CONTEXTVISION

IMAGE IS EVERYTHING

ANNUAL REPORT 2010

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HIGHLIGHTS 2010

- Collaboration agreement with Neusoft Medical Systems.
- First order for GOPiCE® US
  (real-time 3D volumetric image enhancement).
- New technical platform for quicker time-to-market through
  faster product development.
- Anita Tollstadius appointed as new CEO and
  Erik Danielsen appointed as new chairman of the board.
- Signs of market recovery at the end of 2010.

FINANCIAL HIGHLIGHTS 2010

- Net sales of MSEK 53.4 (54.7)
- Operating income of MSEK -2.6 (0.7)
  generating an operational margin of -4.9% (1.3)
- Full write-down of remaining investment in
  associated company SharpView AB, MSEK -5,4
- The company generated positive cash flow of MSEK 6.8 (-6.1)
- Equity ratio 81.3% (81.7%)
- Earnings per share of -0,43 (-1.05) SEK

FIVE YEAR FINANCIAL SUMMARY

KSEK	2010	2009	2008	2007	2006
Consolidated Income Statement					
Net sales	53,412	54,731	71,091	69,041	51,951
Other income	–	–	–	1,319	480
Operating profit/loss	-2,637	673	24,663	26,730	7,185
Profit/loss after financial items	-2,564	-7,979	27,437	28,998	8,565
Net result	-3,298	-8,252	20,197	20,070	6,165
Consolidated Balance Sheets					
Intangible fixed assets	12,458	11,247	11,311	7,285	6,678
Fixed assets	1,371	1,438	1,574	1,561	989
Financial assets	50	3,476	5,844	50	334
Current assets	31,236	33,656	48,330	61,629	57,181
Total assets	**45,115**	**49,817**	**67,059**	**70,525**	**65,182**
Equity	36,693	40,678	49,535	54,358	51,668
Long-term liabilities	–	1,088	1,488	1,829	–
Short-term liabilities	8,422	8,051	16,036	14,338	13,514
Total equity and liabilities	**45,115**	**49,817**	**67,059**	**70,525**	**65,182**
Cash flow statements					
Operating activities	13,180	-9,557	21,964	24,554	193
Investment activities	-6,333	10,661	-3,210	24	-17,800
Financing activities	–	-7,239	-19,087	-19,747	1,788
Change in cash and cash equivalents	**6,847**	**-6,135**	**-333**	**4,831**	**-15,819**
Key ratios					
Equity ratio, %	81.3	81.7	73.9	77.1	79.3
Operating margin, %	-4.9	1.3	33.7	34.1	13.7
Profit margin, %	-4.8	-14.8	27.6	28.4	16.3
Return on equity, %	-8.5	-18.3	55.8	54.7	12.9
Average no. of shares	7,736,750	7,837,900	8,106,633	8,303,417	8,336,750
Result per share	-0.43	-1.05	2.48	2.42	0.74
Result per share after dilution	-0.43	-1.05	2.48	2.42	0.74

DEFINITIONS

Equity ratio Equity as a percentage of total assets
Operating margin Operating income excluding non-recurring items as a percentage of annual net sales
Profit margin Result after financial items as a percentage of annual net sales
Return on equity Net result for the year as a percentage of the average equity

The company reports according to IFRS from year 2005.

WORDS FROM THE CEO

In 2010 we have initiated changes in order to ensure future growth. Medical needs and new trends in medical imaging are guiding our long term growth strategy. Our newly developed modular platform allows us to effectively develop new products; the first result is a whole new product range for ultrasound. We have also started to collaborate with a new partner, and in 2011 we will be able to successfully launch in-sourced products. These are important steps towards increased sales.

The medical imaging market was affected by the financial crisis during 2009 and 2010 as healthcare providers put their capital spending budgets under review amid the unprecedented economic turmoil. However, during the second half of 2010 ContextVision has witnessed what appears to be a sustained recovery in our markets.

The medical imaging market is expected to grow over time as the aging population grows, and the need for diagnostic procedures increase. Furthermore, medical imaging technologies are not only used in clinical diagnosis, but also to guide therapeutic and surgical intervention, to monitor disease progression or recurrence and to follow treatment response. The application of medical imaging may lead to significant reduction in healthcare costs by increasing the speed of accurate diagnosis, avoiding the spending on wrong treatments and supporting safer and more cost-effective surgical procedures. This emphasizes the need for further development of clinically effective diagnostic imaging. It is our intention to play a significant role by enhancing the value of medical images.

The ultrasound market, which is our key market, started to grow again during the last quarter of 2010 and the market is expected to grow by 6% for the foreseeable future. In particular, a growth is expected in the cart-based mid-end segment, but there is also an increasing demand for portable ultrasound systems, supporting point of care examinations. This creates several new opportunities for us. During 2010 we have developed a completely new set of algorithms that will strengthen our position on the ultrasound market by introducing a completely new product range. This new family of products allows us to excel in image enhancement for the high-end products, as well as to offer new products for the growing mid-end segment.

The emerging markets provide strategic opportunities for sustainable growth as patient demographics change, economies grow and healthcare coverage expands. The growth in developing economies, such as Asia-Pacific and Eastern Europe has resulted in large-scale investments in healthcare. We are already participating in a significant way in such geographies, including China, and this indeed bodes well for the future of our company. The Asia-Pacific countries represent the fastest developing market worldwide for medical ultrasound equipment today and the fact that we generated nine new customers during 2010 is indeed significant.

Despite the difficulties in several European economies, our sales from this area grew during 2010. Our key customers increased their orders and we strengthened our position in Eastern Europe as we generated 5 new customers, particularly within mammography. In December of last year, the Russian Government passed a resolution to invest 3,9 billion USD to modernize the medical and pharmaceutical industry in Russia. This decision will benefit our customers both as export will be supported and by developing the local health care market. Again, in these markets we also see a clear tendency of healthcare providers to opt for good quality mid-end systems, where we know we can add the most clinical value.

We are very fortunate to have a solid cash position, which has allowed us to continue to develop the company despite the continued financial situation on the market during 2010. Apart from a strong focus on product development within ultrasound we have been able to develop our technological platform in order to facilitate future product development. The new platform has superior performance characteristics and is more flexible, which allows us to implement new products faster and thereby shorten the time to market. Furthermore, we are preparing to meet new trends on the market, like portable ultrasound systems and interventional mobile systems.

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 collaboration is developing stepwise and the first products from this collaboration, a MammoCAD and a MammoViewer, were launched already in March 2011. To ContextVision the launch of the new products was a milestone event as it marked our first steps offering products beyond pure image enhancement. The CAD (Computer Aided Diagnosis) is a decision support tool which has the potential to set new standards as it offers great value for large volume screening programs in the growing mid-end segment. We expect the new products to start contributing to our sales in a meaningful way in 2012.

Following the bankruptcy of SharpView AB (publ) in June, ContextVision booked a full write-down of the remaining receivables on SharpView as well as the carrying value of its investment in SharpView. A total of MSEK 5,4 MSEK (non-cash write-down) has negatively affected the result of ContextVision for the period. However, at the same time the license agreement between the companies was immediately terminated, and the exclusive right of selling GOPbased solutions to the end-user market returned to ContextVision. We therefore now have the opportunity to develop this business opportunity through distributors.

"During 2010 we have developed a completely new set of algorithms that allows us to strengthen our position on the ultrasound market."

Advancement in new technologies, such as 3D and 4D, is driving the development of new innovative equipment that ensures improved image quality and clinical outcomes. The future opportunities are considered vast and the clinical value is starting to be confirmed. Our unique 3D filtering allows for real-time 3D volumetric image enhancement and is today in clinical use for volume ultrasound (3D/4D) in obstetrics/gynecology following the commercial agreement with a major global vendor.

During 2010 we had some changes in the board and in the management team. Following a new appointment, our chairman Mr. Brundtland, disengaged from all board assignments, and he left the board of ContextVision at the Annual Shareholder Meeting in June. As of September, Erik Danielsen was made chairman. After seven years as CEO, Jan Erik Hedborg left the executive position to pursue other opportunities, and I was appointed CEO in September.

During the autumn, the management team has refined and started to implement our strategies in order to prepare for long term growth whilst focusing on present operation and making the most out of the opportunities 2011. The management team has developed accordingly. A strategic team is responsible for the long term development and the operating functions have been strengthened with a new Sales and Application Manager.

In 2011 we expect the sales to start growing again and we are preparing for further growth during the coming years, by significantly strengthening our position within our most important market, ultrasound, by focusing more on clinical value in our product development and by ensuring a strong presence on the growing markets.

ANITA TOLLSTADIUS
CEO

BOARD OF DIRECTORS AND MANAGEMENT

The board has held 16 meetings during the year. The presence of each board member is shown below, together with the presentation of each board member.

BOARD OF DIRECTORS

Erik Danielsen, (Chairman), born 1963, 15 (16)

Danielsen was elected to the Board in 2004. He holds an MBA in Finance and Swiss Business Law from the University of Fribourg in Switzerland, 1987. Since 1993, he has been the founder, CEO and director of Analitika SA in Lugarno, Switzerland. Mr. Danielsen is also a partner of Bridge Relations Ltd, a London based consulting company. Mr. Danielsen has spent most of his career focusing on assisting young, innovative healthcare companies formulate and execute their business plans, as well as formulating and communicating the corporate objectives to the investment community across Europe. Danielsen previously worked as an equity strategist and analyst for Credit Suisse in Zurich and Credit Suisse First Boston in New York. Danielsen is a member of the following boards: SpeedLoad SA and Analitika SA. As of Dec 31, 2010, he owns 4,500 shares in ContextVision through ORCA Ventures AG, a closely held investment company.

Magne Jordanger, born 1953, 13 (16)

Jordanger was elected to the Board in 2002. Throughout his career as an owner-manager, Jordanger has operated within various international industries and is presently the president of Monsun AS and other companies within his holdings. Jordanger is a member of the following boards: Autogruppen AS, BNS Holding AS, Konsmo Fabrikker AS, Credisafe NV, LUUP NV.

As of Dec 31, 2010, Jordanger controls 2,215,000 shares through the company Monsun AS.

