

CONTEXTVISION AB FIRST QUARTER 2011

Q1 HIGHLIGHTS

- Sales increase 16 % compared to Q1 2010.
- First product from the cooperation with Neusoft Medical systems, MAMMO PLUSView^{CAD}, launched at ECR in Vienna.
- GOP View IRV^{Ultra}, a new product for fluoroscopy X-ray, launched at ECR in Vienna.
- Continued market recovery and growth in the Ultrasound segment.

Q1 FINANCIAL DATA

- Sales of 13.2 MSEK (11.4)
- Operating result of 0.4 MSEK (-0.4) and result before tax of 0,5 MSEK (-0.4)
- Earnings per share of 0,05 (-0,03) SEK



MANAGEMENT COMMENT

ANITA TOLLSTADIUS, THE COMPANY'S CEO COMMENTED:

During 2011 our focus is on developing sales on a short-term basis as well as investing in specific areas to ensure a more significant growth next year. We have made very good progress in both ways already during the first quarter this year. We have increased our sales, by taking advantage of the new customers generated during 2010 and by having a strong focus on the ultrasound market as it recovers from the financial crisis. We have also launched new products, both from our own portfolio and from our strategic collaboration with Neusoft. Although image enhancement continues to be our core competence, we are very pleased that we have now taken the first step to widen our product offering within medical imaging.

In March, at the European Clinical Radiology (ECR) meeting, ContextVision officially launched the first product from the strategic collaboration with Neusoft Medical Technologies. The product, MAMMO PLUSView^{CAD} is a decision support tool for the detection of early stage breast cancer. Screening mammography programs for breast cancer has become standard of care in an increasing number of countries since early detection is considered most important for survival. Screening involves the examination of images in large volumes and a subtle tissue abnormality can be very difficult to detect. Studies show that detectable cancers are often missed when read by one radiologist only and CAD systems have therefore been developed to automatically examine digital mammograms and highlight areas with patterns that are indicative of cancer. Although the use of CAD systems is not yet widely spread the market size is already significant. The size of European market breast CAD market is already about 90 M€. We have introduced a completely new concept, which means that we offer a Viewer Station with a build-in CAD function at a price that allows our customers to penetrate a wider market and create high volume sales by addressing the screening market. We are addressing the European market and the response from our customers was very positive at the ECR meeting. We have a good dialogue with our key customers in mammography in order to ensure the system is upgraded according to the European market needs and we will collaborate with our customers to help them validate the systems according to regulatory requirements. The sales cycles are very long in this case and although we are focusing on this new market this year we expect sales to develop during next year.

During the ECR meeting we also launched a new product for fluoroscopy x-ray images. Interventional fluoroscopy is used during minimal invasive surgical procedures to guide the placement and movement of surgical tools inside the body. These procedures continue to increase as it causes less trauma to the patient and has a higher value from a health economy perspective. Our new filter supports the procedure by providing the radiologists with a crisp, real-time image. Although this is not a major

market for us, this shows that we are able to meet the latest requirements for 4D real-time images and it opens up for collaboration with some of the key players in medical imaging.

The sales increased by 16% over first quarter last year, reaching 13,2 MSEK (11,4). Not only do we grow following the improved market situation for our present customers, but we also start to get sales from the new customers that were generated last year. Our cost level is as expected and reflects investments in new future products and market preparations.

We have been able to take advantage from the market recovery in the US, which has been very welcome. It is very encouraging that we have demonstrated our capacity to grow when the market recovers despite price pressure and increased competition. In Europe the sales has remained stable, whereas Asia has grown significantly. The reason the sales are increasing in Asia is both because large customers grow and because our new customers start to generate sales. The devastating earthquake and the deeply tragic situation in Japan have not affected our customers directly, but the yearly exhibition was cancelled and we are experiencing some delays in the development of ongoing projects.

