CONTEXTVISION AB
SECOND QUARTER 2011

Q2 HIGHLIGHTS

- Sales increase 7 % compared to Q2 2010.
- US PLUSView product portfolio launched.
- Mammo CAD test program started

Q2 FINANCIAL DATA

- Sales of 14.3 MSEK (13.4)
- Operating result of 1.0 MSEK (-3.6) and result before tax of 1.0 MSEK (-3.6)
- Earnings per share of 0,10 (-0,50) SEK

MANAGEMENT COMMENT

ANITA TOLLSTADIUS, THE COMPANY'S CEO COMMENTED:

We are pleased to report that total sales during the second quarter 2011 increased 7% to MSEK 14,3 as compared to MSEK 13,4 last year. We see increased customer demand across the globe with Asia and in particular Korea exhibiting the strongest recovery. Interestingly, Korea has become our most important market in Asia.
China, however, continues to be a very dynamic market with strong demand for our products. We feel we are well positioned to benefit from the strong Chinese healthcare market thanks to our local presence in China, and we are particularly pleased to have recently signed a new significant one year contract with a key Chinese company with international ambitions.
We are also pleased to observe that following a very slow start this year due to the earthquake, sales in Japan are starting to pick up again.

In Europe sales levels have been quite stable, although we also in Europe have witnessed an encouraging trend towards higher volumes. The same is true for the U.S. where we recorded growth over the prior year period. We are particularly strong in veterinary XR in the US, but we are now also seeing increased activity on the ultrasound side leading to licensing agreement with new American customers. It is encouraging that the new customers develop rather quickly and, in fact, during this quarter we have started to deliver licenses to new expansive customers.

The increased interest in our ultrasound products is also closely tied to the medical industry 3D technology, which provides caregivers with the ability to perform volumetric measurements. We are now starting to receive the first commercial orders for our GOPiCE 3D filters, which already contribute significantly to our sales.

However, our innovation goes beyond the 3D filters. Internally at ContextVision we view the launch of our completely new modular product range in ultrasound, the US PlusView product portfolio, earlier this quarter as the operational highlight for the quarter. The US PlusView product portfolio was designed to improve the diagnostic value of ultrasound in difficult patients, e.g. patients with high body mass index (BMI). Although this new product portfolio is based on our validated GOP technology, completely new algorithms have been developed. Performing ultrasound in obese patients is a technical challenge. One reason is that the intensity of an ultrasound beam is attenuated as it passes through fat tissue, and as a result, there is a weak echo and a poor image. The other challenge is that the high frequency waves, which are used to improve clarity and resolution of the image, are less effective in terms of tissue penetration. As the prevalence of overweight is very high in many countries today, this has become both a clinical and health economy issue. For instance, researchers have established that high maternal BMI may impair the results of fetal ultrasound examination and elevates the risks of overlooking major fetal abnormalities. Furthermore in situations with poor images the patient has to repeat the examination, sometimes several times.

The new ultrasound product range was launched at the American Institute of Ultrasound (AIUM) in New York in April and we had a very good response from the market since the challenge with imaging and obesity is well known. Our new products are of particular value not only in obstetrics but also in general medicine. We know that it will take time to generate sales from this new product range, but we have started the required activities to make it successful.

Apart from being able to use new, unique algorithms for deep tissue visualization, we have also developed a new technology, **Directed Focused Enhancement** (DFE) that allows us to apply image enhancement to specified areas of the image. With the present technologies, filters are being applied to the entire image, but this completely new technology, offers a further dimension to image enhancement as it makes it possible to optimize different structures or different areas in an image and thus helps enhance structures of specific clinical importance. In fact, this new technology brings new perspectives to our capacity to enhance images and we have therefore spent more R&D resources on development in order to make a product for customers.

Although this new DFE technology is being developed for ultrasound, we see a good potential for using the same technology also in other imaging modalities. This is important for us as we are working on improving our profitability by creating algorithm modules that can be reused and by making use of our technology across several modalities.

The development of a MammoCAD system for our customers is progressing well and clinical tests are ongoing. This is a very important phase and we are very pleased about the fruitful collaborations with clinicians as well as with **NeuSoft** to ensure upgrades according to relevant clinical demands in Europe.

In conclusion, this quarter we have taken many small steps in the right direction and we have been very encouraged from the response from both present and new customers on the recent development. We are happy and proud that we are now tracking ahead of our own projection. We are cautiously optimistic for the second half of the year as we feel our technology allows increasingly cost conscious customers to obtain excellent image quality and functionality also with mid-range systems.

SECOND QUARTER 2011

NET SALES AND OPERATING PROFIT

NET SALES

- Quarter two sales for ContextVision were 14.3 MSEK, compared to 13.4 MSEK last year.
- Strong sales in Asia, especially in Korea. Japan start to recover.
- Europe and USA on stable levels.
- Exchange currency rate differences have affected sales with approx -10% compared to the same period last year.