Martin Hedlund, born 1952, 16 (16)

Hedlund is one of the founders of ContextVision. He finished his MSc degree in Technology in Linköping followed by further studies and research in image processing and GOP® theory at the University of Linköping. Hedlund was R&D and Local Manager in Linköping until 1999. Since then he has served as a Technical Director focusing on product and business development. He has been a member of the Board since the company went public in 1997.

As of Dec 31, 2010, Hedlund owns 831,666 shares in ContextVision and has no other board assignments.

MANAGEMENT

Anita Tollstadius, CEO, born 1955, (executive)

Mrs. Anita Tollstadius holds a MBA degree from Stockholm School of Economics and a BSc. in Pharmacy from University of Uppsala.

Tollstadius has a broad experience from various positions at international pharmaceutical, diagnostic, medical IT and biotechnology companies, where she has spent over 15 years in strategic marketing.

As of Dec 31, 2010, Tollstadius owns 10.000 shares in the company through Tollstadius & Company AB.

MEDICAL IMAGING – DRIVING FACTORS FOR MARKET GROWTH

An ageing population in all developed economies: As the general population ages and life expectancy continues to increase, the need for medical imaging procedures for both diagnostic as well as therapeutic guidance will increase.

Active Health Management / Disease preventing screening programs: An increasing number of the middle aged population opts for routine medical examinations to detect potential disease early on, knowing that early detection is one of the most important factors allowing for successful treatment and potential cure.

Accurate treatments follow up: With a better possibility to follow treatment results, new treatments (e.g. for cancer) can be used more efficiently.

Minimally Invasive Therapeutic Procedures: Thanks to rapid technology innovation, minimally invasive procedures are for obvious reason gaining popularity with physicians and patients. Less invasive surgeries – trough tiny incisions in the patient's body – cannot be successfully done without external image guidance, allowing the surgeon to perform the procedure precisely and safely.

Emerging Markets: The demand for western-standard medical care in emerging countries is very strong.

Our new leading edge ultrasound product family is designed to meet the clinical challenges of today and tomorrow.

PRODUCT PORTFOLIO

Leading Edge Technology, Real-Time Performance and Image Equivalency at substantially reduced Dose, epitomize the ContextVisions product offerings, ranging all the way from Ultrasound to X-ray.

ULTRASOUND

PRODUCTS: GOPView USXi, GOPiCE® US

In the Ultrasound 2D imaging arena, ContextVision has been working on the next generation of image enhancement product, for launch in April 2011. During 2010, our Ultrasound products have been shipped to all major markets worldwide. The majority of the deliveries have been with the GOPView® USXi, ContextVision's 2D ultrasound image enhancement product. It is today considered as world leading in image quality, and as a well known brand among Ultrasound OEM's.

The GOP® algorithm, the core of the Ultrasound products, removes ultrasound speckle while at the same time enhancing border and edges for better visualization in real-time. A clearer and easier to read image appears on the monitor for the clinician to interpret.

Today ContextVision's ultrasound product family covers 3D/4D as well as 2D products.

The GOPiCE US is the newest generation of 3D/4D image enhancement filters that has taken the GOP technology into the 21st century. Early in the Autumn 2010, Medison, a leader in volumetric ultrasound, announced that they had decided to use the GOPiCE US product in their high End Ultrasound unit, Accuvix V20.

Today as volumetric imaging becomes more popular, our proprietary volumetric algorithms can provide the clinicians with new information that was previously hidden in the image leading to better visualization in deep tissue as well as behind bony structures. Depending on machine hardware, imaging can either be in lower frame rates, or in real-time.

ContextVision's ultrasound products are today considered as the gold standard, competitively benchmarked all over the world, even as we are striving towards the next level of image quality.

DIGITAL X-RAY

PRODUCTS: GOPView XR2Plus, GOPView XR2-ST/AT, GOPView VET, GOPView MAMMO

During 2010, much of the new efforts in Digital X-ray product has been focused around the new GOPView XR2Plus, enabling better visualization of small parts and subtle pathology. Accompanying this new product ContextVision has expanded the Tuning interface, allowing customers to now use almost all of the advanced settings controlling the image enhancement. The extended user interaction along with mandatory customer education has allowed our users much more control of the resultant imaging.

In a world that is becoming more and more digital, the digital radiology image enhancement products from ContextVision are gaining more and more traction. Clinicians work becomes more efficient when they are able to review images more easily, which in turn allows them to make faster, more accurate diagnoses.

ContextVision's highly adaptive X-ray imaging technology offers superior noise suppression, edge and contrast enhancement and dynamic range compression. The result is improved fine structure depiction, less noise and eliminated artifacts for general Radiology in a detector-independent solution. The GOP technology can be used for both improved image quality with maintained dose or reduced exposure with maintained image quality.

In the area of Mammography, ContextVision has established a relationship with a leading medical IT provider, Neusoft. As result of this relationship, ContextVision has started work on a Mammography workstation with CAD capability (CAD, Computer aided detection) and a pre-display of the product was done at the Medical Exhibition in Moscow, Zdravookhraneniye 2010. The initial reception to this product was very positive. During 2010 ContextVision has continued to deliver GOPView MAMMO image enhancement for Mammography Imaging, to an increasing customer base.

INTERVENTIONAL RADIOLOGY

PRODUCTS: GOPView IRVPlus

Interventional procedures, because they typically leverage minimally invasive techniques, allow for shorter hospital stays and hence patients return home quicker and medical costs are reduced. Heart angioplasty typifies this type of procedure and it results in lower cost both for the patient as well as for the society. In interventional procedures, image quality and durability are critical. GOPView iRVplus has proven to surpass these requirements and better visualize important physiological structures as well as catheter tips and stents. During 2010 ContextVision managed to implement the GOPView iRVPlus in production for key manufacturers.

Although fluoroscopic processing capabilities have been a challenge in the past, the field shows much promise within both dose reduction (as clinicians are often present during exposure) and image enhancement. ContextVision has shown 40-50% dose reduction during interventional radiology in a clinical study together with Johns Hopkins University, USA.

Mammo PLUSViewCAD provides reliable improvement in clinical value with a configurable workflow and a high level of functionality.

Within a modality such as fluoroscopy, a dynamic imaging technology, the computational requirements are immense. For example, in diagnosing heart valve failures or other types of heart failure, a cardiologist must view and record live, high-resolution images of the heart beating with a recording speed of more than 30 frames per second (2Mbytes/frame) in order to make an accurate diagnosis – thus the need for the very best image quality.

MAGNETIC RESONANCE IMAGING

PRODUCTS: GOPView MRI2

In the true pioneering spirit, ContextVision has during 2010 been driving the image enhancement of volumetrically acquired images. This led to a joint clinical evaluation between Contextvision, CMIV and Massachusetts General Hospital. The results of the study were presented at the RSNA in Chicago, and indicated promising image enhancement results for the new ContextVision GOPiCE MR product.

GOPView MRI 2 is the latest version of ContextVisions image enhancement product for MRI, and is clearly recognized as the "gold standard" within the industry. As the modality where ContextVision's history in medical imaging began, the GOP algorithm used today has of course continuously been improved, but also matches the noise characteristics in a MRI image perfectly. The GOPView MRI2, significantly reduces noise while simultaneously enhancing an image's fine structure and edges, allowing the medical professional to separate true image information from false. It also increases contrast and reduces artifacts, and can help reduce scan time.

COMPUTED TOMOGRAPHY

PRODUCTS: GOPView CT

GOPView CT is system independent and has had unprecedented success in reducing noise while enhancing fine structure and edges. This allows for drastically improved image quality while maintaining or reducing patient exposure.

GOPView CT can be adjusted for individual taste, by specific image processing parameter files. Low-dose images enhanced by GOPView CT show finer details than traditional images with normal CT doses. Several international studies have provided impressive results that confirm that a 30–70% dose reduction can be achieved while maintaining image quality. Dose reduction translates into reduced risk for patients, as well as reduced wear on expensive X-ray tubes.

ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer of ContextVision AB (publ), company registration number 556377-8900, hereby submits the Annual Report for the financial year January 1, 2010 – December 31, 2010.

ContextVision is the global independent leader of image enhancement software for the medical imaging industry. It has been listed at the Oslo Stock Exchange since 1997. The research and development office is located in Linköping, Sweden, and corporate sales and marketing in Stockholm, Sweden. The group has sales offices in Boston and Beijing, and representatives or distributors in Tokyo, Seoul and St. Petersburg which allows the Company to establish strong, long-term relationships with OEM customers.

ContextVision has been a leader within medical image enhancement for almost 20 years.

Context Vision's software contains proprietary algorithms that create greater image clarity by reducing noise and enhancing vague structures. The software provides clinicians with sharper images, resulting in quicker diagnoses and improved treatment guidance.

The Company's main product lines are adapted to Ultrasound, X-ray including Mammography and Interventional Radiology, Magnetic Resonance Imaging (MRI) and Computer Tomography (CT) modalities. The software is embedded into OEM systems as a separate module. To the end user, the module appears as an integrated part of the system. The OEM vendor purchases one license from ContextVision for each system delivered to a hospital or end user.

In order to verify functionality and to provide feedback for product modifications and developments, reference clinicians are employed on a regular basis.

During its more than twenty-five years in business, ContextVision has consistently improved its core GOP® technology. This technology determines and classifies relationships between each pixel in a digital image, enabling the separation of true structures and facilitating the suppression of virtual noise.

During the last few years ContextVision has developed a unique 3D real-time volumetric image enhancement.

ContextVision's main customer focus is the manufacturers (OEM) of medical imaging products. Several OEMs develop image enhancement internally for their own products. For OEMs, a key question is whether to buy versus build. The decision to partner with ContextVision provides OEMs with a superior solution and faster time-to-market over time.

SIGNIFICANT EVENTS DURING THE YEAR

Revenue during 2010 ended at MSEK 53.4 (54.7) and operations generated a result of MSEK -2.6 (0.7).

The drop of revenues between 2008 and 2009 was last year explained by the general financial downturn and by increased price pressure and competition on the ultrasound market. These elements have affected the revenues also during 2010, but by the end of the year, we have seen a slow market recovery.

