of Directors and the President/CEO is clarified in the Board's Rules of Procedure and the Instructions to the President/ CEO.

The Board of Directors is appointed by the shareholders at the Annual General Meeting with a term of office up to and including the next Annual General Meeting. The Board of Directors administers the company on behalf of the shareholders by establishing goals and strategy, evaluating the operative management and ensuring that there is an effective system for follow-up and control of the established goals. It is also the responsibility of the Board to ensure correct provision of information to the company's stakeholders. CellaVision's Board of Directors forms a quorum when more than half of its members are present. Under the Articles of Association the Board of Directors of CellaVision must consist of a minimum of three and a maximum of nine members with a maximum of two alternates. The Board holds an inaugural meeting directly after the Annual General Meeting.

Chairman of the Board

CellaVision's Board of Directors has been chaired since 2002 by Lars Gatenbeck. The Chairman of the Board is appointed by the Annual General Meeting. The Chairman of the Board must organize and lead the work of the Board, ensure that the Board regularly develops its knowledge of the company, communicate shareholders' views to the Board and be a support to the President/CEO. The Chairman of the Board and the President/CEO prepare proposed agendas for the Board meetings. The Chairman of the Board verifies that the Board's decisions are effectively implemented and is responsible for ensuring annual evaluation of the work of the Board and that the Nomination Committee is informed of the results of this evaluation.

The Board's Rules of Procedure

The Board of Directors is to annually adopt rules of procedure for its work. The current rules of procedure were adopted on May 2, 2012. In addition to that, the Rules of Procedure are revised as necessary. The Rules of Procedure include the responsibilities and duties of the Board, the duties of the Chairman of the Board, audit issues and specification of the reports and financial information that the Board must receive before each ordinary Board meeting.

Evaluation of the work of the Board

Under the leadership of the Chairman, the Board conducts an annual evaluation of its work. The evaluation refers to forms of work and work climate, emphasis of the Board's work and access to and need for special competence in the Board. The evaluation is used as an aid to developing the work of the Board. In accordance with the Code, relevant parts of the results are made available to the Nomination Committee.

CellaVision's Board of Directors 2012

As of the 2011 Annual General Meeting the Board of Directors consisted of seven members with no alternates. At the 2012 Annual General Meeting Christer Fåhraeus, Lars Gatenbeck, Sven-Åke Henningsson, Torbjörn Kronander, Anna Malm Bernsten, Lars Henriksson and Roger Johanson were reelected as Board members. Lars Gatenbeck was reelected as the Chairman of the Board. The members of the Board have great experience and competence in medicine and science as well as business and international operations. The composition of the Board complies with the provisions of NASDAQ OMX Stockholm and the Swedish Code of Corporate Governance concerning independent members. The information that is to be provided under point 10.2 of the Code concerning members of the board can be found on page 56.

Work of the Board in 2012

In 2012 CellaVision's Board of Directors held a total of nine minuted meetings, two of which by telephone. Four of the meetings were held in connection with the approval of the yearend bulletin and the interim reports.

Important questions during the year included strategy, growth issues, product development (product road map), strategic partnerships and material risks. A two-day meeting with the company management was devoted to long-term strategic planning, focusing on market expansion and product development.

The company's President/CEO and CFO participate regularly in the Board meetings. Other senior executives participate in the Board meetings as necessary. The company's auditor participated in the February Board meeting, when the year-end bulletin was approved. Eddie Juhlin, Member of the Swedish Bar Association, from Fredersen Advokatbyrå, was secretary at seven Board meetings during the year.

Audit Committee

Risks concerning CellaVision's financial reporting are monitored and evaluated by the Board's Audit Committee, whose main task is to support the Board in quality assurance of the financial reporting. The Audit Committee has no decision-making authority, it prepares and reports matters to the Board as a whole.

The Audit Committee consists of three members who are all independent in relation to the company and its management: Lars Gatenbeck, Lars Henriksson and Sven-Åke Henningsson, who chairs the Committee. Lars Gatenbeck and Sven-Åke Henningsson are also independent in relation to the company's major shareholders.

On September 1, 2012 Sven-Åke Henningsson took up the position of acting Chief Financial Officer of CellaVision. As of that date Sven-Åke Henningsson is not independent in relation to the company. When he took up his position, Member of the Board Anna Malm Bernsten replaced him on the Audit Committee. Lars Henriksson took over as chair of the committee.

During the year the Committee met twice,

with all its members present. Questions dealt with were mainly internal control in the subsidiaries, audit planning and governance and followup of operations. The company's auditor and CFO participate regularly at the Audit Committee meetings.

Remuneration Committee

The Board of Directors also has a Remuneration Committee, whose main task is to propose principles for remuneration and other conditions of employment for the President/CEO and other senior management in the Group. Ahead of each Annual General Meeting the Committee submits its proposals, in accordance with Chapter 8, Section 51 of the Swedish Companies Act.

In 2012 the Remuneration Committee consisted of members of the Board Lars Gatenbeck, Christer Fåhraeus and Torbjörn Kronander, who are all independent of the company and the company management. Lars Gatenbeck and Torbjörn Kronander are also independent in relation to the company's major shareholders. Lars Gatenbeck chairs the Committee. In 2012 the Committee met twice, with all its members present, and had several contacts by email and telephone. In addition to guidelines and principles of remuneration to the President/CEO and other senior management during the year the Committee discussed and dealt with an incentive program for the CEO, management and other staff.

President/CEO and Executive Group Management

The President/CEO is appointed by and receives instructions from the Board of Directors. CellaVision's President/CEO Yvonne Mårtensson is responsible for the day-to-day management of the company in accordance with the Board's guidelines and directions. The current Instruction to the President/CEO was adopted by the Board on May 2, 2012.The President/CEO prepares information and decision making data for the Board meetings and is presenter at the meetings. The Board of Directors continuously evaluates the work of the President/CEO through monitoring against goals set. Once a year a formal evaluation is made, which is discussed with the President/CEO.

The President/CEO has appointed a management team to be responsible for various parts of CellaVision's business. All the members of the Executive Group Management are at the company's head office in Lund, Sweden, except the VP Business Development who is at the subsidiary in the US. The Executive Group Management holds minuted meetings at which operative issues are discussed. The Executive Group Management draws up a business plan annually, which is adopted by the Board. In 2012 the Executive Group Management consisted of five people besides the President/CEO:

- Chief Financial Officer (CFO)
- Chief Operating Officer
- Quality Manager
- VP Business Development (from 120427)
- Marketing Manager (up to 120831)

A more detailed presentation of the President/CEO and the management team can be found on page 57. The information on the President/CEO stipulated in item 10.2 of the Code can also be found there.

Auditors

The administration of the Board of Directors and the President/CEO and financial reporting is examined by the external auditor elected by the Annual General Meeting. The auditor is proposed by the Nomination Committee and elected by the Meeting for one year. At the Annual General Meeting in 2008 Deloitte AB was elected as the company's auditor up to and including the 2012 Annual General Meeting. At the 2012 Annual General Meeting Deloitte was re-elected as auditor up to and including the 2013 Annual General Meeting. The auditor in charge is authorized public accountant Per- Arne Pettersson, who has been auditor in charge of CellaVision since 2000. The task of the auditor is to examine CellaVision's annual accounts and bookkeeping, as well as the administration by the Board of Directors and President/CEO on behalf of the shareholders. Besides the annual audit, the auditor reviews at least one interim report per year. Remuneration to the auditor is payable in accordance with the approved invoice. For amounts please see Note 8.

Remuneration

Salaries, remuneration and other benefits to the Board of Directors, President/CEO and other senior management are reported in Note 7.4 in the annual report. Remuneration to the Board of Directors can also be followed in the table above.

Guidelines for remuneration to senior management in 2012

The AGM 2012 resolved to approve the Board's proposed guidelines for remuneration to senior executives in CellaVision as follows:

"The company is to offer commercially

Attendance and renumeration to the Board in 2012

Name	Independence to the company	Independence to the company's major shareholders	Audit Committee	Remuneration Committee	Board fee, SEK thousands	Committee fee, SEK thousands	Total, SEK thousands	Attendance at Board meetings
Lars Gatenbeck	Yes	Yes	•	•	300	-	300	100
Christer Fåhraeus	Yes	Noj		•	150	20	170	78
Sven-Åke Henningsson*	Yes	Yes	•		150	13	163	89
Lars Henriksson*	Yes	No	• •		150	20	170	100
Roger Johanson	Yes	Yes			150	-	150	100
Torbjörn Kronander	Yes	Yes		•	150	20	170	89
Anna Malm Bernsten*	Yes	Yes	•		150	7	157	100
Total					1,200	80	1,280	

• Chairman • Member of the board

* On September 1 2012 Sven-Åke Henningsson took up the position of acting Chief Financial Officer of CellaVision. As of that date Sven-Åke Henningsson is not independent in relation to the company. When he took up his position, Member of the Board Anna Malm Bernsten replaced him on the Audit Committee. Lars Henriksson took over as chair of the committee.

A more detailed presentation of the members of the Board can be found on page 56 and on the company website www.cellavision.se.

based total remuneration that enables the recruitment and retention of senior management. The remuneration to company management is to consist of fixed salary, benefits in kind, variable remuneration and pension. Fixed salary plus variable salary together constitute the individual's target salary. Altogether the above components constitute the individual's total remuneration.

