

CONTEXTVISION AB FOURTH QUARTER AND FULL YEAR 2010

Q4 HIGHLIGHTS

- Agreement signed with Neusoft Medical Systems
- Strong product development
- Signs of early market recovery
- Strengthened management team

Q4 FINANCIAL DATA

- Sales of 15.0 MSEK (16.1)
- Operating result of -0.7 MSEK (-0.2) and result before tax of -0.7 MSEK (-9.2)
- Earnings per share of -0.07 (-1.26) SEK



MANAGEMENT COMMENT

ANITA TOLLSTADIUS, THE COMPANY'S CEO COMMENTED:

The sales during the 4th quarter came to 15.0 MSEK, which was an increase by about 12% from the third quarter. We experienced growth both in Europe and in the US where the markets have started to slowly recover from the financial crisis. Sales in Asia were slightly lower than expected during Q4, but expected orders were received in January.

Although 2010 was a difficult year for most of our customers, we have kept our sales level and we are well positioned to be part of the future market growth. The ultrasound market is starting to recover from being affected by the financial crisis and our key customers have already started to increase their orders. Furthermore, we have started to get orders for our 3D filter for ultrasound (GOPiCE US) since the product is now in clinical use.

We have been fortunate to have a strong cash position during the period of a weak market, which has allowed us to invest in the development of a full, unique product range in ultrasound. We will thereby be able to offer products for the high-end segments as well as for the growing mid-end segment. This means we are prepared for the expected market growth, and we are clearly ahead of competition.

During the last quarter, we also made progress within the mammography market following agreements with several new customers primarily in Russia and Ukraine. This is a promising market and our GOPView Mammo product is well received. Also, this market is expected to grow significantly following a change in the United States regulations allowing these companies to enter the US market during the second half of 2011.

In November, we entered into a strategic collaboration with Neusoft Medical Systems Co. Ltd, a leading provider of a broad range of medical equipment & IT solutions and healthcare services in China. This collaboration provides several opportunities for us to broaden our present product portfolio as we get access to products that are complementary to COV's current product offering. The first product from this collaboration is under development and will be launched already in March.

Taking part in international congresses and exhibitions is our key marketing channel, and the fourth quarter is our busiest period for these activities. In October we visited the China Medical Equipment Fair (CMEF) in Shenyang, in November we exhibited at Medica Exhibition in Germany as well as RSNA in Chicago and in December we had an exhibition at the Zdravookhraneniye expo in Moscow. ContextVision was able to show exciting new results from work-in-progress and we had very encouraging feed-back on new prototype products within ultrasound, iRV, 3D MR and CT.

In order to strengthen our management team and our capacity to develop long term sales growth we have employed a new Manager for the Sales and Application team, Eskil Larsson. He has a long experience from various positions within the medical imaging industry and he will join the team in March. We have also employed a new experienced Sales Manager for China, based in Beijing. He has already started and is already very involved in developing the business relations with both present and potential customers.

With a strong organization, a solid customer base, several new projects running according to plan, and a good position on growing markets, we are looking forward to launch new products and develop sales during 2011.

NET SALES AND OPERATING PROFIT

FOURTH QUARTER 2010

NET SALES

- Quarter four sales for ContextVision were 15.0 MSEK, compared to 16.1 MSEK last year.
- Full year sales were 53.4 MSEK (54.8).
- Sales have been negatively affected by changes in currency rates during the year

OPERATING PROFIT AND MARGIN

- The operating result was -0.7 MSEK (-0.2) with an operating margin of -4.9 % (-1.5 %).
- The underlying operational result (before result from associated company) for the full year was positive 2.8 MSEK.
- Former CEO Jan Erik Hedborg is entitled to 12 months time of notice. The costs for the first 3 months of this period were recorded during Q3 2010. As Hedborg has no assignment to the company any more, the entire cost (1.4 MSEK) for the remaining period October 2010 – June 2011 has been recorded during Q4 2010.
- Customer losses of 0.8 MSEK have been recorded as other external costs during Q4.
- The cost for initiating market research for the new Neusoft products amounted to 0.5 MSEK during Q4.