The product GOPiCE®US, which was launched 2009 has started to sell during 2010.

The Company's cost level was affected by a one-time and final write-down of the investment in SharpView AB. The associated company SharpView AB went into bankruptcy in June 2010 and the write-down was MSEK 5.4.

Cash-flow was strengthened during the year, mainly because of improved management of accounts receivables.

ContextVision's key market is the ultrasound market. The market is expected to grow and the company has taken the opportunity to develop an entirely new set of ultrasound algorithms, and a new modular development platform that will result in completely new product range for ultrasound. With the new product portfolio and with GOPiCE®US, the company is ready to meet customer demands, both in the high-end and in the growing mid-end segment on the ultrasound market.

In November 2010, the company entered into a strategic collaboration with Neusoft Medical Systems Co. Ltd, as the result of a strategic process announced in late 2009. Neusoft Medical Systems is a leading provider of a broad range of medical IT solutions, and the collaboration will give ContextVision an opportunity to broaden its present product portfolio.

BOARD AND MANAGEMENT

At the Annual General Meeting in June 2010, our chairman Mr. Knut Bruntland left the board of ContextVision AB, due to regulatory obligations following new job assignment. Board member Mrs. Anita Tollstadius was appointed as the new chairman of the board.

On June 28, after 7 years as the company's CEO, Jan Erik Hedborg resigned from his position. Anita Tollstadius was appointed executive chairman.

On Sept 10, Anita Tollstadius was appointed to be the new CEO of the company. At the same time, she left her position at the board. Board member Erik Danielsen was appointed as the new chairman of the board.

The board is operating with 3 board members until the next AGM planned to June 9, 2011.

THE HOLDING OF SHARPVIEW

In 2008 the Company invested MSEK 10.4, equaling 14% of the shares in former subsidiary SharpView AB (founded in March 2007 and distributed in its entirety to the shareholders in July 2007).

On December 31, 2009, the holding of the shares was reclassified to a holding in an associated Company.

The total write-down of the holding during 2008 and 2009 were 9.0 MSEK. The remaining value on 1st Jan 2010 was 3.4 MSEK (1.4 MSEK in shares and 2.0 MSEK in receivables).

Following a request from the board of SharpView, ContextVision decided at a board meeting in March 2010, to issue a loan of 2 MSEK. According to the loan agreement, the loan should be converted to shares at a share issue in June 2010.

The planned share issue was cancelled, and SharpView went into bankruptcy in the end of June 2010.

The full amount of the loss from the bankruptcy of SharpView (5.4 MSEK) is recorded in ContextVision during 2010.

When SharpView started its operations in 2007, a collaboration agreement was signed with ContextVision. According to the collaboration agreement between the companies, SharpView was given the exclusive right to sell certain GOPView technology, and ContextVision received an upfront fee of MSEK 4.4 to be paid at a later day, which has been set to December 31, 2012. The book value of this receivable was SEK 0 (SEK 0) on December 31, 2009. Following the bankruptcy of SharpView, the receivable is finally disposed.

However, at the same time, the license agreement was terminated and all rights were returned to ContextVision.

RESEARCH AND DEVELOPMENT

The Company capitalizes costs for product development when there has been a product decision along with estimates of future revenues generated by that product.

During 2010 the Company capitalized costs of MSEK 3.8 (4.1) regarding product development, referring mainly to the development of GOPiCE®US and GOPiCE®MR (three-dimensional image enhancement for ultrasound and MR), and a new ultrasound product, which is planned to be launched in 2011. Out of the MSEK 3.8 (4.1), MSEK 3.1 (2.5) relates to internal personnel cost.

Cost for research personnel not capitalized amounts to MSEK 13.3 (15.4).

THE SHARE

The Company has in total 7,736,750 shares by December 31, 2010.

There has been no repurchase of shares or other changes of the share capital during 2010.

ContextVision does not hold any own shares in stock.

PERSONELL

Average number of employees in the group was 34 (34), of which 31 were employed in Sweden and 3 were employed abroad. Out of the 34 employees, 15 are allocated to R&D, 15 to sales, marketing and customer maintenance, and 4 employees to administration and regulatory issues.

CASHFLOW 2010

The Company's cash position has strengthened during the year. Main reason is improved management of accounts receivables.

RISK & UNCERTAINTIES

Consolidations within the medical industry occur on a regular basis with the general purpose of enhancing technical competence and gaining market shares, while decreasing competition. Besides consolidations, new players enter the market and challenge the established actors. The trends above represent both threats and opportunities for ContextVision. For financial risks, see note 20.

THE GROUP AND THE PARENT COMPANY

The Group consist of the parent company ContextVision AB (publ) and the wholly owned American subsidiary ContextVision Inc. The parent company ContexVision AB (publ) has its registered office in Linköping, Sweden, where the R&D department is located. Sales and marketing is managed from the office in Stockholm.

The subsidiary ContextVision Inc has two employees, and its office is located in Boston, Massachusetts. The subsidiary is representing a limited part of the group's operations.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE.

In March 2011, the company opened a mortgage of 2 MSEK as a security for currency hedging contracts signed at Svenska Handelsbanken.

OUTLOOK

Looking at 2011, the Company expects the medical imaging market to slowly recover. ContextVision is prepared for further growth by significantly strengthening its position on the important ultrasound market, showing strong clinical value and investing in new products and new markets.

OWNERSHIP

The Company is listed on the Oslo stock exchange since 1997, ticker code COV.

Shareholders with more than 1% of the votes Dec 31, 2010.

SHAREHOLDER	NUMBER OF SHARES	PER CENT
Monsun AS	2,215,000	28.6
Sven Günther-Hansen	851,667	11.0
Martin Hedlund	831,666	10.7
MP Pensjon	778,000	10.1
Crown Hill Chartering AS	266,000	3.4
SEB Private Bank S.A.	261,000	3.4
Ølja AS	260,490	3.4
Piero AS	234,900	3.0
Bras Kapital AS	153,400	2.0
Auris AS	150,000	1.9
Skandinaviska Enskilda Banken	114,150	1.5
Allocation AS	102,000	1.3
Tostø AS	90,000	1.2
Centura Utvikling AS	87,650	1.1
Others	1,340,827	17.3
TOTAL	**7,736,750**	**100**

PROPOSED APPROPRIATION OF EARNINGS 2010

AT THE GENERAL MEETING'S DISPOSAL	SEK
Retained earnings	19,247,738
Profit/loss for the year	-1,143,552
TOTAL	**18,104,186**

The Board proposes that SEK 18,104,186 is carried forward to the 2011 accounts.

FINANCIAL CALENDAR 2011

28st Apr	Quarterly report Q1 2011
9th June	Annual general meeting
25th August	Quarterly report Q2 2011
27st Oct	Quarterly report Q3 2011
23rd Feb, 2012	Quarterly report Q4 and annual result 2011

SHAREHOLDER INFORMATION

Information from Contexvision is distributed through stock exchange notices, press releases, reports and presentations. This information is available on the Oslo Stock Exchange's web site www.ose.no and/or www.contextvision.com.

For queries please use
shareholderinfo@contextvision.se

CORPORATE GOVERNANCE STATEMENT

ContextVision AB is registered in Sweden and is controlled by its Articles of Association according to the Companies Act in Sweden and Swedish law. Since 1997, the company has been listed on the Oslo Stock Exchange under the COV ticker and operates under Oslo Stock Exchange rules & regulations. ContextVision complies with the majority of applicable guidelines and procedures, which are stipulated in the Norwegian Code of Practice for Corporate Governance, issued October 21, 2010. The deviations are explained in this document. This report was adopted by the Board of Directors in March 2011.

This corporate governance report includes the measures implemented for the efficient management of and control over ContextVision's operations. The Board of Directors and the executive management of ContextVision are dedicated to managing shareholders' and other stakeholders' demands for effective business operations, which shall be run independently by the board of directors and the executive management.

BUSINESS

The company shall carry on the development, production, marketing and sales of products for images, aiming at increasing the value of the images or sequences of images through image enhancement or image analysis. Corporate values and ethical guidelines were defined and implemented during 2006. In general, being a company providing products and solutions in the health care market, we are driven by the patients' best interests. If there are reasons to believe that certain actions do not follow our corporate values or involve other unethical behaviour related to the company's activities, there are procedures in place to address such issues.

EQUITY AND DIVIDENDS

The company is to have an equity capital at a level appropriate to its objectives, strategy and risk profile. Presently the strong cash balance is appropriate to fund the future growth ambitions. The board of directors is on a monthly basis informed of the equity capital to ensure it is on an appropriate level. The company is using buy back of own shares to ensure the capital is not in excess of the company's needs. Mandate to either increase capital or decrease by share buy backs shall be granted by a general meeting. The board of directors of ContextVision intends to propose a yearly dividend or other form of distribution that in an average over time corresponds to at least half of the yearly net profit after taxes. The proposed dividend will be considered with regard to the company's future revenues, financial status, capital needs and general condition.
At the AGM 2010, there was no decision to buy back shares for the following year.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

ContextVision has only one share class, whereby all shares have equal voting rights. Transactions carried out in own shares are managed by a third party through the stock exchange. The company is using a market maker to ensure that there is liquidity maintained in the company's shares. Executive management and the board of directors are instructed and obliged to notify the board if they have any material interest in any transactions entered by the company.

There are 3 individual shareholders, representing more than 10 % each of the shares and the votes in the company, please see page 13. The shareholder "Monsun AS" is controlled by board member Magne Jordanger with family.

FREELY NEGOTIABLE SHARES

There is no form of restriction of the negotiability of the shares in the company's articles of association.

GENERAL MEETING

The Articles of Association stipulates and the Swedish Companies Act regulates the annual general meeting according to Swedish law. These rules govern the guidelines as they are stated in the code of practice for corporate governance. The auditor shall be present at the annual general meeting upon request and motivation from a shareholder that announces attendance at the general meeting. The chairman of the general meeting is elected by the general meeting; this is considered sufficient to ensure the independence of the chairman. The shareholders are given the opportunity to vote individually for each candidate to the board. Notice of general meeting is distributed four to six weeks before the date of the meeting by public announcements in newspapers, and at the stock exchange, along with mailed invitations to shareholders. Enclosed is the procedure a shareholder most observe in order to participate and vote at the general meeting. All information related to the general meeting is kept available at the company's offices, and is also provided at the company's website.