The fixed salary is to take account of the individual's areas of responsibility and experience and be reviewed annually. The distribution between the fixed salary and variable remuneration must be in proportion to the responsibility and authority of the person holding the position. The variable remuneration must always be subject to predetermined limits and be linked to predetermined and measurable performance criteria. The variable remuneration to the President/CEO must be based on individual goals established by the Board. Such goals may for example be linked to performance, sales and/or cash flow. For other senior management the variable remuneration must be based on individual goals and/or the outcome in the individual's relevant area of responsibility.

The 2011 Annual General Meeting resolved on a share-price related incentive program for company management vesting in 2011 and 2012. Ahead of the 2013 Annual General Meeting the Board of Directors will consider whether a share or shareprice related incentive program for senior management is to be proposed to the general meeting or not.

Pension conditions must be commercial in relation to market conditions applicable to others holding equivalent positions and must be based on defined contribution plan solutions. The retirement age is to be 65 years. Severance pay for a member of the management can be payable in an amount equivalent to a maximum of 12 months' salary. No separate board fee is payable to a member of management holding a position as member or alternate in a group company board of directors.

The Board of Directors may deviate from these guidelines if there are special grounds for this in an individual case."

Incentive program for senior management

The Annual General Meeting held on April 26, 2011 approved the Board of Director's proposed share price-related incentive program for company management to run for the period 2011-2015. Those eligible are the CEO and members of the management team.

The program means that the company, provided profitability and sales targets set at the start of the year have been achieved, will set aside 2 monthly salaries for the CEO and 1.5 monthly salaries for other senior management participating in the incentive program in 2011 and 2012. The outcome depends on a comparison between the company's average share price and the NASDAQ OMX Stockholm general index for Q4 2010 compared with Q4 2013 and Q4 2011 compared with Q4 2014, in which the company's average share price must have exceeded the general index by at least 30 per cent in Q4 2013 compared with Q4 2010 and by at least 30 per cent in Q4 2014 compared with Q4 2011 in order to generate any right to remuneration. Any payment will be made in 2014 and 2015.

A minimum increase of 30 per cent in the share price in a period of comparison as above results in a bonus equivalent to 2 monthly salaries for the CEO and equivalent to 1.5 monthly salaries for other senior management. An increase of at least 50 per cent will result in a bonus of 3 monthly salaries for the CEO and 2 monthly salaries for other senior management. The outcome of the incentive program in 2014 and 2015 is maximized to an amount per year equivalent to 4 monthly salaries for the CEO and an amount per year equivalent to 3 monthly salaries for other senior management participating in the incentive program. The maximum amount will be payable if the increase in the share price for the period in question is at least 100 per cent.

In order to participate in the incentive program for the periods 2011-2013 and 2012-2014, the member of senior management must have been employed for six months on December 31, 2011 and December 31, 2012 respectively and his/her employment contract on the same date must not be under notice of termination.

The Board of Directors determines the profitability and sales targets applicable to the program, the individual members of senior management in the group CEO and management team who are eligible to participate in the program, and decide whether the conditions that confer the right to payment of bonus under the incentive program for an individual member of senior management have been met.

For the program 2011-2013 it is estimated that for the maximum outcome, the cost to the company will be about SEK 450,000 (excluding social security contributions) per year. The calculation is based on the participation of six members of senior management in the program.

The profitability and sales targets set were not achieved for the 2012-2014 program. Consequently the program will not generate any costs for the company.

Incentive program for staff

The Board of Directors has decided on an equity-related staff incentive program to run from 2011-2013 and 2012-2014. Eligible staff are those who are not senior management and who consequently are not eligible for the incentive program for senior management resolved by the 2011 Annual General Meeting.

The decision means that the employee is credited with between 0.1-1.5 of monthly salary ("Participation Unit") in 2011 and [på sv respektive, rätt med and? Ja – helt rätt!] 2012. The size of the Participation Unit depends on the company's performance and sales in 2011 and 2012. The outcome of the bonus then depends on a comparison between the company's average share price and the NASDAQ OMX Stockholm general index for Q4 2010 compared with Q4 2013 and Q4 2011 compared with Q4 2014, in which the company's average share price must have exceeded the general index by at least 30 per cent in Q4 2013 compared with Q4 2010 and Q4 2014 compared with Q4 2011 to qualify for the right to a bonus. Any payment will be made in 2014 and 2015.

A minimum increase of 30 per cent in the share price in a period of comparison as above entails a bonus equivalent to 1 Participation Unit. An increase of at least 50 per cent entails a bonus of 1.5 Participation Units. The outcome of the incentive program is maximized to 2 Participation Units. The maximum amount will be payable if the increase in the share price for the period in question is at least 100 per cent.

To take part in the incentive program 2011-2013 the employee must have been employed for at least six months on December 31, 2011 and for the program 2012-2014 the employee must have been employed for at least six months on December 31, 2012. If the employee has been employed for less than 36 months on the date of payment,

the bonus will be reduced by 1/36 for each month the period of employment falls short of 36.

For the program 2011-2013 it is estimated that for the maximum outcome the cost to the company will be about SEK 6 million over three years (excluding social security contributions).

The profitability and sales targets set were not achieved for the 2012-2014 program. Consequently the program will not generate any costs for the company.

Proposed guidelines for remuneration to senior management in 2013

The Board of Directors proposes the following guidelines for remuneration to senior management in 2013:

"The company is to offer commercially based total remuneration that enables the recruitment and retention of senior management. The remuneration to company management is to consist of fixed salary, benefits in kind, variable remuneration and pension. Fixed salary plus variable salary together constitute the individual's target salary. Altogether the above components constitute the individual's total remuneration.

The fixed salary is to take account of the individual's areas of responsibility and experience and be reviewed annually. The distribution between the fixed salary and variable remuneration must be in proportion to the responsibility and authority of the person holding the position. The variable remuneration must always be subject to predetermined limits and be linked to predetermined and measurable performance criteria. The variable remuneration to the President/CEO must be based on individual goals established by the Board. These goals shall be linked to the company's overall goals including earnings, sales and/or cash flow. For other senior management variable remuneration is to be based on equivalent goals and goals within their own area of responsibility.

Pension conditions must be commercial in relation to market conditions applicable to others holding equivalent positions and must be based on defined contribution plan solutions. The retirement age is to be 65 years.

Severance pay for a member of the management can be payable in an amount equivalent to a maximum of 12 months' salary. No separate board fee is payable to a member of management holding a position as member or alternate in a group company board of directors.

The Board of Directors may deviate from these guidelines if there are special grounds for this in an individual case."

The Board of Directors also proposes to the General Meeting that the incentive program for senior management that previously applied in CellaVision during the periods 2011-2013 and 2012-2014 be continued.

The Board's report on internal controls and risk management referring to financial reporting

This report on internal controls referring to financial reporting is submitted by the Board of CellaVision and has been drawn up in accordance with the Swedish Code of Corporate Governance.

Background

According to the Companies Act and the Swedish Code of Corporate Governance the Board is responsible for internal controls.

Control environment

The basis of internal controls is the overall control environment. A good control environment builds on an organization with clear decision lines where responsibility and authority is clearly defined. In CellaVision there are policies, guidelines and process descriptions for the different parts of the business flow from transaction management to bookkeeping and preparing external reports. In the company's financial and accounting manual, Administrative Guidelines, which is updated annually, these process descriptions are presented in all essentials.

Risk assessment

The Board and Audit Committee are responsible for identifying and managing all material financial risks and risks of errors in the external reporting. The Audit Committee evaluates the risk management requirements annually and draws up written principles both for overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk and investment of surplus liquidity. These principles are then adopted by the Board.

Control activities

The main purpose of control activities is to prevent and discover errors as soon as possible in order to rectify any deficiencies. Procedures and activities have been designed to discover and deal with the most material risks related to financial reporting. Group companies are followed up by the CEO and CFO through regular reports and personal meetings with the management of the respective subsidiary. The Board receives monthly reports in which the CEO and CFO give an account of the past period regarding the Group's and each respective business area's results and financial position. The work on monthly closings and annual accounts is well-defined and reporting is in accordance with standardized reporting templates including comments regarding all material income and balance sheet items. There are CFOs and controllers with functional responsibility for accounting, reporting and analysis at both parent company and subsidiaries. In this way the company's financial reports are checked several times, which reduces the risk of error.

At present neither the size of the company nor its risk exposure warrant a separate internal audit function. The Board assesses that with the procedures in place for follow-up and control there is currently no necessity for this.

Information and communication

CellaVision's procedures and systems for provision of information are aimed at supplying the market with relevant, reliable, correct and current information about the company's development and financial position. The Board has adopted an information policy that specifies what is to be communicated, by whom and in what way the information is to be published to ensure that external information is correct and complete. Financial information is published regularly in the form of interim reports, annual report and press releases on price sensitive news. The material is published in Swedish and English on the company's website..

Follow-up

Compliance and effectiveness of internal controls are followed up regularly. The company's financial situation and strategy regarding its financial position is dealt with at each Board meeting, when the Board receives detailed monthly reports regarding the financial position and development of operations. Each interim report is analyzed by the Audit Committee, discussed with the CFO and then approved by the Board before publication.