OPERATING PROFIT AND MARGIN

- The operating result was 1.0 MSEK (-3.6) with an operating margin of 6.7% (-26.9%).
- The cost increased since last year is mainly explained by continued investments in new products and marketing.
- Capitalized costs during the period (1.5 MSEK) refer to the US Plus View products and a new user friendly tuning interface.

CASH-FLOW AND FINANCING

- Cash flow for the period represented a change of -5,3 MSEK (-1,5).
- Cash amounted to 13.7 MSEK (13.8) at period end.
- The change in cash during the quarter is explained by variations in customer payments. Several major payments were collected in July, and by July 31, the cash position recovered to 16.6 MSEK.
- Equity at period end amounted to 37.7 (35.9) MSEK giving an equity ratio of 82% (81%).

EMPLOYEES AND MANAGEMENT

- At period end the company had 35 (36) employees of which 15 are dedicated to research and development. Two employees are located in the United States of America and one in China.

CONTEXTVISION GROUP

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

BUSINESS OPERATIONS

- Please find market and product sales details on page 6.

RISKS & UNCERTAINTIES

- Consolidation of the medical business occurs on a regular basis with the general purpose of enhancing technical competence and gaining market shares, at the same time as competition decreases. Besides consolidations, new players enter the market and challenge the established actors. The trends above represent both threats and opportunities for ContextVision.

- The quarter report provides a fair and true overview of the company's and the Group's activities, position and results, and describes the risks and uncertainties of significance faced by ContextVision and by the companies in the Group.

The Board of Directors of ContextVision AB
Stockholm 2011-08-25

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

PRESENTATION AND REPORTING DATES

This quarterly report will be published on the company's website on the 25:th of August.

There will be a video presentation released on the 26:th of August, at 09.00 CET.

Please follow the link:
www.abiliteam.se/contextvisionQ22011

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

REPORTING DATES

Q2 result 2011	August 25, 2011
Q3 result 2011	October 27, 2011
Q4 and annual result 2011	February 23, 2012

FOR MORE INFORMATION PLEASE CONTACT:

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CONTEXTVISION FAST FACTS

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

THE COMPANY OFFERS:

- More than 25 years successful experience in OEM business
- Unprecedented image enhancement for X-Ray, MRI, CT, and ultrasound images
- Long standing corporate commitment to R&D that ensures timely and rewarding upgrade paths
- Strong customer relationships to ensure their success
- Expert training in image processing for our customers
- Compatibility across any image format and all major computer platforms

- ContextVision's technology enables the company's customers to provide superior digital imaging solutions for hospitals and clinicians. Such solutions promise more rapid and accurate diagnoses, reduced operator eye fatigue, and ultimately, a greater return-on-investment for medical imaging users.

INCOME STATEMENT (SEK 1000)

	Q2 2011	Q2 2010	SIX MONTHS 2011	SIX MONTHS 2010	FULL YEAR 2010
Net sales	14 266	13 383	27 474	24 783	53 412
Total revenues	**14 266**	**13 383**	**27 474**	**24 783**	**53 412**
Goods for resale	-520	-429	-1 019	-689	-1 420
Other external costs	-4 317	-3 759	-8 887	-7 795	-17 562
Personnel costs	-7 631	-6 949	-14 484	-13 515	-28 452
Depreciation assets	-843	-679	-1 692	-1 370	-3 189
Result from associated company	–	-5 161	–	-5 426	-5 426
Operating results	**955**	**-3 594**	**1 393**	**-4 012**	**-2 637**
Interest income	56	–	77	59	89
Interest costs and similar profit/loss items	–	–	–	-7	-16
Results after financial items	**1 011**	**-3 594**	**1 470**	**-3 960**	**-2 564**
Tax	-250	-244	-310	-321	-734
Net results	**761**	**-3 839**	**1 160**	**-4 280**	**-3 298**
Earnings per share after tax (SEK)	0,10	-0,50	0,15	-0,55	-0,43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK 1000)

	Q2 2011	Q2 2010	SIX MONTHS 2011	SIX MONTHS 2010	FULL YEAR 2010
Effect of currency hedging	-	-365	-96	-598	-598
Translation difference	1	167	-104	98	-89
Total other comprehensive income	**1**	**-198**	**-200**	**-500**	**-687**
Net result for the period	761	-3 839	1 160	-4 280	-3 298
Total comprehensive income for the period	**762**	**-4 037**	**960**	**-4 780**	**-3 985**

FINANCIAL HIGHLIGHTS

	Q2 2011	Q2 2010	SIX MONTHS 2011	SIX MONTHS 2010	FULL YEAR 2010
Earnings per share after tax (SEK) before/after dilution	0,10	-0,50	0,15	-0,55	-0,43
Average number of shares	7 736 750	7 736 750	7 736 750	7 736 750	7 736 750
Operating margin (per cent)	6,7	-26,9	5,1	-16,2	-4,9
Solidity (per cent)	82,5	81,0	82,5	81,0	81,3