There are no specific rules in the company's articles of association for the procedure of electing or dismissing board members, or for changing the articles of association. In these cases, the company is following the Swedish Company Act.

There are no restrictions in the rights of a shareholder to vote for the full amount of shares owned.

NOMINATION COMMITTEE

The code of practice recommends the use of a nomination committee, which the board does not intend to do. Because of the relatively strong shareholder concentration, a nomination committee is considered ineffective.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

According to its Articles of Association, the Board of Directors should have three to seven members, with a maximum of four deputies. The present Board consists of three members. Members of the Board of Directors serve for a term of one year and are elected at the annual general meeting. The present Board of Directors includes the main shareholder. The ContextVision board does deviate from the recommendations set forth in the Norwegian code in that the technical director holds a position on the board. The technical director is considered to be an asset to the work of the board through his insight into the technical details of a variety of matters, and he is also a major shareholder.

The Norwegian Code of Practice for Corporate Governance states that at least two of the members of the board should be independent of the company's main shareholder(s). There have been changes in the board during the year 2010, the effect being that the board does no longer meet requirements in the test of independence set forth in the Norwegian Code of Practice for Corporate Governance. One board member being the main shareholder, another board member being a large shareholder and a member of the company's executive management leaves only the chairman of the board independent. The intention is to find one more independent member to be proposed for election at the AGM planned to June 2011.

THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors' principal obligations include providing strategic guidance for ContextVision, monitoring the executive management to ensure its effectiveness, controlling and monitoring the company's financial situation, ensuring the company's accountability towards its shareholders and providing appropriate communication to its shareholders and other interested parties.

The rules of procedure for the board of directors control the scope and proceedings of the body's obligations. The rules of procedure govern that an annual plan for the work of the coming year shall be settled at the last meeting of the fiscal year. The same meeting shall include an evaluation of the work performed by the board of directors during the fiscal year. The rules of procedure are reviewed at the board meeting directly following the annual general meeting. The rules of procedure for the CEO are likewise reviewed on a yearly basis at this meeting. The rules of procedure emphasize the clear internal allocation of responsibilities and duties. The company has a general system of internal control with descriptions of work processes and procedures on its intranet. The Board of Directors ensures its internal control through regular written reporting by the executive management. The CEO is present and report at all board meetings. There are generally one to two board meetings per quarter. There are no specific committees within the board, such as audit committee or remuneration committee. Such committees are regarded as not efficient, taking account of the small size of the company.

To comply with the rules of the Swedish Companies Act, the company has chosen to let the board as a whole fulfill the requirements to be performed by the Audit Committee.

RISK MANAGEMENT AND INTERNAL CONTROL

The purpose of the company's risk management and internal control procedures is to manage, not to eliminate, the risks associated with the environment in which the company operates. The established procedures aim to manage risk aspects that are not only related to the actual operation but also commercial and financial risks. Management updates the board of directors continuously on important current events and potential risks. Included in the internal control procedures is also the assurance of producing accurate financial statements. For further details regarding financial risks, see note 20.

REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration for the Board of Directors is determined by the annual general meeting and is disclosed in the annual report. The annual results should not reflect the level of remuneration. As of December 2010, all members of the board hold shares in the company at a total of 39% of the company value. Members of the Board are not entitled to stock options in ContextVision.

REMUNERATION OF THE EXECUTIVE PERSONNEL

ContextVision shall offer its executive personnel competitive remuneration based on current market standards, company and individual performance. The remuneration program shall ensure that the executive personnel and shareholders share common interest. The remuneration shall consist of a basic salary combined with a performance based bonus. Yearly bonus shall be linked to company performance and individual performance relative to set targets. The aim of the bonus scheme is to attract and retain high competence and to secure focus on long term value creation. Bonus award will be paid in cash. For details on the remuneration of executive personnel, please see note 4.

INFORMATION AND COMMUNICATIONS

The board endeavours to provide equal, timely and accurate communication to all shareholders. The primary channels for communication are the annual report, the quarterly interim reports, press releases and presentations for shareholders and investors. Public company information is disclosed on the web site of the Oslo Stock Exchange www.ose.no, as well as ContextVision's own website, www.contextvision.com. A video presentation is generally organized in connection with the release of quarterly reports. The dates for such presentations are announced on the company web site.

TAKE-OVERS

The board of directors shall not seek to hinder or obstruct take-over bids for the company's activities of shares unless there are particular reasons for doing so. In the event of a takeover bid for the company's shares, the company's board of directors shall not exercise mandates or pass any resolutions that obstruct the take-over bid unless such actions are approved by the general meeting following the announcement of the bid.

AUDITOR

The auditor serves for a period of four years and is elected at the annual general meeting. The auditor participates in a yearly board meeting in February. This occasion allows a review of any material changes in the company's accounting principles and a report on any disagreement that may have occurred between the executive management and the auditor concerning the annual accounts. The meeting shall also include a review of the company's internal control procedures and give the auditor the opportunity to discuss matters without any member of the executive management present. Any performance of non-audit services and payments related thereto by the auditor are monitored at the annual general meeting. The board shall advocate for the auditor to present the framework of the company's audit to the board on an annual basis and for the auditor to provide a yearly written statement as to whether the auditor continues to satisfy the requirements for independence.

CONSOLIDATED INCOME STATEMENT

KSEK	NOTES	2010	2009	2008
Operating income				
Revenue	1, 2	53,412	54,731	71,091
Total operating income		**53,412**	**54,731**	**71,091**
Operating expenses				
Goods for resale		-1,420	-1,489	-1,502
Other external costs	2, 3, 6	-17,562	-17,950	-15,616
Personnel costs	4	-28,452	-29,882	-26,721
Depreciation and write-downs of intangible and tangible assets	7, 8	-3,189	-4,738	-2,589
Result from associated company	16	-5,426	–	–
Total operating expenses		**-56,049**	**-54,059**	**-46,428**
OPERATING RESULT		**-2,637**	**673**	**24,663**
Financial items				
Interest income		89	341	1,425
Result from financial assets	17	–	-8,973	1,412
Interests costs and similar items		-16	-20	-63
Total		**73**	**-8,652**	**2,774**
RESULT AFTER FINANCIAL ITEMS		**-2,564**	**-7,979**	**27,437**
Tax on profit/loss for the year	5	-734	-273	-7,240
NET RESULT		**-3,298**	**-8,252**	**20,197**
Of which attributable to:				
Equity holders of the parent company		-3,298	-8,252	20,197
Average no. of shares before/after dilution		7,736,750	7,837,900	8,106,633
Result per share before/after dilution		-0,43	-1,05	2,49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KSEK	NOTES	2010	2009	2008
Other comprehensive income				
Effect of currency hedging		-811	2,870	-2,059
Tax effect of currency hedging		213	-754	541
Fair value adjustment of asset available for sale		–	-4,368	-4,605
Fair value adjustment of asset available for sale transferred to the income statement during the period		–	8,973	–
Translation difference		-89	-87	189
Total other comprehensive income		**-687**	**6,634**	**-5,933**
Net result for the period		-3,298	-8,252	20,197
Total comprehensive income for the period		**-3,985**	**-1,618**	**14,264**
Of which attributable to:				
Equity holders of the parent company		-3,985	-1,618	14,264

CONSOLIDATED BALANCE SHEETS

KSEK	NOTES	2010	2009
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for development work	7	12,458	11,247
Total		**12,458**	**11,247**
Tangible assets			
Equipment, tools and furniture	8	1,371	1,438
Total		**1,371**	**1,438**
Financial & other non-current assets			
Other long term receivables	10	50	50
Participation in associated companies	16	–	1,426
Long-term receivables from associated companies	16	–	2,000
Total		**50**	**3,476**
TOTAL NON-CURRENT ASSETS		**13,879**	**16,161**
Current assets			
Inventories	11	251	404
Total		**251**	**404**
Current receivables & current investments			
Accounts receivable and other receivables	12	10,968	17,717
Tax receivables		2,120	3,346
Short-term receivable from associated companies		–	500
Derivatives		–	854
Prepaid expenses		983	768
Total		**14,071**	**23,185**
Cash and bank balances		**16,914**	**10,067**
TOTAL CURRENT ASSETS		**31,236**	**33,252**
TOTAL ASSETS		**45,115**	**49,817**

KSEK	NOTES	2010	2009
Equity	14		
Share capital		2,084	2,084
Other contributed capital		2,864	2,864
Other reserves		-81	606
Retained earnings		31,826	35,124
Total equity		**36,693**	**40,678**
Long term liabilities and provisions			
Deferred tax	5	–	1,088
Total		**–**	**1,088**
Short term liabilities and provision			
Accounts payable and other debts	18	8,422	8,051
Total		**8,422**	**8,051**
Total liabilities		**8,422**	**9,139**
TOTAL EQUITY AND LIABILITIES		**45,115**	**49,817**
Pledged assets		None	None
Contingent liabilities		None	None

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	SHARE CAPITAL	OTHER CONTRIB-UTED CAPITAL	OTHER RESERVES	RETAINED EARNINGS AND RESULT	TOTAL
January 1, 2009	**2,084**	**10,103**	**-6,028**	**43,376**	**49,535**
Total comprehensive income for the period	–	–	6,634	-8,252	-1,618
Withdrawal of shares	-150	150			–
Bonus issue	150	-150			–
Repurchase of own shares	–	-7,239	–	–	-7,239
DECEMBER 31, 2009/JANUARY 1, 2010	**2,084**	**2,864**	**606**	**35,124**	**40,678**
Total comprehensive income for the period	–	–	-687	-3,298	-3,985
December 31, 2010	**2,084**	**2,864**	**-81**	**31,826**	**36,693**