Financial information

CellaVision AB (publ)

Consolidated statement of comprehensive income, Group

SEK thousands	Note	2012	2011
	1		
Net sales	4	169,512	155,402
Cost of goods sold	10	-59,456	-53,991
Gross profit		**110,056**	**101,411**
Selling expenses		-38,859	-35,281
Administrative expenses		-29,060	-27,013
Research and development expenditure		-21,435	-21,407
Other operating income		0	90
Operating profit/loss	5,6,7,8,9,10,13,14	**20,702**	**17,800**
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest income and other financial gains	11	225	1,113
Interest expense and other financial losses	11	-2,376	-399
Profit/loss before tax		**18,551**	**18,514**
Income tax	12	-12,100	-3,881
Net profit for the year		**6,451**	**14,633**
Other comprehensive income:			
a) Cash flow hedges			
Reclassified to operating profit		99	-1,947
Revaluation of financial assets		2,342	-99
Tax effect on cash flow hedges		-537	538
b) Translation differences			
Exchange rate differences on translation of subsidiaries		31	-480
Total other comprehensive income		1,935	-1,988
Total comprehensive income for the year		**8,386**	**12,645**
Of which attributable to the parent company's shareholders		8,386	12,645
Earnings per share (SEK)		0.27	0.61
Earnings per share after dilution (SEK)		0.27	0.61
Number of shares in issue (thousands)		23,852	23,852
Average number of shares in issue (thousands)		23,852	23,852

Consolidated statement of financial position, Group

SEK thousands	Note	2012	2011
ASSETS	1		
Non-current assets			
Capitalised expenditure for development	4,13	24,152	21,329
Equipment	4,14	2,693	2,015
Deferred tax assets	12	37,994	49,304
Other non-current receivables	4,15	91	114
Total non-current assets		**64,930**	**72,762**
Current assets			
Inventories			
Finished goods and goods for resale		16,356	14,450
Total inventories		**16,356**	**14,450**
Current receivables			
Trade receivables	17	40,632	26,653
Tax receivables		1,584	1,544
Other receivables		5,931	4,161
Accrued income and prepaid expenses	18	2,887	2,340
Total current receivables		**51,034**	**34 698**
Cash and cash equivalents		46,236	56,818
Total current assets		**113,626**	**105,966**
TOTAL ASSETS		**178,556**	**178,728**
EQUITY AND LIABILITIES	1		
Shareholders' equity			
Share capital	19	3,578	3,578
Other contributed capital		10,800	10,800
Reserves		2,353	418
Accumulated profit/loss including profit for the year		108,181	111,271
Total equity attributable to the parent company's shareholders		**124,912**	**126,067**
Current liabilities			
Current liabilities, non-interest-bearing		4,378	3,197
Liabilities to credit institutions, interest-bearing	20	14,272	15,719
Trade payables		16,458	16,549
Provisions	21	2,112	1,968
Accrued expenses and deferred income	22	16,424	15,228
Total current liabilities		**53,644**	**52,661**
TOTAL EQUITY AND LIABILITIES		**178,556**	**178,728**
Pledged assets	23	26,528	22,632
Contingent liabilities	23	None	None

Consolidated statement of cash flows, Group

SEK thousands	Note	2012	2011
Operating activities	1		
Profit/loss before tax		18,551	18,514
Paid tax		-790	-
Adjustments for non-cah items	24	7,668	8,266
Cash flow from operating activities before changes in working capital		**25,429**	**26,780**
Change in inventories		-1,906	-6,936
Change in operating receivables		-13,120	7,495
Change in operating liabilities		1,090	4,676
Cash flow from changes in working capital		**-13,936**	**5,235**
Cash flow from operating activities		**11,493**	**32,015**
Investing activities			
Capitalisation of development expenditure		-9,256	-4,537
Purchases of property, plant and equipment		-1,854	-1,373
Acquisition of non-current financial assets		23	19
Cash flow from investing activities		**-11,087**	**-5,891**
Financing activities			
Loans repaid/raised		-1,447	-5,117
Dividend		-9,541	-
Cash flow from financing activities		**-10,988**	**-5,117**
CASH FLOW FOR THE YEAR		**-10,582**	**21,007**
Cash and cash equivalents (opening balance)		56,818	35,811
Cash and cash equivalents (closing balance)		46,236	56,818
Supplementary disclosures, cash flow statement			
Interest received during the year		169	92
Interest paid during the year		-516	-395

Consolidated statement of changes in equity, Group

SEK thousands, Note 1	Share capital	Other contributed capital	Translation reserve	Fair value reserve	Retained earnings	Total shareholders' equity
Opening balance at 1 January 2011	3,578	10,800	971	1,435	96,638	113,422
Comprehensive Income						
Net profit for the year					14,633	14,633
Other Comprehensive Income						
Cash flow hedges, after tax				-1,508		-1,508
Exchange rate differences, after tax			-480			-480
Total Other Comprehensive Income			**-480**	**-1,508**		**-1,988**
Total Comprehensive Income			**-480**	**-1,508**	**14,633**	**12,645**
Dividend to Parent Company's shareholders						
Closing Balance at December 31, 2011	**3,578**	**10,800**	**491**	**-73**	**111,271**	**126,067**
Opening balance at 1 January 2012	3,578	10,800	491	-73	111,271	126,067
Comprehensive Income						
Net profit for the year					6,451	6,451
Other Comprehensive Income						
Cash flow hedges, after tax				1,904		1,904
Exchange rate differences, after tax			31			31
Total Other Comprehensive Income			**31**	**1,904**		**1,935**
Total Comprehensive Income			**31**	**1,904**	**6 451**	**8,386**
Dividend to Parent Company's shareholders					-9,541	-9,541
Closing Balance at December 31, 2012	**3,578**	**10,800**	**522**	**1,831**	**108,181**	**124,912**

Income statements, Parent company

SEK thousands	Note	2012	2011
	1		
Net sales	4,6	161,949	146,640
Cost of goods sold	10	-78,322	-71,567
Gross profit		**83,627**	**75,073**
Selling expenses		-15,705	-11,276
Administrative expenses		-29,060	-27,014
Research and development expenditure		-21,435	-21,407
Other operating income		-	90
Operating profit/loss	5,6,7,8,9,10,13,14	**17,427**	**15,466**
PROFIT/LOSS FROM FINANCIAL ITEMS			
Impairment loss on shares in subsidaries		-	-2,400
Interest income and other financial gains	11	217	1,103
Interest expense and other financial losses	11	-2,106	-360
Profit/loss before tax		**15,538**	**13,809**
Income tax	12	-11,408	-4,224
Net profit for the year		**4,130**	**9,585**

Statement of comprehensive income, Parent company

SEK thousands	Note	2012	2011
Statement of comprehensive income			
Net profit for the year		**4,130**	**9,585**
Other comprehensive income		-	-
Sum of other comprehensive income		0	0
Comprehensive result for the year		**4,130**	**9,585**

Balance sheets, Parent company

SEK thousands	Note	2012	2011
ASSETS	1		
Non-current assets			
Capitalised expenditure for development	13	24,152	21,329
Equipment	14	2,126	1,737
Shares in subsidiaries	16	9,852	9,852
Deferred tax assets	12	37,092	48,500
Total non-current assets		**73,222**	**81,418**
Current assets			
Inventories			
Finished goods and goods for resale		12,286	10,457
Total inventories		**12,286**	**10,457**
Current receivables			
Trade receivables	17	31,840	19,462
Receivables from group companies		12,642	16,499
Tax receivables		1,558	1,433
Other receivables		3,843	4,092
Accrued income and prepaid expenses	18	2,361	1,735
Total current receivables		**52,244**	**43,221**
Cash and cash equivalents		42,301	48,919
Total current assets		**106,831**	**102,597**
TOTAL ASSETS		**180,053**	**184,015**
EQUITY AND LIABILITIES	1		
Shareholders' equity			
Restricted equity			
Share capital	19	3,578	3,578
Statutory reserve		10,780	10,780
Non-restricted equity			
Profit brought forward		112,922	112,877
Net profit for the year		4,130	9,585
Total shareholders' equity		**131,410**	**136,820**
Current liabilities			
Current liabilities, non-interest-bearing		3,167	2,790
Liabilities to credit institutions, interest-bearing	20	14,272	15,719
Trade payables		16,173	16,404
Provisions	21	2,112	1,968
Accrued expenses and deferred income	22	12,919	10,314
Total current liabilities		**48,643**	**47,195**
TOTAL EQUITY AND LIABILITIES		**180,053**	**184,015**
Pledged assets	23	26,528	22,632
Contingent liabilities	23	None	None

Cash flow statements, Parent company

SEK thousands	Note	2012	2011
Operating activities	1		
Profit/loss before tax		15,538	13,809
Paid tax		-	-
Adjustments for non-cash items	24	9,028	8,419
Cash flow from operating activities before changes in working capital		**24,566**	**22,228**
Change in inventories		-1,829	-5,737
Change in operating receivables		-7,790	26,928
Change in operating liabilities		146	-5,258
Cash flow from changes in working capital		**-9,473**	**15,933**
Cash flow from operating activities		**15,093**	**38,161**
Investing activities			
Capitalisation of development expenditure		- 9,256	- 4,537
Purchases of property, plant and equipment		-1,467	-1,164
Investment in subsidaries		-	-11,549
Cash flow from investing activities		**-10,723**	**-17,250**
Financing activities			
Dividend		-9,541	-
Loans repaid/raised		-1,447	-5,116
Cash flow from financing activities		**-10,988**	**5,116**
CASH FLOW FOR THE YEAR		**-6,618**	**15,795**
Cash and cash equivalents (opening balance)		48,919	33,123
Cash and cash equivalents (closing balance)		42,301	48,919
Supplementary disclosures, cash flow statement			
Interest received during the year		161	83
Interest paid during the year		-247	-358