CASH-FLOW AND FINANCING

- Cash flow from operations represented an increase of 0.3 MSEK (-3.8), mainly due to repayment of excess tax payments.
- Cash amounted to 16.9 MSEK (10.1) at period end.
- During the full year of 2010 cash position has improved due to positive underlying operational result (before result from associated company) and due to improved management of accounts receivables.
- Equity at period end amounted to 36.7 (40.7) MSEK giving an equity ratio of 81% (82%).

EMPLOYEES AND MANAGEMENT

- The company's CEO, Anita Tollstadius, purchased 10,000 COV shares in November 2010. Tollstadius held no shares before the transaction; the total holding is now 10,000 shares.
- In December 2010, the company managed to engage Eskil Larsson as Sales and Application Manager. Larsson has been working 20 years with medical imaging for Siemens. His most recent position was being the CTO of Novator.

Larsson will start to work in his new position on March 1, 2011.

- At period end the company had 35 (32) employees of which 15 are dedicated to research and development. Three employees are located in the United States of America and one in China.

CONTEXTVISION GROUP

- The group consists of ContextVision AB (publ), company registration number 556377-8900 as the parent company, and ContextVision Inc Corp registration number 36-4333625 State of Illinois, USA, as the wholly owned subsidiary.

BUSINESS OPERATIONS

- Please find market and product information on page 6.

RISKS & UNCERTAINTIES

- Consolidation of the medical business occurs on a regular basis with the general purpose of enhancing technical competence and gaining market shares, at the same time as competition decreases. Besides consolidations, new players enter the market and challenge the established actors. The trends above represent both threats and opportunities for ContextVision.
- The quarter report provides a fair and true overview of the company's and the Group's activities, position and results, and describes the risks and uncertainties of significance faced by ContextVision and by the companies in the Group.

The Board of Directors of ContextVision AB
Stockholm 2011-02-17

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

PRESENTATION AND REPORTING DATES

This quarterly report will be published on the company's website on the 17:th of February.

There will be a video presentation released on the 18:nd of February, at 09.00 CET.

Please follow the link:

<http://www.serialive.com/watch.php?id=2263&key=47f568abec2be07da71270eaeaboda7f4>

Please visit www.contextvision.com for further information, or use shareholderinfo@contextvision.se to send a question directly to management.

REPORTING DATES

Q4 and annual result 2010	February 17, 2011
Q1 result 2011	April 28, 2011
2010 Annual report available	April 30, 2011
AGM 2011	June 9, 2011
Q2 result 2011	August 25, 2011
Q3 result 2011	October 27, 2011
Q4 and annual result 2011	February 23, 2012

FOR MORE INFORMATION PLEASE CONTACT:

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CONTEXTVISION FAST FACTS

- ContextVision is a spin-off from the Image Processing Laboratory at Linköping University, Sweden. The corporate identity was established in 1983 with the first OEM agreement in radiology in 1987. ContextVision is traded on the Oslo Stock Exchange since 1997.
- ContextVision enhances significant information in digital images using proprietary GOP technology.

THE COMPANY OFFERS:

- More than 25 years successful experience in OEM business
- Unprecedented image enhancement for X-Ray, MRI, CT, and ultrasound images
- Long standing corporate commitment to R&D that ensures timely and rewarding upgrade paths
- Strong customer relationships to ensure their success
- Expert training in image processing for our customers
- Compatibility across any image format and all major computer platforms
- ContextVision's technology enables the company's customers to provide superior digital imaging solutions for hospitals and clinicians. Such solutions promise more rapid and accurate diagnoses, reduced operator eye fatigue, and ultimately, a greater return-on-investment for medical imaging users.

INCOME STATEMENT (SEK 1000)

	Q4 2010	Q4 2009	FULL YEAR 2010	FULL YEAR 2009
Net sales	14 973	16 078	53 412	54 731
Total revenues	14 973	16 078	53 412	54 731
Goods for resale	-408	-709	-1 420	-1 489
Other external costs	-6 595	-5 752	-17 562	-17 950
Personnel costs	-7 790	-7 089	-28 452	-29 882
Depreciation assets	-913	-839	-3 189	-2 805
Result from associated company 1/	–	–	-5 426	–
Write-down of intangible assets	–	-1 933	–	-1 933
Operating results	-732	-243	-2 637	673
Interest income	30	–	89	341
Interest costs and similar profit/loss items	–	-2	-16	-20
Write-down of assets available for sale	–	-8 973	–	-8 973
Results after financial items	-702	-9 218	-2 564	-7 979
Tax	169	107	-734	-273
Net results	-533	-9 111	-3 298	-8 252
Average number of shares	7 736 750	7 736 750	7 736 750	7 837 900
Earnings per share after tax, before / after dilution SEK	-0,07	-1,26	-0,43	-1,05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK 1000)