SPECIFICATION OF OTHER RESERVES

KSEK	TRANSLATION DIFFERENCE	CURRENCY HEDGING	TAX EFFECT ON CURRENCY HEDGING	FAIR VALUE RESERVE	TOTAL
January 1, 2009	**94**	**-2,059**	**541**	**-4,605**	**-6,028**
Change during the year	-87	2,870	-754	4,605	6,634
December 31, 2009/January 1, 2010	**8**	**811**	**-213**	**0**	**606**
Change during the year	-89	-811	213		-687
December 31, 2010	**-81**	**–**	**–**	**–**	**-81**

CONSOLIDATED STATEMENT OF CASH FLOW

KSEK	NOTES	2010	2009	2008
Operating activities				
Result after financial items		-2,565	-7,979	27,437
Adjustment of items not included in the cash flow				
Depreciation and write-downs	7, 8	3,189	13,713	2,589
Other		–	140	–
Income from current investments		–	–	-323
Result from participation in associated company		5,426	–	–
Income tax paid		-1,180	-7,956	-6,530
Cash flow from operating activities before changes in working capital*		**4,870**	**-2,081**	**23,173**
Changes in working capital				
Change in inventories		153	25	280
Change in current receivables		7,830	-5,332	1,690
Change in current liabilities		327	-2,169	-3,179
Cash flow from operating activities		**13,180**	**-9,557**	**21,964**
Cash flow from investing activities				
Investments in intangible assets	7	-3,845	-4,097	-6,129
Investments in tangible assets	8	-488	-444	-499
Current investments		–	15,202	13,816
Long term investments	16	-2,000	–	-10,399
Cash flow from investing activities		**-6,333**	**10,661**	**-3,211**
Cash flow from financing activities				
Dividend		–	–	-12,205
Repurchase of own shares		–	-7,239	-6,882
Cash flow from financing activities		**–**	**-7,239**	**-19,087**
CASH FLOW FOR THE YEAR		**6,847**	**-6,135**	**-334**
Cash and cash equivalents at beginning of year		10,067	16,201	16,535
Cash and cash equivalents at year end		**16,914**	**10,067**	**16,201**

*During the year, interest of KSEK 62 (437) has been received and interest of KSEK 20 (76) has been paid.

PARENT COMPANY INCOME STATEMENT

KSEK	NOTES	2010	2009	2008
Operating income				
Net sales	1, 2	53,412	54,731	71,091
Total		**53,412**	**54,731**	**71,091**
Operating expenses				
Goods for resale		-1,420	-1,489	-1,503
Other external costs	2, 3, 6	-21,401	-21,456	-17,901
Personnel costs	4	-25,203	-26,652	-24,645
Depreciation and write-downs of intangible and tangible assets	7, 8	-3,184	-4,724	-2,589
Result from associated company	16	-5,426	–	–
Total		**-56,634**	**-54,320**	**-46,638**
OPERATING RESULT		**-3,222**	**410**	**24,453**
Financial items				
Interest income		90	341	1,425
Result from financial assets	17	–	-8,973	1,412
Interest costs and similar items		-16	-18	-76
Total		**74**	**-8,650**	**2,761**
RESULT AFTER FINANCIAL ITEMS		**-3,148**	**-8,240**	**27,214**
Appropriations	15	3,324	–	–
Tax on results for the year		-1,320	-239	-7,262
NET RESULT		**-1,144**	**-8,479**	**19,952**
Dividend per share (SEK)		0*	0	0

* Proposed dividend

PARENT COMPANY INCOME STATEMENT OF COMPREHENSIVE INCOME

KSEK	NOTES	2010	2009	2008
Other comprehensive income				
Effect of currency hedging		-811	2,870	-2,059
Tax effect of currency hedging		213	-754	541
Fair value adjustment of asset available for sale		–	-4,368	-4,605
Fair value adjustment of asset available for sale transferred to the income statement during the period		–	8,973	–
Total other comprehensive income		**-598**	**6,721**	**-6,123**
Net result for the period		-1,144	-8,479	19,952
Total comprehensive income for the period		**-1,742**	**-1,758**	**13,829**

PARENT COMPANY BALANCE SHEETS

KSEK	NOTES	2010	2009
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for development work	7	12,458	11,247
Total		**12,458**	**11,247**
Tangible assets			
Equipment, tools and furniture	8	1,339	1,436
Total		**1,339**	**1,436**
Financial & other non-current assets			
Shares in group companies	9	217	217
Participation in associated companies	16	–	1,426
Long-term receivables from associated companies	16	–	2,000
Other long term receivables	10	50	50
Total		**267**	**3,693**
TOTAL NON-CURRENT ASSETS		**14,064**	**16,376**
Current assets			
Inventories	11	251	404
Total		**251**	**404**
Current receivables			
Accounts receivable		10,864	17,717
Tax receivables		2,119	3,345
Short-term receivables from associated companies		–	500
Other receivables		105	811
Prepaid expenses and accrued income	13	897	676
Total		**13,985**	**23,049**
Cash and bank balances		**16,585**	**9,490**
TOTAL CURRENT ASSETS		**30,821**	**32,943**
TOTAL ASSETS		**44,885**	**49,319**
Equity and liabilities			
Equity	14		
Restricted equity			
Share capital		2,084	2,084
Statutory reserves		15,243	15,243
Total		**17,327**	**17,327**
Non-restricted reserves			
Fair value reserve		–	598
Retained earnings		19,248	27,727
Profit/loss for the year		-1,144	-8,479
Total		**18,104**	**19,846**
TOTAL EQUITY		**35,431**	**37,173**
Untaxed reserves	**15**	**–**	**3,324**
Provisions			
Deferred tax liability	5	–	213
Liabilities			
Current liabilities and provisions			
Accounts payable		2,643	1,571
Payable to group companies		976	642
Other liabilities		655	551
Accrued expenses and deferred income	19	5,180	5,845
Total		**9,454**	**8,609**
TOTAL LIABILITIES		**9,454**	**12,146**
TOTAL EQUITY AND LIABILITIES		**44,885**	**49,319**

Memorandum items		
Pledged assets	None	None
Contingent liabilities	None	None

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

KSEK	SHARE CAPITAL	STATUTORY RESERVE	FAIR VALUE RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL
January 1, 2009	**2,084**	**15,243**	**-6,123**	**15,014**	**19,952**	**46,170**
Total comprehensive income for the period			6721		-8,479	-1,758
Withdrawal of shares	-150			150		–
Bonus issue	150			-150		–
Appropriation of profits 2008				19,952	-19,952	–
Repurchase of own shares				-7,240		-7,240
December 31, 2009/Jan 1, 2010	**2,084**	**15,243**	**598**	**27,726**	**-8,479**	**37,173**
Total comprehensive income for the period			-598		-1,144	-1,742
Appropriation of profits 2009				-8,479	8,479	–
December 31, 2010	**2,084**	**15,243**	**–**	**19,248**	**-1,144**	**35,431**

PARENT COMPANY STATEMENT OF CASH FLOW

KSEK	NOTES	2010	2009	2008
Operating activities				
Result after financial items		-3,148	-8,240	27,214
Adjustment of items not included in the cash flow				
Depreciation and write-down	7, 8	3,184	13,697	2,589
Income from current investments		–	–	-323
Result from participation in assoicated company		5,426		
Other		–	140	–
Income tax paid		-847	-7,709	-6,531
Cash flow from operating activities before changes in working capital*		**4,615**	**-2,112**	**22,949**
Changes in working capital				
Change in inventories		153	25	280
Change in current receivables		7,993	-5,332	1,138
Change in current liabilities		632	-1,831	-3,168
Cash flow from operating activities		**13,393**	**-9,250**	**21,199**
Investing activities				
Investments in intangible assets	7	-3,845	-4,097	-6,129
Investments in tangible assets	8	-453	-443	-499
Current investments		–	15,202	13,816
Long term receivables on associated company		-2,000	–	–
Long term investments	16	–	–	-10,399
Cash flow from investing activities		**-6,298**	**10,662**	**-3,211**
Financing activities				
Repurchase of own shares		–	-7,239	-6,882
Dividend		–	–	-12,205
Cash flow from financing activities		**0**	**-7,239**	**-19,087**
CASH FLOW FOR THE YEAR		**7,095**	**-5,827**	**-1,099**
Cash and cash equivalents at beginning of year		9,490	15,317	16,416
Cash and cash equivalents at year's end		**16,585**	**9,490**	**15,317**

* During the year, interest of KSEK 90 (62) has been received and interest of KSEK 16 (20) has been paid.

SUPPLEMENTARY DISCLOSURES

COMPANY INFORMATION

The consolidated statements for ContextVision AB (publ) for 2010 have been approved for publication in accordance with a Board decision on April 18, 2011. The consolidated financial statements will be submitted for adoption at the General Meeting on June 9, 2011. ContextVision AB (publ), corporate ID No. 556377-8900, is a corporation with its registered office in Linköping, Sweden. The group's principal business is described in the Administration Report.

BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

These consolidated statements are based on historic acquisition values, except for financial derivatives, marketable financial assets and assets available for sale, which are valued at their actual value. These assets and liabilities are valued at their fair value.

STATEMENT ON COMPLIANCE WITH APPLIED REGULATIONS

These consolidated statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). As the parent company is a company within the EU, only those IFRSs approved by the EU have been applied. The consolidated statements are also prepared in accordance with Swedish law, through the application of The Swedish Financial Reporting Boards Recommendation RFR 1 (Supplementary Accounting rules for Groups). The annual statements of the parent company are prepared in accordance with Swedish law, and in compliance with Swedish Financial Reporting Boards Recommendation RFR 2 (Accounting for Legal Entities). This means that although the IFRS valuation and information rules apply, the arrangement of the statements differ, as the parent company's financial statements are prepared in compliance with the Swedish Annual Accounts Act. In addition, untaxed reserves and balance sheet appropriations are reported on the statements of the parent company. The IFRS has been applied beginning on January 1, 2005.

NEW AND CHANGED ACCOUNTING PRINCIPLES FOR THE YEAR

IFRS 3 (Revised) Business Combinations and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect acquisitions made from 2010 or loss of control of subsidiaries and transactions with non-controlling interests. The changes of IFRS3 and IAS27 has had no effect on the accounting and disclosures during 2010.