Statements of change in equity, Parent company

SEK thousands, Note 1	Share capital	Other contributed capital	Retained earnings	Total shareholders' capital
Opening balance at 1 January 2011	3,578	10,780	112,877	127,235
Net profit for the year			9,585	9,585
Other Comprehensive Income				
Other Comprehensive Income			-	-
Total Comprehensive Income			**122,462**	**136 ,820**
Dividend to Parent Company's shareholders				
Closing Balance at December 31, 2011	**3,578**	**10,780**	**122,462**	**136,820**
Opening balance at 1 January 2012	3,578	10,780	122,462	136,820
Net profit for the year			**4,130**	**4,130**
Other Comprehensive Income				
Other Comprehensive Income			-	-
Total Comprehensive Income			**126,592**	**140,950**
Dividend to Parent Company's shareholders			-9,541	-9,541
Closing Balance at December 31, 2011	**3,578**	**10,780**	**117,052**	**131,410**

Notes

Note 1. General information, accounting policies and valuation principles

Accounting policies

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 IFRS Interpretations Committee approved for use within the EU. The Swedish Financial Reporting Board recommendation RFR 1 "Supplementary accounting rules for groups" has also been applied. The parent company annual accounts were prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 "Accounting for legal entities". The consolidated and annual accounts are stated in SEK thousands and refer to the period 1 January-31 December for income statement-related items and December 31 for balance sheet-related items. Assets and liabilities are recorded in accordance with the historical cost method with the exception of certain financial assets recorded at fair value through profit or loss.

New and amended standards and interpretations in 2012

New and amended standards and improvements have had no impact on the Group's financial reports 2012. A number of new interpretations and amendments have been issued from IFRIC. These interpretations and amendments have had no impact on the Group's financial reports in 2012.

New and amended standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued a number of new and amended standards which have not yet come into force. None of these have been applied in advance. The company management considers that new and amended standards and interpretations will not have any material impact on the Group's financial reporting in the period they are applied for the first time.

However essential parts of IFRS 9 Financial instruments, which replaces IAS 39, are determined, but will be effective no earlier than 2015. The impact that this could bring on the financial reporting is therefore not yet fully known.

Group accounting policies

Consolidated accounts

CellaVision AB is a Swedish public limited liability company with its registered office at Ideon Science Park in Lund. The consolidated accounts include the parent company CellaVision AB and the wholly owned subsidiaries CellaVision Inc., USA, CellaVision Canada Inc., CellaVision Japan K.K. and CellaVision International AB. The consolidated accounts were prepared in accordance with the acquisition accounting method. This means that consolidated subsidiaries' identifiable assets, liabilities and contingent liabilities are recognised at fair value at the time of acquisition. 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.

Translation of foreign operations

The functional currency is determined for each foreign operation. 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. Translation differences are reported in "Other comprehensive income". For other exchange rate differences please see 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 possible 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, which normally coincides with delivery 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 and is recognized at the time of delivery or distribution of a license key.

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. Financial year borrowing costs for qualified assets for newly started projects are also capitalised. Since the company did not incur any borrowing costs no such costs have been capitalized. The financial costs undertaken by the company do not refer to development activities and their costs.

Exchange rate gains and losses

Realised and unrealised exchange rate differences attributable to operating costs and transactions are reported among other operating income or expenses. Exchange rate differences referring to short-term and long-term financial transactions are recorded as financial items.

Intangible assets

Intangible assets consist of capitalized expenditure for development that is recorded at cost of acquisition less accumulated amortization. Development expenditure recognized as an asset is amortized over the estimated useful life of five years. CellaVision's products are replaced by new

models at intervals of about five years. Amortization is started on market introduction of the respective product.

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

Depreciation/amortization according to plan
Depreciation/amortization according to plan is based on the historical cost and estimated useful life of the assets. Depreciation/amortization according to plan:

- Development projects 5 years
- Instruments 5 years
- Equipment 5 years
- Computer equipment 3 years

Leases
A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset from the lessor to the lessee. Leases that are not finance leases are classified as operating leases. Assets held under a finance lease are recognized at the beginning of the lease term at their fair value or, if lower, at the present value of the minimum lease payments. The liability of the lessee in relation to the lessor is recognized in the balance sheet. Lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to periods over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The operating leases refer mainly to premises, vehicles, computers and some office equipment.

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 unrealized exchange rate effects are recognized in revenue. To the extent an external customer contract exists (as regards the parent company's sales to Group companies) all customer invoices in the parent company are covered by invoice factoring. These are reported as trade receivables (in the parent company also intra-group 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 collateral 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 realizable value (lower of cost or market). The inventories contain finished products and input components for additional instruments. Material costs have been expensed during the year as Cost of goods sold in the amount of SEK 52.7 million.

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 plans. The ITP plan administered by Alecta is a defined benefit pension plan. However, in accordance with a statement by the Swedish Financial Reporting Board (UFR 3), 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 recognized as expenses in the period in which the employees render the related services.

Share-price related remuneration
The Group has a share-price related incentive program in which settlement will be in cash. The outcome of the program is dependent on a comparison between the company's share price and the NASDAQ OMX general index over the duration of the program. Any remuneration will be paid in the year after the program expires. At the close of each reporting period the company will review the fair value of the liability including social security costs. A change in the liability equivalent to the earnings at the close of each reporting period will be reported in the income statement. The following programs have been approved and refer to:

Duration	*Refers to*
2010-2012	Executive Group Mgmt
2011-2013	Executive Group Mgmt and other Swedish personnel
2012-2014	Executive Group Mgmt and other personnel

Classification of assets and liabilities
Non-current assets and liabilities consist in all essentials only of amounts expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and liabilities consist in all essentials only of amounts expected to be recovered or paid within twelve months of the balance sheet date.

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
Income tax recognized in revenue includes tax to be paid or received for the current year, adjustments of previous years' current 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. 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 they can be applied in the future.

Impairment of non-financial assets

If within the group there is an indication that the value of an asset is impaired, its recoverable amount is determined. The recoverable amount is defined as the higher of an asset's net realizable 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. An impairment loss is recognized in the income statement when the carrying amount in the consolidated accounts exceeds the recoverable amount.

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 of any doubtful receivables. These deductions are based on individual assessment of trade receivables taking into account expected bad debt losses. Historically the Group 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 and bank and short term 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 forecast inflows in foreign currency. The currency forwards used for hedging future cash flows and forecast sales in foreign currency are recognized in the balance sheet at fair value. The effective portion of the changes in value are reported in other comprehensive income until the hedged flow affects the income statement, when the hedging instrument's accumulated changes in value are recognized in the income statement, where they meet and match the effects on earnings of the hedged transaction. The ineffective portion of the value changes is recognized directly in the income statement.

Liabilities to credit institutions

Liabilities to credit institutions refers to pledged customer invoices, which means that the company has a current liability to the credit institution. The invoices are pledged for up to 60 days.

Operating segments

An operating segment is a part of an entity that conducts business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker, and for which discrete financial information is available. The entity's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function, who is assessing the performance of the operating segments and allocating resources. The entity's assessment is that the group executive board is the chief operating decision-maker. CellaVision's business operations comprise one operating segment; automated microscopy systems in the field of hematology, and refers to the income statement and balance sheet for reporting of operating segments.

Related party transactions

In 2012 CellaVision had transactions with member of the board, Sven-Åke Henningsson who is acting CFO on a consultancy basis. The transactions are priced on market terms and have not had any material impact on the company's financial position and performance. The transaction amounted to SEK 30 thousand. No other related party transactions have taken place with any members of the board, except for those in Note 7.

Important accounting estimates and assumptions

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. The following two areas are worth noting for CellaVision:

Capitalized development expenditure

The recoverable amount for capitalized 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.

Tax loss carry forwards

The part of CellaVision's deferred tax asset referring to tax loss carry forwards that has been recognized as a financial asset during the year corresponds to the management's assessment of what can be utilized with reference to financial forecasts.

Parent company's accounting policies

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

Valuation of cash flow hedges

In the parent company cash flow hedges are accounted off-balance and thus not included at fair value.

Investments in subsidiaries

Investments in subsidiaries are recorded on the basis of cost of acquisition.

Note 2. Capital structure

CellaVision defines managed assets as the sum of the Group's net debt and equity. At the end of 2012 managed assets were 92,948 thousand (84,968).

The Group's objectives regarding capital structure are to secure the Group's ability to continue operations to generate returns for shareholders and benefits to other stakeholders and to ensure that the capital structure is optimal considering the cost of capital.

When managing the capital, the Group follows up on metrics such as sales growth and operating margin. The objective is to increase sales by an average of 15% per year with an operating margin exceeding 15% over a business cycle. In 2012 CellaVision achieved a sales growth of 9 per cent (18) and the operating margin was 12.2 per cent (11.5).

To maintain a good capital structure the Group can, for example, raise new loans or amortise the existing loans, adjust the level of dividends paid to shareholders, repay capital to shareholders, buy back shares, issue new shares or sell assets.