	Q4 2010	Q4 2009	FULL YEAR 2010	FULL YEAR 2009
Effect of currency hedging	–	-207	-598	2 119
Fair value adjustment of assets available for sale	–	-386	–	-4 368
Fair value adjustment for assets available for sale transferred to the income statement during the period	–	8 973	–	8 973
Translation difference	–	42	-89	-90
Total other comprehensive income	0	8 422	-687	6 634
Net result for the period	-533	-9 111	-3 298	-8 252
Total comprehensive income for the period	-533	-689	-3 985	-1 618

FINANCIAL HIGHLIGHTS

	Q4 2010	Q4 2009	FULL YEAR 2010	FULL YEAR 2009
Earnings per share after tax, SEK	-0,07	-1,26	-0,43	-1,05
Operating margin (per cent)	-4,9	-1,5	-4,9	1,2
Solidity (per cent)	81,3	81,7	81,3	81,7

SALES BY REGION (MSEK)

	Q4 2010	Q4 2009	FULL YEAR 2010	FULL YEAR 2009
Asia	5,3	7,8	21,6	24,1
Europe	6,0	5,5	20,0	17,9
USA	3,6	2,8	11,8	12,8
Total	15,0	16,1	53,4	54,8

SALES BY PRODUCT (MSEK)

	Q4 2010	Q4 2009	FULL YEAR 2010	FULL YEAR 2009
XR	2,9	1,8	9,1	10,2
US	9,2	8,5	31,7	31,1
MR	1,3	3,5	6,8	8,5
Others (iRV, CT, Mammo)	1,5	2,3	5,8	5,0
Total	15,0	16,1	53,4	54,8

CONSOLIDATED BALANCE SHEET (SEK 1000)

	Q4 2010	Q4 2009	2009
Intangible fixed assets	12 458	11 247	11 247
Tangible assets	1 371	1 438	1 438
Participation in associated companies 1/	–	1 426	1 426
Long-term receivables from associated companies 1/	–	2 000	2 000
Other financial assets	50	50	50
Inventories	251	404	404
Current receivables	14 071	23 185	23 185
Cash and bank	16 914	10 067	10 067
Total assets	45 115	49 817	49 817
Equity	36 693	40 678	40 678
Provisions	–	1 088	1 088
Current liabilities	8 422	8 051	8 051
Total equity and liabilities	45 115	49 817	49 817

CHANGE IN EQUITY (SEK 1000)

	Q4 2010	Q4 2009	FULL YEAR 2010	FULL YEAR 2009	2009
Opening balance	37 226	41 367	40 678	49 535	49 535
Total comprehensive income for the period	-533	-689	-3 985	-1 618	-1 618
Repurchase of own shares	–	–	–	-7 239	-7 239
Closing balance	36 693	40 678	36 693	40 678	40 678

CONSOLIDATED STATEMENT OF CASH FLOWS (SEK 1000)

	Q4 2010	Q4 2009	FULL YEAR 2010	FULL YEAR 2009
Result after financial items	-702	-9 218	-2 565	-7 979
Depreciation and write-down of assets	913	11 745	3 189	13 713
Result from participation in associated company	–	–	5 426	–
Unrealized gain/loss on current investments	–	–	–	–
Changes in provisions	–	–	–	140
Income tax paid	1 153	-410	-1 180	-7 956
Cash flow from operating activities before change in working capital	1 364	2 117	4 870	-2 081
Change in working capital				
Increase (-)/decrease (+) inventories	121	303	153	25
Increase (-)/decrease (+) current receivables	854	-4 398	7 830	-5 332
Increase (+)/decrease (-) liabilities	-234	1 072	327	-2 169
Cash flow from operating activities	2 105	-906	13 180	-9 557
Investing activities				
Investments in intangible assets	-1 644	-847	-3 845	-4 097
Investments in tangible assets	-191	-1	-488	-444
Investments in financial assets	–	-2 000	-2 000	–
Short-term investments	–	–	–	15 202
Cash flow from investing activities	-1 835	-2 848	-6 333	10 661
Financing activities				
Repurchase of own stock	–	–	–	-7 239
Cash flow from financing activities	0	0	0	-7 239
Cash flow for the period	270	-3 754	6 847	-6 135
Change of liquid assets				
Liquid assets at beginning of period	16 644	13 821	10 067	16 202
Liquid assets at period end	16 914	10 067	16 914	10 067