COMING NEW AND CHANGED ACCOUNTING PRINCIPLES

No new or changed accounting principles during 2011 that will affect the Group's consolidated financial statements for 2011.

CONSOLIDATED STATEMENTS

Basis for consolidation

Consolidated accounting includes the parent company and its subsidiaries. The financial reports for the parent company and the subsidiaries that are included in the consolidated statements relate to the same period as those of the group, and are prepared according to the same accounting principles that apply to the group.

A subsidiary is included in the consolidated statements from the time of acquisition. This is the date on which the parent company acquired the power to control, and continues to be included in the consolidated statements until the day on which the power to control ceases. Normally, the power to control a subsidiary is obtained through the holding of more than 50% of the voting shares, but may also be obtained in some other way, such as through a contract.

Subsidiaries are reported in consolidated accounts according to the acquisition method. According to the acquisition method, the purchase price of the shares is divided between assets acquired and obligations assumed at the time of acquisition on the basis of their actual value at that point. If the purchase price exceeds the actual value of the acquired company's net assets, the difference is posted as goodwill. If the purchase price is less than the actual value of the acquired company's net assets, the difference is posted directly to the income statement.

Investment in an associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates. The financial statements of the associate are prepared for the same reporting period as the parent company.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement. Upon loss of significant influence over the associate, the Group measures and recognizes any retaining Investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal are recognised in profit or loss.

Translation of foreign operations

A foreign operation is one that is operated in an economic environment having a currency (the functional currency) different from the group's presentation currency, which is the Swedish krona (SEK). Assets and liabilities from foreign operations, are translated into the presentation currency at the exchange rate on the balance sheet date. Foreign operation income statements are translated at an average exchange rate. Exchange rate differences that result from conversion are posted to statement of comprehensive income.

TRANSLATION OF RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY

Foreign currency transactions are translated at the exchange rate on the balance sheet date. Monetary receivables and liabilities in foreign currency are translated at the exchange rate that applied on the balance sheet date, with exchange rate differences posted to the income statement.

REVENUE RECOGNITION

ContextVision's revenues consist of license fees. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, which are in conjunction with the transfer of the license to the customer. After the transfer of the license, ContextVision has no further obligations related to the delivery. Revenue is measured at the fair value of the consideration received, excluding discounts.

TANGIBLE AND INTANGIBLE FIXED ASSETS WITH LIMITED USEFUL LIVES

Tangible and intangible fixed assets are valued at their acquisition value less accumulated depreciation and write-downs. Depreciation is based on an asset's useful life.

The reported value of fixed assets is reviewed continuously for impairment when events or changes in circumstances indicate that the posted value may not be recoverable. Ongoing R&D projects are tested for impairment on a yearly basis. If these kinds of indications are present, and if the balance sheet value is greater than the expected recovery, the assets or the cash-generated units will be written down to the recoverable amount. The recoverable amount for fixed assets equals the greater of the asset's net fair market value and its value in use. The value in use is calculated by discounting expected cash flows to their present value, using a discount factor prior to taxes that reflects the market's current estimate of the time value of money and the risks that relate to supply. The write-down is reported in the income statement.

DEVELOPMENT COSTS

Costs related to research undertaken with the prospect of gaining new scientific or technical knowledge in the Group's operations are expensed as incurred.

Development projects where knowledge and understanding gained from research and clinical experience are directed towards producing new products, are recognized as intangible assets, when they meet the criteria for capitalization.

Development costs may be capitalized if, and only if, the company can demonstrate the technical feasibility of completing the intangible asset, the intention and ability to complete the asset and use or sell it, the probability that the asset will generate future economic benefits, the availability of adequate resources to complete the development and to use or sell the asset and the ability to reliably measure the costs attributable to the asset during its development.

The reported value includes all directly attributable costs, such as those for materials, salaries and compensation to employees engaged in R&D activities.

Other development costs are expensed in the profit and loss account for the period in which they arise.

Individual assessment is made of all ongoing research and development projects to look for any indications of impairment.

Amortization of capitalized development costs is started when the respective development project is completed, normally when it begins generating revenue, and is carried out on a straight-line basis over a period of five years.

INVENTORY

Inventory is valued as the lower of acquisition value and actual value.

Acquisition value is determined according to the first in, first out (FIFO) method, which means that assets in inventory at the end of the year shall be considered to be those most recently acquired.

FINANCIAL INSTRUMENTS

Financial assets are classified into categories depending on the intent with which each financial asset was acquired. This classification is determined at the original time of acquisition.

Financial assets at fair value through profit or loss

This category refers to assets held for commercial purposes, which means the intent is to sell them within a short time. The assets are valued at their actual value, with any changes in value reported in the income statement.

Loans receivable and accounts receivables

Loan receivables and accounts receivables are financial assets with fixed payments or payments whose amounts can be determined. Accounts receivable are reported at the amount they are expected to realize, after deductions for doubtful receivables, which are evaluated individually.

Available-for-sale financial investments

In the category financial assets that can be sold is included financial assets not categorized in another category or financial assets that the group has chosen to initially include in this category. The assets in this category are continuously valued at fair value with the change in value accounted for in other comprehensive income, excluding those caused by depreciation that is accounted for in the income statement.

FINANCIAL LIABILITIES

ContextVision's financial liabilities include interest-bearing and non-interest bearing financial liabilities that are not held for commercial purposes. Valuation is based on amortized cost. Liabilities with a remaining term of more than one year are reported as long-term liabilities, while those with shorter terms are reported as current liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

ContextVision uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Forward contracts which meet the criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while any ineffective portion is recognised immediately in the income statement in finance costs. Amounts recognised as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss.

For forward currency contracts that not meet the criteria for hedge accounting all gain or loss is recognized in the income statement.

PROVISIONS

Provisions are reported on the balance sheet when the group has an obligation (legal or informal) due to an occurrence, satisfying the obligation will probably mean an expenditure of economically valuable resources, and the amount can be calculated in a reliable manner.

COMPENSATION TO EMPLOYEES

Pensions and other obligations to supply benefits after the end of employment

Obligations relating to old-age pensions for salaried employees in Sweden are secured by insurance. This insurance is secured by defined contribution plans that are expensed on an ongoing basis. Pension payments for employees outside Sweden are handled according to local regulations. There are no defined benefit plans in the group.

LEASING

Lease agreements in which practically all the risks and advantages associated with ownership do not apply to the group are classified as operational leasing agreements. Leasing fees relating to these agreements are reported as a cost on the income statement, and are allocated on a straight line basis throughout the term of the agreement. Only operational leasing exists in the group.

TAXES

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method used for operations. In addition to cash and cash equivalent, liquid funds also include short-term investments for which the original term is less than three months.

GOVERNMENT CONTRIBUTIONS

Government contributions are recognized as revenue when it is secured that it will be submitted and that the conditions surrounding it will be fulfilled. When the contribution is associated with a specific cost, the revenue is systematically recognized to periodically match the cost.

IMPORTANT JUDGMENTS AND ESTIMATES ASSOCIATED WITH ACCOUNTING

Judgments and estimates related to accounting are continuously evaluated. They are based on historical knowledge and other factors as well as expected events that are likely to occur. Judgments and estimates made for accounting purposes may deviate from the actual outcome.

Impairment test of intangible assets

ContextVision evaluate on a regulary basis if there are any indications of impairment for capitalized R&D. During 2010, no impairment needs have been identified.

DISCLOSURES RELATING TO INDIVIDUAL ITEMS

ALL AMOUNTS IN KSEK UNLESS OTHERWISE STATED.

NOTE 1 NET SALES

All income are related to sales of licences.

Net sales by region	GROUP			PARENT COMPANY		
	2010	2009	2008	2010	2009	2008
Asia	21,567	24,056	26,015	21,567	24,056	26,015
Europe	20,004	17,863	20,529	20,004	17,863	20,529
America and Israel	11,841	12,812	24,547	11,841	12,812	24,547
Total	**53,412**	**54,731**	**71,091**	**53,412**	**54,731**	**71,091**

Net sales by product	GROUP			PARENT COMPANY		
	2010	2009	2008	2010	2009	2008
XR	9,099	10,147	9,542	9,099	10,147	9,542
US	31,366	31,090	52,801	31,366	31,090	52,801
MR	6,817	8,502	6,163	6,817	8,502	6,163
Others	6,130	4,992	2,585	6,130	4,992	2,585
Total	**53,412**	**54,731**	**71,091**	**53,412**	**54,731**	**71,091**

The Executive Management views the result of the group as a whole. Sales are viewed on a geographical level and a product level. All R&D investments are concentrated to the parent company in Sweden. There are 3 (2) individual clients representing more than 10% each of the total revenue during the year.

NOTE 2 INTRA-GROUP PURCHASES AND SALES

Marketing is handled by the parent company as well as by the foreign subsidiary. Total compensation from the parent company to the subsidiary amounts to KSEK 4,997 (4,780).

NOTE 3 AUDITOR'S FEES

Audit work involves the audit of the annual report and financial accounting as well as the administration by the Board and the CEO, as well as further work or consultation related to the duties of the company's auditors and resulting from observations noted during such examinations or implementation of such other tasks. All other tasks are defined as other work.