Note 3. Risks

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 and that the Group's interest expense will increase as a consequence of increased market rates. The Group's financial assets consist of deposits. The assets' value is so insignificant that a very low risk is considered to exist. The Group's interest-bearing financial liabilities refer to liabilities to credit institutions. The major part 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 December 31, 2012, a change of one percentage point in the market rate would affect the Group's earnings by SEK 143 thousand (157). The corresponding figure for the parent company is SEK 143 thousand (157).

Currency risk

The Group operates internationally and is exposed to currency risk from various currency exposures, mainly in USD and EUR. The company's purchases are in SEK. Sales are predominantly in USD and EUR. 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. Derivatives held for foreign currency hedging are valued at level 2, financial instruments where fair value is determined on the basis of valuation models based on other observable data for the asset or liability than listed prices included in level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Currency forwards are valued on the basis of observable information referring to exchange rates on the balance sheet date and market rates for remaining maturities. The amount referring to ineffectiveness of cash flow hedges recognized in the income statement is SEK 0 (0).

CellaVision continuously hedges 50-75 per cent of currency exposure in net flows 12 months forward. Calculated on the basis of the Group's currency mix in its sales, a change of ten percentage points in the currencies would have an impact of SEK 11 million (10) on the Group's earnings.

Price risk

The Group is not exposed to any price risk referring to shares classified as financial instruments at fair value through profit or loss 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 its obligations. The maximum exposure for credit risks referring to financial assets as at December 31, 2012 was SEK 94,474 thousand (89,290) which corresponds to the amount of financial assets (see table below). However, at present the existing provision is deemed to be sufficient, see notes 15, 17.

Credit risk Trade Receivables

CellaVision collaborates with triple A distributors and established hematology companies. In the Nordic countries the customers are publicly funded hospitals. There is some concentration of credit risk relating to trade receivables but historically these customers have not had any payment difficulties. The percentage of receivables more than 121 days overdue was less than 3% of total trade receivables as at the balance sheet date, see note 17. There are no other financial assets due for payment.

Credit risk Bank and Finance Companies

The credit risk for cash and cash equivalents is limited as the Group's counterparties are banks with high credit ratings.

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. CellaVision minimizes this risk by holding sufficient cash and having an overdraft facility to cover its payment obligations. In addition the company pledges its foreign invoices. At present the liquidity risk is deemed to be reasonably low, mainly due to the Group's liquidity. The overdraft facility has not been used and pledged invoices amounted to SEK 14,028 thousand (15,132) at year-end. Liabilities to credit institutions and trade payables mature within three (3) months. Derivatives mature within 12 (12) months.

Fair value

The carrying amount corresponds to fair value for all of the Group's and parent company's financial assets and liabilities. The financial resources of the Group and parent company all belongs to category trade receivables and loans receivable and derivatives. In the parent company derivatives are not included in the balance sheet and are thus not measured at fair value. The financial liabilities in the consolidated and parent com-

Fair value, specification of each category

Financial assets	2012		2011	
	Group	Parent Company	Group	Parent Company
Non-current receivables	91	-	114	-
Trade receivables	40,632	31,840	26,653	35,961
Other receivables	5,688	5,401	5,705	5,525
Cash and cash equivalents	46,236	42,301	56,818	48,919
Derivatives	1,827	-	-	-
Total	**94,474**	**79,542**	**89,290**	**90,405**

Financial liabilities	2012		2011	
	Group	Parent Company	Group	Parent Company
Liabilities to credit institutions	14,272	14,272	15,719	15,719
Trade payables	16,458	16,173	16,549	16,404
Derivatives	-	-	73	-
Other liabilities	4,378	3,167	3,124	2,790
Total	**35,108**	**33,612**	**35,465**	**34,913**

Apart from fair value measurement of derivatives, other financial instruments have not had any impact on income.

pany belongs to the category Other financial liabilities and derivatives. Derivatives are measured at fair value in the consolidated statement of comprehensive income for 1,827 thousand (minus 73) and reported as other assets by a corresponding amount under the "Short term receivables" in the consolidated statement of financial position. For specification for each category, see table on the left.

Operational risk factors

Distributors

CellaVision's strategy is to establish strategic alliances with global players in medical technology. CellaVision operates through distributors in all markets except Canada. This means that CellaVision's future expansion depends on successful distributors. Since the beginning of 2013 the company mainly distributes its products through four of the five largest hematology companies in the world; Sysmex, Beckman Coulter, Siemens Healthcare Diagnostics and Abbott. CellaVision is dependent on their successes in the field of hematology, where CellaVision's products are marketed. Despite the fact that CellaVision has well-functioning and extensive contractual relationships with its 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 could have a negative impact on CellaVision's sales and earnings. All contracts are non-exclusive and run for 2-3 years.

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. The company has collaborated with contract manufacturer Kitron since 2006 and 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 conducts an active patent strategy to protect investments in core technology by applying for patents for new inventions.

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. The company has extensive insurance coverage for such claims.

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 USA for CellaVision DM. 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 could have a negative impact on CellaVision commercially and financially.

Note 4. Information by geographical area

CellaVision's operations comprise only one segment; analyzers for microscopy systems in the field of hematology, and therefore reference is made to the consolidated statement of comprehensive income and financial statement regarding segment reporting. CellaVision sells an analyzer in which software is included. The software and the new tool CellaVision Image Capture System do not function as stand-alone products. Other sales such as spare parts, service etc. total less than 10% of total sales.

The products are sold globally via partners and in selected markets also via CellaVision's own sales companies. CellaVision has three customers that each account for more than ten per cent of the company's total sales. The largest customer with sales of SEK 48 million and the other two with sales of SEK 44 million and SEK 29 million.

4.1 Income by geographical area

Group	2012	2011
Sweden[1]	1,763	1,977
Europe	53,551	47,890
North America	101,801	94,810
Rest of the world	12,397	10,725
Total[2]	**169,512**	**155,402**

Parent Company	2012	2011
Sweden[1]	8,324	1,977
Europe	53,435	47,881
North America	89,060	86,067
Rest of the world	11,130	10,715
Total[3]	**161,949**	**146,640**

1) Of which SEK 0 thousand (45) is rental income
2) Of which SEK 163,164 thousand (151,069) refers to system sales (hardware and software) and SEK 6,348 thousand (4,333) refers to sales of of services.
3) Of which SEK 159,256 thousand (145,399) refers to system sales (hardware and software) and SEK 2,683 thousand (1,241) refers to sales of services.

4.2 Non-current assets by geographical area

Group	2012	2011
Sweden	36,130	32,918
North America	531	273
Rest of the world	127	119
Group eliminations	-9,852	-9,852
Total	**26,936**	**23,458**

Note 5. Expenses classified by nature of expense

	2012	2011
Depreciation, amortisation and impairment (Note 10)	7,609	6,428
Costs for remuneration to employees (Not 7)	54,098	48,417
Changes in inventories of finished goods and work in progress	1,279	99
Raw materials	52,738	49,335
Transport costs	188	297
Capitalized expenses	-9,256	-4,538
Other expenses	20,719	16,247
Total cost of goods sold, selling and administrative expenses	**127,375**	**116,285**

Note 6. Intra-Group transactions

SEK 20,844 thousand (14,372) of the parent company's invoicing refers to subsidiaries. Invoicing from subsidiaries to the parent company amounted to SEK 12,303 thousand (16,345).

Note 7. Staff

7.1 Employees

	2012		2011	
Average number of employees	**Number employees**	**Of whom men**	**Number employees**	**Of whom men**
Parent company, Sweden	52	30	47	27
Subsidiaries, USA	7	5	7	5
Subsidiaries, Canada	2	1	2	1
Subsidiaries, Japan	3	2	3	2
Total	**64**	**38**	**59**	**35**

	2012		2011	
Number of women in senior management:	**Board of directors**	**Other positions**	**Board of directors**	**Other positions**
Parent company	1	1	1	1
Subsidiaries	-	-	-	-
Total	**1**	**1**	**1**	**1**

7.2 Salaries and other remuneration, distributed

	2012		2011	
Salaries and other remuneration, distributed	**Board of directors, CEO**	**Others**	**Board of directors, CEO**	**Others**
Parent company	3,013	25,173	2,412	21,992
Subsidiaries	-	10,833	-	11,387
Total	**3,013**	**38,006**	**2,412**	**33,379**

7.3 Social security and pension costs

	2012		2011	
	Social security costs	Of which pension costs	Social security costs	Of which pension costs
Parent company	14,022	4,147	11,644	3,227
Subsidiaries	1,057	227	982	187
Total	**15,079**	**4,374**	**12,626**	**3,414**

7.4 Remuneration to senior management

	2012		2011	
	Salary	Pension	Salary	Pension
Board of Directors:				
Lars Gatenbeck	300	-	300	-
Christer Fåhraeus	170	-	120	-
Lars Henriksson	170	-	120	-
Sven-Åke Henningsson	193	-	120	-
Roger Johanson	150	-	100	-
Torbjörn Kronander	170	-	120	-
Anna Malm Bernsten	157	-	100	-
CEO	2,350	689	1,961	608
Other senior management	5,419	1,005	3,959	648
Total	**9,079**	**1,694**	**6,900**	**1,256**

Note 8. Audit fees

	2012		2011	
Fees to the company's auditors, Deloitte AB	**Group**	**Parent Company**	**Group**	**Parent Company**
Audit	121	121	116	116
Addition to the audit engagement	80	80	75	75
Tax advisory	8	8	-	-
Other engagements	81	81	79	79
Total	**290**	**290**	**270**	**270**

Note 9. Operational leases and rental contracts

	2012		2011	
Contracted future rental and lease charges	**Group**	**Parent Company**	**Group**	**Parent Company**
– Within one year	3,412	3,225	3,546	3,380
– Later than one but within five years	270	270	3,745	3,745
– Later than within five years	-	-	-	-
Total	**3,681**	**3,495**	**7,291**	**7,125**

Rental and lease payments for all operational leases and rental contracts during the year amounted to SEK 4,087 thousand (3,517).