1) THE SHARPVUE INVESTMENT

During the 2nd quarter associated company Sharpview AB publ went into bankruptcy. As a consequence Contextvision has as of June 30, 2010 written down all assets related to Sharpview to zero based on the assumption that it is not likely that any assets will be recoverable following the bankruptcy. This implies that the equity investment in Sharpview has been written off by 1.426 TSEK and outstanding receivables on Sharpview by 4.000 TSEK, totaling 5.426 TSEK, during 2010.

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the 4:th quarter ended December 31, 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2009.

GLOSSARY

CT (COMPUTED TOMOGRAPHY)

A diagnostic device through which a two-dimensional cross-sectional image of the studied tissue is obtained using X-rays.

DR (DIRECT RADIOGRAPHY)

A detector that converts X-ray photons into digital signals, replacing the need for X-ray films.

FLUOROSCOPY

An X-ray imaging technique that produces real-time images of a patient's internal structures on a TV monitor. Fluoroscopy allows the study of dynamic processes within the body and can be used for guidance in interventional procedures.

GOP® (GENERAL OPERATOR PROCESSOR)

A term for ContextVision's methodology in detecting structures in an image and relating them to their wider context in order to increase visualization accuracy.

GOPICE® (IMAGE CUBICLE ENHANCEMENT)

GOPICE® is the family name for ContextVision's real-time 3D volumetric image enhancement product, for OEM embedded software.

GOPVIEW®

The family name for ContextVision's product lines of OEM-embedded software.

HCU (HAND CARRIED ULTRASOUND)

A portable, battery-powered ultrasound machine no larger than a briefcase.

IMAGE ANALYSIS

Processing a digital image in order to describe/classify its contents or to extract quantitative measurements.

IMAGE PROCESSING

A generic term used to describe the computation of digital images, typically to enhance or analyze them.

IMAGE ENHANCEMENT

To improve the visual quality of a digital image by increasing the visibility of relevant structures, as in edge/contrast enhancement and the suppression of noise or artifacts.

MAMMOGRAPHY

An X-ray method used to examine the human breast.

MODALITY

A device that generates internal images of the body, such as X-ray, ultrasound, magnetic resonance imaging, and computed tomography.

MRI (MAGNETIC RESONANCE IMAGING)

A non-invasive procedure, generated by variations in strong magnetic fields, that produces a two-dimensional view of an internal organ or structure, especially the brain and spinal cord.

OEM

The acronym for Original Equipment Manufacturer.

US (ULTRASOUND)

A procedure in which high-energy sound waves are bounced off internal tissues or organs to create echoes. The echo patterns are displayed on the screen of an ultrasound machine, forming a picture of body tissues called a sonogram.

X-RAY

A diagnostic device in which radiation is used to create images for examination of soft and hard tissue, such as muscle and bone.

ContextVision is the leading independent developer in medical imaging enhancement, analysis and processing technologies, serving leading OEMs and distributors for 25 years. ContextVision's embedded imaging software is relied upon daily by thousands of users around the globe. ContextVision's patented GOP algorithm allows unprecedented image quality to be achieved by simultaneously enhancing fine structure while reducing noise and speckle across MRI, X-Ray, Ultrasound, CT, and IR. ContextVision's technology enables the company's customers to provide superior digital imaging quality to hospitals and clinicians. Such solutions promise more rapid and accurate diagnoses, reduced operator eye fatigue, and ultimately, a greater return-on-investment for medical imaging users. For more information, please visit www.contextvision.com.

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