	GROUP			PARENT COMPANY		
Ernst & Young AB	2010	2009	2008	2010	2009	2008
Audit work assignment	215	185	185	215	185	185
Audit work other						
Tax advisory						
Other work	110	24	–	110	24	–
Total	**325**	**209**	**185**	**325**	**209**	**185**

NOTE 4 PERSONNEL

	GROUP			PARENT COMPANY		
Average number of employees	2010	2009	2008	2010	2009	2008
Men	24	27	25	22	25	22
Women	10	7	7	10	7	7
Total	**34**	**34**	**32**	**32**	**32**	**29**
Salaries and other remuneration	2010	2009	2008	2010	2009	2008
Board Members and CEO	3,525	2,671	2,597	3,525	2,671	2,597
of which the CEO	(2,557)	(1,302)	(1,282)	(2,557)	(1,302)	(1,282)
Other employees	18,056	19,493	17,363	14,959	16,516	15,559
Total	**21,581**	**22,164**	**19,960**	**18,484**	**19,187**	**18,156**
Social security expenses	2010	2009	2008	2010	2009	2008
Pension costs for Board Members and CEO	763	414	380	763	414	380
Pension costs for other employees	2,219	2,469	2,673	2,219	2,469	2,673
Statutory and contractual social security expenses	6396	6,735	6,349	6,240	6,529	6,236
Total	**9,378**	**9,681**	**9,402**	**9,222**	**9,412**	**9,289**

Salaries and remuneration for executive management and the Board 2010

	Directors' remuneration[1]	Fixed salary	Variable salary	Pension	Other remuneration	Total
CEO Jan Erik Hedborg[3]		1,616		477		2,093
CEO Anita Tollstadius[4], member of the board /chairman	60	491		106	390[5]	1,047
Knut Brundtland, chairman Jan 1–June 3	0					0
Magne Jordanger, member of the board	50					50
Erik Danielsen, member of the board, chairman from Sept 10	50					50
Martin Hedlund member of the board/CTO	50	818[2]		180[2]		1,048
Total	**210**	**2,925**	**–**	**763**	**390[5]**	**4,288**

Salaries and remuneration for executive management and the Board 2009

	Directors' remuneration[1]	Fixed salary	Variable salary	Pension	Other remuneration	Total
CEO		1,152	150	215	19	1,517
Knut Brundtland, chairman	60					60
Magne Jordanger, member of the board	50					50
Erik Danielsen, member of the board	50					50
Anita Tollstadius, member of the board	50					50
Martin Hedlund, member of the board/CTO	50	1,008[2]	60[2]	199[2]	22[2]	1,317
Total	**260**	**2,160**	**210**	**414**	**41**	**3,085**

Salaries and remuneration for executive management and the Board 2008

	Directors' remuneration[1]	Fixed salary	Variable salary	Pension	Other remuneration	Total
CEO		1,107	158	200	17	1,482
Knut Brundtland, chairman	60					60
Magne Jordanger, member of the board	50					50
Erik Danielsen, member of the board	50					50
Anita Tollstadius, member of the board	50					50
Martin Hedlund, member of the board/CTO	50	990[2]	56[2]	180[2]	8[2]	1,284
Total	**260**	**2,097**	**214**	**380**	**25**	**2,976**

[1] Each member of the Board is paid a fee of KSEK 50 (50) with the chairperson being paid KSEK 60 (60). There are 3 (5) members of the Board.
[2] Salary, remuneration and pension to board member Martin Hedlund, who also works operationally in the company.
[3] CEO Jan Erik Heborg resigned from his position on June 28, 2010.
[4] Anita Tollstadius was a member of the board from Jan 1 to Sept 10. At the AGM June 3 she was elected chairman of the board.
[5] Remuneration for the period June 28 - Sept 10 for Tollstadius acting as executive chairman. The remuneration was paid to "Tollstadius & Co AB", 100 % owned by Tollstadius.

Chief Executive Officer (executive management)

Former CEO Jan Erik Hedborg is entitled to 12 months time of notice. The payment for the last 6 months should be reduced by any salary from other employment. The company has booked a full accrual for the estimated cost of the part of the salary, which shall be paid during 2011. Hedborg is not entitled to any bonus payments during his time of notice. CEO Anita Tollstadius is entitled to 6 months of notice, both in case of termination by the company, or if she terminates her employment herself. Tollstadius has no bonus arrangements or variable salary. The CEO has a pension arrangement that is within the tax deductibility limits. The members of the board 2010.12.31 are 3 men. All pensionplans are defined contribution plans and no outstanding obligations exists towards employees nor to the board of directors.

Sick leave in parent company	2010	2009	2008
Total sick leave (%) of normal working hours	0.6%	0.5%	1.1%
Percent of total sick leave related to extended absence of 60 days or more	–	–	–

As there are less than 10 employees in all segments, certain statistical data are not presented, including the ration of men to women and the distribution of employes among the following age groups: younger than 30, 30–49 and 50 or older.

NOTE 5 TAX ON RESULT FOR THE YEAR

	GROUP			PARENT		
	2010	2009	2008	2010	2009	2008
Current tax	-1,062	-887	-7,580	-987	-853	-7,546
Change in tax rate	–	–	56	–	–	–
Deferred tax related to provision	874	–	–	–	–	–
Deferred tax related to derivatives	-213	614	284		614	284
Correction of tax assessment previous years	-333			-333		
Total tax on profit for the year	**-734**	**-273**	**-7,240**	**-1,320**	**-239**	**-7,262**

The difference between recorded tax costs and tax costs based on the applicable tax rates consists of:

	GROUP			PARENT COMPANY		
	2010	2009	2008	2010	2009	2008
Pre-tax profit/loss	-2,564	-7,979	27,437	176	-8,240	27,214
Tax according to the applicable tax rates	674	2,098	-7,682	-46	2,167	-7,620
Non taxable income		–	469		–	469
Non deductible cost	-927	-2,396	-95	-927	-2,396	-95
Correction of tax assessment previous years	-333			-333		
Other	-148	25	68	-14	-10	-16
Recorded tax expense	**-734**	**-273**	**-7,240**	**-1,320**	**-239**	**-7,262**

The applicable tax rate for the group is 26.3% (26.3%) and for the parent company 26.3% (26.3%).

	GROUP		PARENT COMPANY	
Deferred tax receivables/tax liabilities	**2010**	**2009**	**2010**	**2009**
Deferred tax liability related to untaxed reserves	–	-874	–	–
Deferred tax on fair valuation on currency hedging	–	-213	–	-213
Deferred tax on value increase of short term assets	–	–	–	–
Disclosed, deferred tax allowance	**–**	**-1,088**	**–**	**-213**

Out of the total write down of associated company (5,426), 2,000 is deductible and 3,426 is not deductible.

NOTE 6 LEASING AGREEMENTS

	GROUP		PARENT COMPANY	
	Equipment	Premises	Equipment	Premises
Fees due in 2011	144	1,986	144	1,726
Fees due 2012–2014	88	4,357	88	4,150
Fees due 2015 or later	12	–	12	–

During 2010 group leasing expenses amounting to 2,127(2,191) have been paid.

NOTE 7 CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Opening balance acquisition value	19,055	17,702	19,055	17,702
Investments for the year	3,845	4,074	3,845	4,074
Disposals of the year	–	-2,721	–	-2,721
Closing balance accumulated acquisition value	**22,900**	**19,055**	**22,900**	**19,055**
Opening balance depreciation	-7,808	-5,603	-7,808	-5,603
Depreciation for the year	-2,634	-2,205	-2,634	-2,205
Closing balance accumulated depreciation	**-10,442**	**-7,808**	**-10,442**	**-7,808**
Opening balance write-downs	–	-788	–	-788
Write-downs during the year	–	-1,933	–	-1,933
Disposals of the year	–	2,721	–	2,721
Closing balance accumulated write-downs	**–**	**–**	**–**	**–**
Closing balance according to plan residual value	**12,458**	**11,247**	**12,458**	**11,247**

Capitalized expenditure for research and development during 2010 refers to the products GOPiCE US, which was completed during 2010, a new GOPView Ultrasound product and a GOPICE MR product. Main projects earlier capitalized refer to the company's basic technology GOPView and "low dose CT". Period for usage for research and development is typically five years. Depreciation is linear from launch of product to end of period. Regarding current projects where depreciation has not been started, the recovery value has been calculated whereby it has been established that the value is not below booked value. During 2009, capital expenditure for a specific product was written off due to difficulties in the development process (KSEK 1,933). Personnel costs for research and development activites of MSEK 3.1 (2.5) has been booked during the year.

NOTE 8 EQUIPMENT

	GROUP		PARENT COMPANY	
	2010	2009	2009	2009
Opening balance acquisition value	4,408	4,339	4,385	4,311
Investments for the year	468	442	452	431
Sales/disposals for the year	–	-373	–	-357
Closing balance accumulated acquisition value	**4,876**	**4,408**	**4,837**	**4,385**
Opening balance depreciation	-2,970	-2,765	-2,949	-2,755
Sales/disposals for the year	–	361	–	368
Depreciation for the year	-535	-566	-550	-562
Closing balance accumulated depreciation	**-3,504**	**-2,970**	**-3,498**	**-2,949**
Closing balance residual value according to plan"	**1,371**	**1,438**	**1,339**	**1,436**

The period of use for equipment is 5 years.

NOTE 9 SHARES IN GROUP COMPANIES

Subsidiaries	Corporate registration no.	Share capital/ Voting rights	Number of shares	Recorded value
ContextVision Inc, State of Illinois, USA	36-4333625	100%/100%	1,000	217
Total				**217**

NOTE 10 OTHER LONG TERM RECEIVABLES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Depositions	50	50	50	50
Total	**50**	**50**	**50**	**50**

NOTE 11 INVENTORIES

	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Inventories	251	404	251	404
Total	**251**	**404**	**251**	**404**

The cost for inventories, carried as an expence of goods for resale, totals KSEK 1,420 (1,489) for both parent company and the group.

NOTE 12 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	GROUP	
	2010	**2009**
Accounts receivable	11,671	17,867
Less: reservation for uncertain accounts receivables	-807	-150
Other receivables	104	–
Total	**10,968**	**17,717**

During the year an accrual for bad debt loss of 657 (150) has been booked.

NOTE 13 PREPAID EXPENSES AND ACCRUED INCOME

	PARENT COMPANY	
	2010	**2009**
Prepaid rent	430	417
Other items	467	259
Total	**897**	**676**

NOTE 14 EQUITY

The company's number of shares is 7,736,750 (7,736,750). The quota value is SEK 0.27 (0.27). All shares carry equal voting rights. As per Dec 31, 2010 the company has 0 (0) shares in own safekeeping.