The parent company's rental and lease payments for the year were SEK 3,352 thousand (2,745).

Note 7, continued

In accordance with a resolution of the Annual General Meeting, remuneration is payable to the Board of Directors of SEK 1,280 thousand (980), of which SEK 300 thousand (300) to the Chairman of the Board and SEK 150 thousand (100) to each of the other board members. The board members who serve on the Board Committees receive a further SEK 20 thousand. The Chairman of the Board receives no extra remuneration. No further remuneration is payable. No agreements on pension, severance pay or other benefits exist. This amount has not yet been paid. The Board of Directors has consisted of seven members (7) since the Annual General Meeting in 2012.

The President/Chief Executive Officer's period of notice is twelve months for termination by the company and six months for termination by the President/Chief Executive Officer. For termination by the company, or by the President/Chief Executive Officer for material breach of contract by the company, the President/Chief Executive Officer is entitled to severance pay equivalent to twelve months' salary. No further severance pay is payable.

There is an incentive program for senior management consisting of a long-term share-price related program and an annual individual program. The outcome is maximized as 33% of the President/CEO's fixed salary and 25% for other members of senior management in accordance with a resolution of the 2010 and 2011 Annual General Meeting. During the year reservations have been made concerning the share-price related program from 2010 of SEK 994 thousand (0) for senior management. For the 2011 share-price related program, SEK 297 thousand (248) has been reserved for the Executive Group Management. See also the description in the corporate governance report.

In 2012 the CEO was paid a fixed salary including remuneration for paid leave of SEK 1,813 thousand (1,541), plus benefits mainly comprising car benefit valued at SEK 47 thousand (59). In addition to a fixed salary, variable remuneration of SEK 190 thousand (171) was paid. Other senior executives in the management group were paid total fixed salaries of SEK 4,768 thousand (3,375) plus benefits mainly comprising car benefit valued at SEK 90 thousand (84). In addition to a fixed salary, variable renumeration of SEK 263 thousand (237) was paid.

During the year other senior management has consisted of five persons. As of December 31 other senior management consist of four persons.

The Compensation Committee prepares questions of remuneration and other conditions of employment for the company management. Decisions are taken by the Board of Directors.

Note 9 Operational leases and rental contracts, continued

Leased assets that CellaVision has under finance leases are included in the "Equipment" item (note 14) in the following amounts:

	2012	2011
Cost of acquisition:	1,567	1,567
Depreciation/amortisation:	-1,356	-1,043
Net value	**211**	**524**
Gross liabilities referring to finance leases:		
Minimum lease payments		
Maturity date:		
– Within one year	211	356
– Between one and five years	-	168
Net value	**211**	**524**
Future financial expenses	-3	-17
Present value of liabilities referring to finance leases	**208**	**507**
Maturity date:		
– Within one year	208	313
– Between one and five years	-	194
Net value	**208**	**507**

Note 10. Depreciation distribution

10.1 Group

	2012		2011	
	Intangible asset	Tangible asset	Intangible asset	Tangible asset
Cost of goods sold	-6,433	-	-5,478	-
Selling expenses	-	-368	-	-343
Administrative expenses	-	-270	-	-202
Research and development expenses	-	-538	-	-405
Total	**-6,433**	**-1,176**	**-5,478**	**-950**

10.2 Parent company

	2012		2011	
	Intangible asset	Tangible asset	Intangible asset	Tangible asset
Cost of goods sold	-6,433	-	-5,478	-
Selling expenses	-	-269	-	280
Administrative expenses	-	-270	-	-202
Research and development expenses	-	-538	-	-405
Total	**-6,433**	**-1,077**	**-5,478**	**-887**

Note 11. Financial Items

11.1 Interest income and other similar profit/loss items

	2012		2011	
	Group	Parent Company	Group	Parent Company
Interest income	225	217	171	161
Exchange differences, Group loan	-	-	942	942
Total	**225**	**217**	**1,113**	**1,103**

11.2 Interest expenses and other similar profit/loss items

	2012		2011	
	Group	Parent Company	Group	Parent Company
Interest expenses[1]	517	247	399	360
Exchange differences Group loan	1,859	1,859	-	-
Total	**2,376**	**2,106**	**399**	**360**

[1] No part of the interest costs are directly attributable to development activities and their costs.

Note 12. Taxes

	2012		2011	
	Group	Parent Company	Group	Parent Company
Tax on result for the year				
Current tax	-790	-	-	-
Deferred tax credit	-	-	-	-
Deferred tax expenses	-11,310	-11,408	-3,881	-4,224
Total tax on result for the year	**-12,100**	**-11,408**	**-3,881**	**-4,224**
Deferred tax				
Utilization of tax losses	-4,158	-4,158	-4,224	-4 ,224
Revaluation of tax losses	-7,250	-7,250	-	-
Temporary differences	98	-	343	-
Total deferred tax	**-11,310**	**-11,408**	**-3,881**	**-4,224**
Deferred tax asset				
Deferred tax asset, loss carry-forwards	37,092	37,092	48,500	48,500
Temporary differences	902	-	804	-
Total carrying amount for deferred tax asset	**37,994**	**37,092**	**49,304**	**48,500**
Unrecognised deferred tax assets	1,224	0	2,062	0
Loss carry-forwards	174,166	168,598	192,252	184 ,121

Note 12, continued

All companies in the Group except Canada have accumulated loss carry-forwards. In Sweden these are not subject to any time limit and can therefore reduce taxes on future profits. In the U.S the time limit is 20 years. In Japan it is 7 years.

At year-end the parent company recognized deferred tax assets for all of the loss carry-forwards in Sweden. No part of loss carry forwards in other countries has been recognized in the accounts of subsidiaries.

In the USA the tax loss amounts to USD 309 thousand and can be applied in 2028-2029 at the latest. In Japan the unused tax loss amounts to JPY 47 million, which can be applied in 2015-2019 at the latest.

Deferred tax assets referring to loss carry forwards are only reported to the extent that it is probable that the tax deduction can be applied against a taxable surplus in the foreseeable future.

Due to the corporate tax rate reduction from 26.3 per cent to 22 per cent in 2013, the translation effect of deferred tax assets is SEK 7,250 thousand.

	2012		2011	
Reconciliation, taxation	Group	Parent Company	Group	Parent Company
Accounting profit/loss before tax	18,551	15,538	18,514	13,809
Tax at current tax rate	-4,879	-4,086	-4,869	-3,632
Tax effect of:				-
Non taxable income	-	-	76	76
Non-deductible expenses	-72	-72	-37	-668
Tax losses where deferred tax asset is not reported	101	0	949	0
Revaluation of tax losses	-7,250	-7 250	0	0
Tax on result for the year	**-12,100**	**-11,408**	**-3,881**	**-4 ,224**

Note 13. Intangible assets

	2012		2011	
	Group	Parent Company	Group	Parent Company
Opening cost of acquisition	54,460	54,460	49,922	49,922
Year's acquisitions	9,256	9,256	4,538	4,538
Closing accumulated cost of acquisition	**63,716**	**63,716**	**54,460**	**54,460**
Opening depreciation	-33,131	-33,131	-27,653	-27,653
Depreciation for the year	-6,433	-6,433	-5,478	-5,478
Closing accumulated depreciation	**-39,564**	**-39,564**	**-33,131**	**-33,131**
Closing carrying amount	**24,152**	**24,152**	**21,329**	**21,329**

Note 13. continued

Expenditure on research and development was SEK 30,691 thousand (25,945), which is 18 % (17) of net sales. Of this expenditure SEK 9,256 thousand (4,538) has been capitalised and the remaining SEK 21,435 thousand (21,407) has been charged to the result for the year.

The year's development work refers mainly to development of new software applications.

Information on impairment testing

On each balance sheet date the Group analyzes the carrying amounts for property, plant and equipment and intangible assets to establish whether there is any indication of value impairment. If this is the case, the asset's recoverable amount is calculated in order to establish the value of any impairment loss, which is recorded in earnings for the period.

The company management has set budgeted gross margins based on its expectations of market developments. The weighted average rate of growth used is in line with forecasts in industry reports. Taking the above into account, the company management considers that no impairment loss exists as at December 31, 2012.