The ultrasound market has definitely started to grow again, and a growth is particularly expected in the cart-based mid-end segment, but there is also an increasing demand for portable ultrasound systems, which supports point of care examinations. Being able to launch a completely new product family for ultrasound is therefore a major step forward for us. During this quarter our organization has had a very strong focus to prepare the launch of new products that will address the growing segments, and at the American Institute of Ultrasound in Medicine (AIUM) on April 14th-17th we had a very successful launch. We can conclude from the response we had from customers and doctors that we have clearly been able to bring image enhancement into a new level. This is very exciting and important, as we are able to take a new lead on the market.

Although there are very long sales cycles in the OEM business, and it will take time before the new products will generate sales, we foresee a continued sales increase this year. In conclusion, we are very pleased with what we have delivered so far, and we are confident about the future development.

NET SALES AND OPERATING PROFIT

FIRST QUARTER 2011

NET SALES

- Quarter one sales for ContextVision were 13.2 MSEK, compared to 11.4 MSEK last year.
- Strong sales in Asia despite limited orders from Japan. Emerging sales in USA, Europe stable.

OPERATING PROFIT AND MARGIN

- The operating result was 0.4 MSEK (-0.4) with an operating margin of 3.3 % (-3.7 %).
- The cost increased since last year is mainly explained by investments in new products.
- Capitalized costs during the period (1.8 MSEK) refer to the product US Plus View.
- Exchange rate losses of MSEK 0.3 are part of the other external costs.

CASH-FLOW AND FINANCING

- Cash flow for the period represented an increase of 2.1 MSEK (5.3), due to payments and prepayments from large customers.
- Cash amounted to 19.0 MSEK (15.3) at period end.
- Equity at period end amounted to 36.7 (40.7) MSEK giving an equity ratio of 81% (82%).

EMPLOYEES AND MANAGEMENT

- New Sales and Application Manager Eskil Larsson started on 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 sales details 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 2011-04-27

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 28:th of April.

There will be a video presentation released on the 29:th of April, at 09.00 CET.

Please follow the link:

http://web22.abiliteam.com/ability/show/khcichp/contextvision_20110428/speed.asp

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

Invitation for the Annual General Meeting will be mailed to shareholders on April 29.

REPORTING DATES

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:

Anita Tollstadius, CEO
Phone +46 (0)8 750 35 59

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)

	Q1 2011	Q1 2010		FULL YEAR 2010
Net sales	13 208	11 400		53 412
Total revenues	13 208	11 400		53 412
Goods for resale	-499	-259		-1 420
Other external costs	-4 570	-4 036		-17 562
Personnel costs	-6 853	-6 566		-28 452
Depreciation assets	-848	-691		-3 189
Result from associated company	–	-265		-5 426
Operating results	438	-417		-2 637
Interest income	21	-59		89
Interest costs and similar profit/loss items	–	-7		-16
Results after financial items	459	-365		-2 564
Tax	-60	-76		-734
Net results	399	-441		-3 298
Earnings per share after tax (SEK)	0,05	-0,06		-0,43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK 1000)

	Q1 2011	Q1 2010		FULL YEAR 2010
Effect of currency hedging	-96	-233		-598
Translation difference	-106	-69		-89
Total other comprehensive income	-202	-302		-687
Net result for the period	399	-441		-3 298
Total comprehensive income for the period	197	-743		-3 985

FINANCIAL HIGHLIGHTS

	Q1 2011	Q1 2010		FULL YEAR 2010
Earnings per share after tax (SEK) before/after dilution	0,05	-0,03		-0,43
Average number of shares	7 736 750	7 736 750		7 736 750
Operating margin (per cent)	3,3	-3,7		-4,9
Solidity (per cent)	82,1	81,4		81,3

SALES BY REGION (MSEK)

	Q1 2011	Q1 2010	FULL YEAR 2010
Asia	6,2	4,7	21,6
Europe	3,8	4,1	20,0
USA	3,2	2,6	11,8
Total	13,2	11,4	53,4

SALES BY PRODUCT (MSEK)

	Q1 2011	Q1 2010	FULL YEAR 2010
XR	2,5	2,1	9,1
US	8,8	6,1	31,7
MR	1,4	1,3	6,8
Others (iRV, CT, Mammo)	0,5	1,9	5,8
Total	13,2	11,4	53,4

CONSOLIDATED BALANCE SHEET (SEK 1000)