Total shares and share capital (KSEK)	Total shares	Total share capital
31 Dec, 2010	7,736,750	2,084

Additional paid in capital – Refers to additional paid in equity from shareholders, reduces with repurchased shares and dividends.
Translation difference reserve – Contains all currency translation differences arising from the translation financial statements of foreign subsidiaries not reporting in SEK.
Fair value reserve – Contains accumulated net change in of the fair value of financial assets available for sale, until it is removed from the balance sheet.
Currency hedging reserve – Contains the effective part of the accumulated net change in of the fair value of cash flow hedging related to transacations that has not yet ocurred.
Retained earnings and net result for the year – Contains retained earnings in the parent company and its subsidiarie.

NOTE 15 UNTAXED RESERVES

	PARENT COMPANY	
	2010	**2009**
Tax allocation tax 06	–	3,113
Accumulated additional depreciation	-	211
Total	**0**	**3,324**

The tax allocation reserve from fiscal year 2006 had to be dissolved during 2010, due to tax rules. The accumulated additional depreciation tax reserve was dissolved at the same time. The corresponding deferred tax liability of 26.3% (KSEK 874) has also been dissolved.

NOTE 16 HOLDINGS IN SHARPVIEW

KSEK	PARENT COMPANY
	2009
Acquisition value	
Opening balance Jan 1, 2009	10,399
Investment during the year	–
Closing balance Dec 31, 2009	**10,399**
Fair value adjustment	
Opening balance Jan 1, 2009	-4,605
Adjustment during the year	-4,368
Closing balance Dec 31, 2009	**-8,973**
Book value as of Dec 31, 2009	1,426
Reclassified as a investment in associated companies	-1,426

The holding of shares in SharpView AB publ
As of December 31 2009 the accounting for the shares in SharpView AB publ was changed from "asset available for sale" to "investment in associated company". The equity method according to IAS 28 was used.

Purchase price allocation

Aquisition analysis 2009.12.31	2009
Acquisition value	1,426
Total equity in SharpView as of December 31 2009	2,490
ContextVision's portion of total equity in SharpView (14.4%)	359
Equity portion	359
Goodwill	1,067
Total investment in associated companies	**1,426**

Obligation to convert receivables into shares
In conjunction with the reclassification in December 2009 ContextVision, assumed the obligation to convert receivables on SharpView of KSEK 2,000 into shares in SharpView by a directed share issue. This obligation was conditional of an approval by an extraordinary general meeting in SharpView during 2010. Following this obligation receivables on SharpView of KSEK 2,000, previously classified as trade receivables, were reclassified as a long term financial asset as of December 31, 2009.

Financial summary 2009 (KSEK)

Company name	Corp. id.no	Reg. office	Holding %	Total revenues	Net result	Total assets	Total equity
SharpView AB publ	556682-1228	Linköping, Sweden	14.4	1,585	-18,073	11,759	2,490

SharpView AB publ is listed on Nordic Growth Market (NGM)

Transactions with associated companies
In June 2007 ContextVision and SharpView entered into a collaboration agreement. According to the collaboration ContextVision transferred the right to use some intangible assets to SharpView as well as a license to use some of ContextVision's software rights based on the GOPView technology. In conjunction with the signing of the collaboration agreement ContextVision received an upfront fee of MSEK 4.4 to be settled at a later date. The book value of this receivable as of December 31 2009 was SEK 0 (SEK 0). In accordance with the collaboration agreement ContextVision has during 2009 received MSEK 1 (MSEK 1) in license fees from SharpView. In Dec 2009, ContextVision and SharpView agreed about new conditions for the collaboration agreement. The last day for payment of the one-time fee of MSEK 4.4 for the use of ContextVision's technology is postponed to Dec 31, 2012.

Transactions during 2010
Following a request from the board of Sharpview, Contextvision decided at a board meeting on March 2010 to issue a loan of 2 MSEK. According to the loan agreement, the loan should be converted to shares via a share issue in June 2010. The board of Sharpview planned a share issue to be managed in June 2010. The plans were however cancelled, and Sharpview went info bankruptcy in the end of June.

	2009
Opening balance Jan 1	
Book value	1,426
Long term receivable	2,000
Closing balance Dec 31, 2009	**3,426**
Transactions during 2010	
Long term loan	2,000
Write-down following bankruptcy	-5,426
Closing balance Dec 31	**0**

NOTE 17 RESULT FROM FINANCIAL ASSETS

	GROUP		PARENT COMPANY	
	2010	**2009**	**2010**	**2009**
Write-off of assets held for sale	–	-8,973	–	-8,973
Total	**–**	**-8,973**	**–**	**-8,973**

NOTE 18 ACCOUNTS PAYABLE AND OTHER DEBTS

	GROUP	
	2010	**2009**
Accounts payable	2,231	1,655
Debt related to personnel	5,496	5,178
Other debts	695	1,218
Total	**8,422**	**8,051**

NOTE 19 ACCRUED EXPENSES AND DEFERRED INCOME

	PARENT COMPANY	
	2010	**2009**
Salaries, vacation pay and payroll overhead	4,987	4,721
Other accrued cost	193	1,124
Total	**5,180**	**5,845**

NOTE 20 FINANCIAL RISKS

A financial policy adopted by the board of directors constitutes the framework for how the company manages financial risks. The group's financial instruments consist of cash and bank deposits, current investments, accounts receivable (trade), accounts payable, other short-term liabilities relating to operations and derivatives (primarily forward exchange contracts). The following is a summary of the company's financial risks:

Interest rate risk

The group's market risk exposure relates to short-term investment in mutual funds with underlying investments in interest-bearing instruments and shares. Pursuant to a policy established by the Board, investments in mutual funds should be limited to those funds with a defined low risk profile.

Reported and fair value is included in the balance sheet according to the below:

	Financial assets available for sale	Financial assets valued at fair value through the income statement	Derivate instrument used in the accounting of currency hedging	Loan and trade receivables	Financial debts valued at accrued acquisition value	Other non-financial assets/ liabilities	Total reported value	Total fair value
GROUP 2010								
Other long term receivables				50			50	50
Accounts receivables and other receivables				10,968			10,968	10,968
Prepaid expenses						983	983	983
Accounts payable and other debts					2,231	6,191	8,422	8,422
GROUP 2009								
Other long term receivables				50			50	50
Long term receivables from associated companies				2,000			2,000	2,000
Accounts receivables and other receivables				17,717			17,717	17,717
Short term receivables from associated companies				500			500	500
Derivatives			854				854	854
Prepaid expenses						768	768	768
Accounts payable and other debts					1,655	6,396	8,051	8,051

Age analysis of reported assets past due date but not-written down	GROUP 2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
< 30 days	6,916	10,324	6,916	10,324
30-90 days	1,773	2,399	1,773	2,399
91-180 days	2,175	4,995	2,175	4,995
Total	**10,864**	**17,717**	**10,864**	**17,717**

Change in bad debts

Provision for bad debts	GROUP 2010	GROUP 2009	PARENT COMPANY 2010	PARENT COMPANY 2009
Opening balance	150	249	150	249
Provision for bad debt	657	150	657	150
Reversed provisions	-	-249	-	-249
Closing balance	**807**	**150**	**807**	**150**

Calculation of fair value
The following summarizes the methods and assupmtions used to establish the fair value of the groups financial instruments.

Security papers – current investments
Current investments are valued at market value.

Derivative instruments
Derivative instruments are valued at market value.

Financial assets available for sale
Financial assets available for sale have been valued at stock market value.

Currency risk
Transaction exposure
During 2010 the invoicing in EUR represented about 74% (65%) of total invoicing, and the invoicing in USD represented about 26% (35%). From time to time, the group hedges its foreign currency exposure.

Translation exposure
Only a small part of the group's business is conducted through foreign subsidiaries. As such, the translation exposure of the group is limited.

Sensitivity analysis
A yearly change in the currency relation EUR/SEK with 5% is estimated to affect the result with approximately MSEK 2.0 (1.7) and the corresponding change in USD/SEK is estimated to affect the result with approximately MSEK 0.7 (0.9).

Credit risk
In connection with the signing of an agreement with a customer, an individual assessment of the solvency of that customer is conducted. When there is some question as to a customer's solvency, a letter of credit is used.

Linköping on April 18, 2011.

The undersigned hereby assures that the group financial statement and the annual report is prepared in accordance with international accounting standards, IFRS, as approved by EU, and generally accepted accounting principles.

Hence giving a true and fair description of the Company's financial status and result, as well as a directors report fairly describing the business, financial condition, result, risks and uncertainties associated with the company.

ERIK DANIELSEN
CHAIRMAN OF THE BOARD

MAGNE JORDANGER
MEMBER OF THE BOARD

MARTIN HEDLUND
MEMBER OF THE BOARD

ANITA TOLLSTADIUS
CEO

Our audit report was rendered on April 18, 2011
Ernst & Young AB

(Signature on original document)

MAGNUS FREDMER
AUTHORIZED PUBLIC ACCOUNTANT

AUDIT REPORT

To the annual meeting of the shareholders of ContextVision AB (publ)
Corporate identity number 556377-8900

We have audited the annual accounts, the consolidated accounts, except the corporate governance statement on pages 14–15, the accounting records and the administration of the board of directors and the managing director of ContextVision AB (publ) for the year 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 11–30. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. Our opinions do not cover the corporate governance statement on pages 14–15. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet of the parent company and the group be adopted, that the profit of the parent company be dealt with 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.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

It is the board of directors and the managing director who is responsible for the corporate governance statement on pages 14–15 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance statement has been prepared and is consistent with the other parts of the annual accounts and the consolidated accounts, we have read the corporate governance statement and assessed its statutory content based on our knowledge of the company.

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

Stockholm April 18, 2011
Ernst & Young AB

(Signature on original document)
MAGNUS FREDMER
AUTHORIZED PUBLIC ACCOUNTANT

ContextVision is the software imaging partner to the most recognized medical imaging manufacturers worldwide, enabling them to rapidly deliver leading products to market and provide next-generation upgrades while focusing on their customers. ContextVision's world leading imaging software offers the greatest image clarity and quality available, enabling unprecedented diagnostic confidence. The company has worldwide offices with corporate sales & marketing in Stockholm, Sweden and is listed on the Oslo Stock Exchange, Norway under the SME list (ticker: COV).

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