Note 14. Equipment

	2012		2011	
	Group	Parent Company	Group	Parent Company
Opening cost of acquisition	13,333	12,581	11,960	11,418
Year's acquisitions	1,877	1,467	1,391	1,181
Disposals/retirements	-22	-	-18	-18
Closing accumulated cost of acquisition	**15,188**	**14,048**	**13,333**	**12,581**
Opening depreciation	-11,223	-10,844	-10,273	-9,957
Depreciation for the year	-1,196	-1,078	-950	-887
Reversal of acc. depreciation on disposals/retirements	15	-	-	-
Closing accumulated depreciation	**-12,404**	**-11,922**	**-11,223**	**-10,844**
Translation difference	**-91**	-	**-95**	-
Closing carrying amount	**2,693**	**2,126**	**2,015**	**1,737**

Note 15. Non-current financial assets

Group	2012	2011
Opening cost of acquisition	114	133
Office rent, deposit	-	-
Recovered deposit	-7	-25
Translation differences for the year	-16	6
Closing carrying amount	**91**	**114**

Note 16. Shares and participations in subsidiaries

Parent company	2012	2011
Opening book value	9,852	704
Shareholders' contribution paid	-	11,548
Acquisitions	-	0
Impairment losses	-	-2,400
Closing carrying amount	**9,852**	**9,852**

Shares owned by the parent company, 2012

Company	Corporate identity number	Registered office	Number of partitipcations	Share of equity, %	Book value
CellaVision International AB	556573-4299	Lund, Sweden	1,000	100	100 KSEK
CellaVision Inc., Canada	1724445	Toronto, Canada	1,000	100	6 KSEK
CellaVision Inc., USA	06-1624895	Delaware, USA	10	100	1 KR
CellaVision Japan K.K.	0104-01-074862	Yokohoma, Japan	200	100	9,746 KSEK

Note 17. Trade receivables

Trade receivables overdue but not written down:

	2012	2011
1–30 days overdue	3,891	5,543
31–60 days overdue	75	893
61–90 days overdue	123	48
91–120 days overdue	78	287
More than 121 days overdue	106	208
Total	**4,274**	**6,979**

Note 17. continued

As at December 31, 2012 trade receivables of SEK 4,274 thousand (6,979) 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. The main part of these receivables were settled at the end of February 2013.

As at December 31, 2012 the Group reports a loss referring to provision for anticipated bad debt losses of SEK 0 thousand (0). The provision for doubtful trade receivables was SEK 0 thousand (0) as at December 31, 2012.

There are no pledges as collateral for receivables.

The Group uses invoice factoring. The borrowing level can be a maximum of 80% per customer. As at December 31, 2012 the borrowing level is 35% (59).

Note 18. Prepaid expenses and accrued income

	2012		2011	
	Group	Parent Company	Group	Parent Company
Office rent	909	909	802	802
Pension premiums	144	144	144	144
Insurance premiums	563	563	505	505
Market activity costs	114	-	338	-
Deposit	318	318	-	-
Other	839	427	551	284
Total	**2,887**	**2,361**	**2,340**	**1,735**

Note 19. Share capital

The registered share capital in the parent company was distributed, as at December 31, 2012, 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.

Note 20. Liabilities to credit institutions

	2012		2011	
Current liabilities	**Group**	**Parent Company**	**Group**	**Parent Company**
Nordea Bank AB	244	244	586	586
Nordea Finans Sverige AB	14,028	14,028	15,133	15,133
Total	**14,272**	**14,272**	**15,719**	**15,719**

The liability to Nordea Bank AB refers to leasing. 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 23 million as at December 31, 2012.

Note 21. Provisions

	2012		2011	
Provisions for warranty	**Group**	**Parent Company**	**Group**	**Parent Company**
Opening amount	1,968	1,968	2,256	2,256
Allocated during year	2,112	2,112	1,968	1,968
Reversed provisions	-1,584	-1,584	-1,388	-1,388
Utilised	-384	-384	- 868	-868
Total	**2,112**	**2,112**	**1,968**	**1,968**
Provisions fall due for payment				
– Within one year	2 ,112	2,112	1,968	1,968
– Later than one but within five years	-	-	-	-
Total	**2,112**	**2,112**	**1,968**	**1,968**

Note 22. Accrued expenses and deferred income

	2012		2011	
	Group	**Parent Company**	**Group**	**Parent Company**
Holiday liability	4,242	3,851	4,015	3,623
Board fee	1,280	1,280	980	980
Social security contributions	1,612	1,612	1,446	1,446
Staff costs	463	209	2,301	836
Incentive program	3,513	3,513	1,218	1,218
Customer obligations	441	441	846	846
Prepaid income	2,835	-	2,555	-
Other	2,038	2,013	1,867	1,365
Total	**16,424**	**12,919**	**15,228**	**10,314**

Note 23. Pledged assets and contingent liabilities

	2012		2011	
Pledged assets	Group	Parent Company	Group	Parent Company
Pledged trade receivables	14,028	14,028	15,132	15 ,132
Floating charge	12,500	12,500	7,500	7,500
Total	**26,528**	**26,528**	**22,632**	**22,632**
Contingent liabilities	None	None	None	None

The floating charge applies to invoice factoring and overdraft facilities and covers all CellaVision AB's property. The overdraft facility is for SEK 5 million and had not been utilised as at December 31, 2012.

Note 24. Non-cash items

Group	2012	2011
Depreciation	7,609	6,427
Unrealised currency gains/losses , Intercompany loan	-1,828	-942
Change in accruals and provisions	1,887	2,781
Total	**7,668**	**8,266**

Parent Company	2012	2011
Depreciation/amortisation	7,511	6,365
Impairment loss, shares in subsidaries	-	2,400
Unrealised currency gains/losses, Intercompany loan	-1,859	-942
Change in accruals and provisions	3,376	596
Total	**9,028**	**8,419**

Note 25. Disputes in the Group

There are no disputes in the Group with external parties.

Note 26. Events after the balance sheet date

In February 2013 CellaVision extended its sales channels in Europe by signing an agreement with Abbott. The collaboration with Abbott creates conditions for increased penetration of the market in the European countries and the former Soviet Union states (CIS). Through the agreement more European laboratory customers will gain access to CellaVision's products and solutions. The agreement came into force on February 25, 2013.

The Annual Report was adopted by the board and approved for publication on March 25, 2013.

Annual General Meeting
The Annual General meeting will be held on April 24, 2013 at 16:00 at CellaVision's premises at Ideon in Lund, Sweden. Delta 5, Scheelevägen 19A.

Dividend
The Board of Directors proposes that the Annual General Meeting 2013 approve a dividend of SEK 0.40 per share for 2012.

Signing of the annual accounts
The annual accounts and consolidated accounts were approved by the Board of Directors on March 25, 2013. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be submitted for adoption by the Annual General Meeting on April 24, 2013.

The Board of Directors and CEO hereby certify that the annual accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation, RFR 2 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 company's business, financial position and performance and describes material risks and uncertainties to which the company is exposed.

The Board of Directors and CEO hereby certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, Annual Accounts Act and RFR 1, 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 companies in the Group are exposed.

Lund, March 25, 2013

Lars Gatenbeck
Chairman of the Board

Lars Henriksson
Member of the Board

Roger Johanson
Member of the Board

Christer Fåhraeus
Member of the Board

Sven-Åke Henningsson
Member of the Board

Torbjörn Kronander
Member of the Board

Anna Malm Bernsten
Member of the Board

Yvonne Mårtensson
President and CEO

Our audit report was submitted
on March 25, 2013
Deloitte AB

Per-Arne Pettersson
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of CellaVision AB (publ). Corporate identity number 556600-0998

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of CellaVision AB (publ) for the financial year 2012-01-01– 2012-12-31 except for the corporate governance report on pages 28–33 The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 24–54.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are respon¬sible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with Interna¬tional Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not include th corporate goverance report on pages 28–33. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of comprehensive income and the statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of CellaVision AB (publ) for the financial year 2012-01-01–2012-12-31. We have also made a statutory examination of the corporate governance report.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and for the corporate governance report being prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition we have read the corporate governance report and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance report has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Malmö, March 25, 2013
Deloitte AB

Per-Arne Pettersson
Authorised Public Accountant

Board of Directors and Auditors

LARS GATENBECK

Elected 2000. Chairman since 2002.
Year of birth: 1956.

Other directorships
Chairman of Life Equity Group AB. Former positions include Director of Karolinska University Hospital and management positions within the pharmaceutical and biotechnology industry.
Chairman of the Board of Life Equity Group Holding AB, Swecare AB, Stiftelsen Swecare and Life Medical Sweden AB. Member of the Board of Aleris Holding AB, Cancerföreningen and Stiftelsen Silviahemmet.
Senior Advisor i Econ Healthcare PTE Ltd and Principal in Gustav V:s Jubileumsfond.
Education: M D., Ph.D.
CellaVision shares: 7,438.

CHRISTER FÅHRAEUS

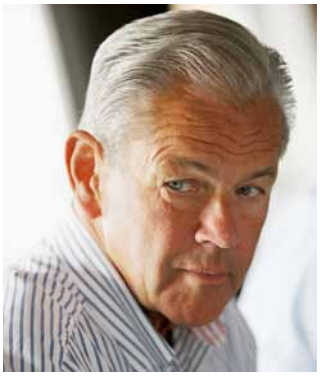
Founder of CellaVision. Member of the board since 1994.
Year of birth: 1965.

Other directorships
CEO of EQL Pharma AB. Former positions include CEO of Anoto Group AB and Agellis Group AB. Founder of Anoto Group AB, Precise Biometrics AB, Agellis Group AB and Flatfrog Laboratories AB among others.
Chairman of the Board of Agellis Group AB, Respiratorius AB and Flatfrog Laboratories AB. Member of the Board of EQL Pharma AB, Lunds Universitets Utvecklingsbolag (LUAB), Fårö Capital AB and Karo Bio AB.
Education: M Sc. Bioengineering, B Sc Mathematics, Ph D (hc) Lund University.
CellaVision shares: 2,400,000 (incl. companies).