	Q1 2011	Q1 2010	2010
Intangible fixed assets	13 527	11 110	12 458
Tangible assets	1 305	1 421	1 371
Participation in associated companies	–	1 161	–
Long-term receivables from associated companies	–	4 000	–
Other financial assets	84	50	50
Inventories	186	165	251
Current receivables	10 844	15 496	14 071
Cash and bank	18 969	15 337	16 914
Total assets	44 915	49 070	45 115
Equity	36 890	39 935	38 693
Provisions	–	1 004	–
Current liabilities	8 025	8 131	8 422
Total equity and liabilities	44 915	49 070	45 115

CHANGE IN EQUITY (SEK 1000)

	Q1 2011	Q1 2010	FULL YEAR 2010
Opening balance	36 693	40 678	40 678
Total comprehensive income for the period	197	-743	-3 985
Closing balance	36 890	39 935	40 678

CONSOLIDATED STATEMENT OF CASH FLOWS (SEK 1000)

	Q1 2011	Q1 2010	FULL YEAR 2010
Result after financial items	339	-365	-2 565
Depreciation and write-down of assets	849	693	3 189
Result from participation in associated company	–	265	5 426
Unrealized gain/loss on current investments	–	-233	–
Changes in provisions	-96	-84	–
Income tax paid	-428	-428	-1 180
Cash flow from operating activities before change in working capital	664	-152	4 870
Change in working capital			
Increase (-)/decrease (+) inventories	65	239	153
Increase (-)/decrease (+) current receivables	3 628	8 007	7 830
Increase (+)/decrease (-) liabilities	-450	46	327
Cash flow from operating activities	3 907	8 139	13 180
Investing activities			
Investments in intangible assets	-1 773	-746	-3 845
Investments in tangible assets	-79	-123	-488
Investments in financial assets	–	-2 000	-2 000
Cash flow from investing activities	-1 852	-2 869	-6 333
Financing activities			
Cash flow from financing activities	0	0	0
Cash flow for the period	2 055	5 270	6 847
Change of liquid assets			
Liquid assets at beginning of period	16 914	10 067	10 067
Liquid assets at period end	18 969	15 337	16 914

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the 1:st quarter ended March 31, 2011 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 2010

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 ContextVisions 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.

EUROPE//HEAD OFFICE//CONTEXTVISION AB, CORP. SALES AND MARKETING, KUNGSGATAN 50, SE-111 35 STOCKHOLM, SWEDEN, PHONE: +46 8 750 35 50, FAX: +46 8 750 54 94

RUSSIA//CONTEXTVISION, VALERIA REZNICHENKO, SWEDISH TRADE COUNCIL, ST. PETERSBURG, RUSSIA, PHONE: +7 812 329 2513, FAX: +7 812 329 2597

NORTH AMERICA//CONTEXTVISION INC, 36 GLEN AVENUE, NEWTON, MA 02459-2066, USA, PHONE: +1 617 244 9000, FAX: +1 617 244 9000

ASIA//CONTEXTVISION AB, ASIA SALES, KUNGSGATAN 50, SE-111 35 STOCKHOLM, SWEDEN, PHONE: +46 8 750 35 50, FAX: +46 8 750 54 94

SOUTH KOREA//CONTEXTVISION, BONGSDON PARK, SWEDISH TRADE COUNCIL, KPO BOX 4, SEQU 110-610, SOUTH KOREA, PHONE: +82 2 739 1462, FAX: +82 2 739 1463

CHINA//CONTEXTVISION, 616 CYTS PLAZA, NO.5 DONGZHIMEN SOUTH AVENUE, DONGCHENG DISTRICT, BEIJING 100007, P.R.CHINA, PHONE: +86 10 5815 6256, FAX: +86 10 5815 6256

JAPAN//TOYO CORPORATION, 1-8, YAESU 1-CHOME, CHUO-KU, TOKYO 103-8204, JAPAN, PHONE: +81 3 3245 1351, FAX: +81 3 3271 4757

INTERNET//INFO@CONTEXTVISION.SE//WWW.CONTEXTVISION.COM