LARS HENRIKSSON

Elected 2011.
Year of birth: 1961.

Other directorships
Investment manager and business analyst at Industrifonden in the Life Science business area.
Former positions include CFO in telecoms and traditional industry on an international basis.
Member of the Board of Diashunt Intressenter AB and serves as alternate in several cases under mandate from Industrifonden.
Education: M.Sc. Industrial Engineering and Management.
CellaVision shares: 0.



SVEN-ÅKE HENNINGSSON

Elected 2006.
Year of birth: 1940.

Other directorships
Former positions include President of Kanthal-Höganäs, AB Wilh. Becker and Lindéngruppen AB. Member of the Board of Gant Company AB.
Education: B.Sc. Economics and Business Administration.
CellaVision shares: 70,000.

ROGER JOHANSON

Elected 2011.
Year of birth: 1959.

Other directorships
Head of Venture Capital & Direct Investments at Skandia Liv.
Former positions include CEO and President at Medicarb AB and management positions at Boehringer Mannheim Scandinavica AB, DAKO A/S and Becton Dickinson AB.
Education: M.Sc. Chemical Engineering.
CellaVision shares: 3,000.

TORBJÖRN KRONANDER

Elected 2007.
Year of birth: 1957.

Other directorships
President of Sectra AB and Sectra Medical AB. Founder of Sectras' medical division and co-founder of the research center, CMIV(Center for Medical Image science and Visualization) in Linköping.
Chairman of the Board of Sectra Sverige AB and Sectra Mamea AB. Member of the Board of Sectra AB and Shannon AB.
Education: Doctor of Technology, MBA.
CellaVision shares: 278,000.

ANNA MALM BERNSTEN

Elected 2010.
Year of birth: 1961.

Other directorships
CEO of Bernsten Konsult AB. Former positions include CEO and President of Carmeda AB and management positions at Pharmacia & Upjohn and GE Healthcare Life Sciences.
Chairman of the Board of Scientific Solutions AB. Member of the Board of AB Fagerhult, Medivir AB, Nolato AB, Birdstep ASA, Matrisen AB, Oatly AB and Cereal Base CEBA Aktiebolag
Education: M.Sc. Chemical Engineering.
CellaVision shares: 0.

Auditor

PER-ARNE PETTERSSON

Authorised Public Accountant, Deloitte AB.
Auditor of CellaVision since 2000.

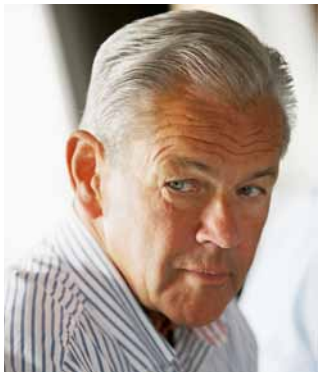
Management

YVONNE MÅRTENSSON

President and CEO.
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, and more than 20 years experiences from the medtech industry.

Other directorships
Member of the Board of Biolin Scientific AB, LUIS AB, LuBio AB and IMIX AB.
Education: M.Sc. Industrial Engineering and Management.
CellaVision shares: 115,000 (incl. companies).



SVEN-ÅKE HENNINGSSON

tf Ekonomi- och Finanschef.*
Year of birth: 1940.

Previous experience
Former positions include President of Kanthal-Höganäs, AB Wilh. Becker and Lindéngruppen AB. Member of the Board of Gant Company AB.
Education: B.Sc. Economics and Business Administration.
CellaVision shares: 70,000.

* Sven-Åke Henningsson tillträdde som tillförordnad ekonomi- och finanschef i CellaVision i september 2012. Han ersatte Johan Wennerholm som lämnade bolaget för andra uppdrag utanför koncernen.

STEFAN BENGTSSON

Chief Operating Officer (COO).
Employed in 2011.
Year of birth: 1953.

Previous experience
Has more than 20 years experience of growth companies in the medtech industry. His most recent position was CEO of Presona AB. Former leading positions in Gambro, Getinge and Pharmacia.
Education: M.Sc. Mechanical Engineering.
CellaVision shares: 6,000.

HANS-INGE BENGTSSON

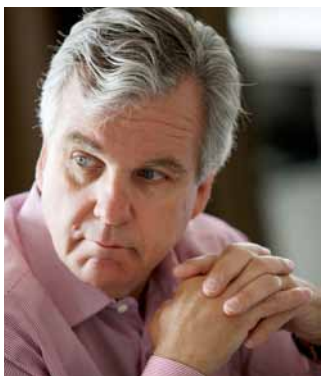
QA Manager.
Employed in 2001.
Year of birth: 1958.

Previous experience
Has many years experience of regulatory work, R&D, clinical laboratory and pharma. Former positions include PolyPeptide Laboratories and Hemocue.
Education: M.Sc. Chemical engineering.
CellaVision shares: 25,000.

KARIN DAHLLÖF

VP Sales and Marketing.**
Employed in2013.
Year of birth: 1959.

Previous experience
Has more than 20 years' experience of sales and marketing in the medtech industry, including from Hemocue AB and Bonesupport AB. She most recently held a leading position at Vidacare BV.
Education: Biomedical Laboratory Scientist. Diploma in Marketing Communications.
CellaVision shares: 5,800.
** Part of the management team since February 2013.



RON HAGNER

VP Business Development.
Employed in 2001.
Year of birth: 1954.

Previous experience
Many years' experience of the medtech industry, holding leading positions in sales and marketing with Bayer Diagnostics, Intelligent Medical Imaging and Triangle Biomedical Sciences.
Education: M Sc Medical Biology.
CellaVision shares: 1,000.

MARIA MORIN

VP Human Resources.**
Employed in 2009.
Year of birth: 1974.

Previous experience
Has extensive experience from various positions and companies within the field of human resources. Her most recent position was at Gambro AB.
Education: B Sc Economics and Business Administration and B Sc Human Resources.
CellaVision shares: 0.

** Part of the management team since February 2013.

Glossary

Algorithm A systematic procedure in mathematics and data processing consisting of a finite number of steps that specify how a calculation is performed or a given problem is solved.

Anemia A blood deficiency in which there is an abnormally low content of hemoglobin, the oxygen transporting substance in blood that is found in red blood cells.

Artificial intelligence/ Artificial neural network A mathematical theory that simulates the brain's method of learning.

Bone marrow All different types of blood cells are developed in the bone marrow.

Cell counter Blood samples are first analysed in an instrument that counts the number of cells. These instruments are found in all medium- sized and large hematology laboratories. The cell counter analyses either three or five normal white blood cell classes, makes an analysis of the red blood cells and parameters such as hemoglobin and (hematocrit) erythrocyte volume fraction. Samples showing any type of abnormality are sent on for further examination in CellaVision's instruments, where the blood is smeared and stained on a microscope slide. Without access to CellaVision's instrument, the sample is examined manually in a microscope.

Cell morphology The study of the structural characteristics of cells based on their appearance (size, shape, and color).

Clinical chemistry The medical discipline responsible for developing, refining and providing medical services with chemical analyses, blood analyses, immunological analyses and other methods.

Cytologi The study and investigation of cells. Examination mainly of liquid-based samples, such as from spinal fluid, lung fluid and synovial fluid, for the purpose of finding bacteria, cancer cells and blood cells. Perhaps the most frequent cytology test is a Pap smear test from the cervix, which is used to detect malignant or premalignant cell changes.

Food and Drug Administration (FDA) The US regulatory authority.

Hematology The study of blood and its composition, function and diseases. This includes blood and bone marrow tests. Important information can be obtained about diseases of the blood and bone marrow, such as allergies, infections, leukemias and other diseases of the blood. Hematology laboratories often also perform analyses of other body fluids.

In vitro diagnostics refers to a wide range of medical laboratory tests analyzed outside the body.

Leukemia is a type of cancer of the blood or bone marrow characterized by an abnormal increase of immature white blood cells called "blasts". Leukemia is a broad term covering a spectrum of diseases.

Lymphoma is a cancer of the lymphocytes, a type of cell that forms part of the immune system.

Med techs short for medical technologists, are also called Biomedical Scientists. They work in hospitals or other health care-related laboratories, performing lab tests, e.g. on blood or tissue, and providing lab information necessary for doctors and other health care providers to make correct diagnoses and provide appropriate care to their patients.

Morphology The study of the structural characteristics of the body and its organs, tissues and cells.

Neural networks A mathematical theory that simulates the brain's method of learning.

Pathology The study of the causes and development of diseases, particularly with respect to changesin the morphology of cells, tissues and organs. Microscopic studies of tissue sections and biopsies, which can be paraffin-embedded or frozen. Examples of pathology analyses are biopsies of suspected breast cancer tissue.

Reagent is a substance or compound that is added to a system in order to bring about a chemical reaction. It is added for example when counting cells in cell counters to dilute and prepare blood cells.

Red blood cells (erythrocytes) carry oxygen to the cells, and carbon dioxide from them into the lungs. Normally constitutes the largest number of cells in the blood.

*White blood cells (*leukocytes) are cells of the immune system involved in defending the body against infectious disease. In a healthy person, there are normally five types of white blood cells: neutrophils, eosinophils, basophils, monocytes and lymphocytes.

Source 10.

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