SALES BY REGION (MSEK)

	Q2 2011	Q2 2010	SIX MONTHS 2011	SIX MONTHS 2010	FULL YEAR 2010
Asia	6,8	5,6	13,0	10,3	21,6
Europe	4,7	5,2	8,5	9,3	20,0
USA	2,8	2,6	6,0	5,2	11,8
Total	**14,3**	**13,4**	**27,5**	**24,8**	**53,4**

SALES BY PRODUCT (MSEK)

	Q2 2011	Q2 2010	SIX MONTHS 2011	SIX MONTHS 2010	FULL YEAR 2010
XR	1,9	2,2	4,4	4,3	9,1
US	8,8	8,0	17,6	14,1	31,7
MR	2,9	1,9	4,3	3,2	6,8
Others (iRV, CT, Mammo)	0,7	1,2	1,2	3,1	5,8
Total	**14,3**	**13,4**	**27,5**	**24,8**	**53,4**

CONSOLIDATED BALANCE SHEET (SEK 1000)

	Q2 2011	Q2 2010			2010
Intangible fixed assets	14 296	11 882			12 458
Tangible assets	1 214	1 394			1 371
Other financial assets	84	50			50
Inventories	247	329			251
Current receivables	16 149	16 855			14 071
Cash and bank	13 667	13 829			16 914
Total assets	**45 657**	**44 339**			**45 115**
Equity	37 653	35 897			36 693
Provisions	–	874			–
Current liabilities	8 004	7 568			8 422
Total equity and liabilities	**45 657**	**44 339**			**45 115**

CHANGE IN EQUITY (SEK 1000)

	Q2 2011	Q2 2010	SIX MONTHS 2011	SIX MONTHS 2010	FULL YEAR 2010
Opening balance	36 891	39 934	36 693	40 678	40 678
Total comprehensive income for the period	762	-4 037	960	-4 780	-3 985
Closing balance	**37 653**	**35 897**	**37 653**	**35 898**	**36 693**

CONSOLIDATED STATEMENT OF CASH FLOWS (SEK 1000)

	Q2 2011	Q2 2010	SIX MONTHS 2011	SIX MONTHS 2010	FULL YEAR 2010
Result after financial items	1 011	-3 594	1 350	-3 960	-2 565
Depreciation and write-down of assets	843	679	1 692	1 372	3 189
Result from participation in associated company	–	5 160	–	5 426	5 426
Unrealized gain/loss on current investments	–	-365	–	-598	–
Changes in provisions	–	-130	-96	-214	–
Income tax paid	-642	-642	-1 070	-1 070	-1 180
Cash flow from operating activities before change in working capital	**1 212**	**1 108**	**1 876**	**956**	**4 870**
Change in working capital					
Increase (-)/decrease (+) inventories	-61	-164	4	75	153
Increase (-)/decrease (+) current receivables	-4 912	-878	-1 284	7 129	7 830
Increase (+)/decrease (-) liabilities	-20	-480	-470	-435	327
Cash flow from operating activities	**-3 781**	**-414**	**126**	**7 725**	**13 180**
Investing activities					
Investments in intangible assets	-1 472	-986	-3 245	-1 732	-3 845
Investments in tangible assets	-49	-108	-128	-231	-488
Investments in financial assets	–	–	–	-2 000	-2 000
Cash flow from investing activities	**-1 521**	**-1 094**	**-3 373**	**-3 963**	**-6 333**
Financing activities					
Cash flow from financing activities	**0**	**0**	**0**	**0**	**0**
Cash flow for the period	**-5 302**	**-1 508**	**-3 247**	**3 762**	**6 847**
Change of liquid assets					
Liquid assets at beginning of period	18 969	15 337	16 914	10 067	10 067
Liquid assets at period end	**13 667**	**13 829**	**13 667**	**13 829**	**16 914**

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the 2:nd quarter ended June 30, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2010

GLOSSARY

CAD (COMPUTER AIDED DETECTION)
Computer assisted support for Radiologists, that highlights abnormalties in medical images, after radiologist has review the images. Can basically be considered as a second reader.

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

DFE (DIRECTET FOCUS ENHANCEMENT)
A specific tuning capability that enables the manufacturer to enhance specific structures in the medical images, without affecting the rest of the image.

DR (DIRECT RADIOGRAPHY)
A detector that converts X-ray photons into digital signals, replacing the need for X-ray films.

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

GOP® (GENERAL OPERATOR PROCESSOR)
A term for ContextVision's methodology in detecting structures in an image and relating them to their wider context in order to increase visualization accuracy.

GOPICE ® (IMAGE CUBICLE ENHANCMENENT)
GOPiCE® is the family name for ContextVisions real-time 3D volumetric image enhancement product, for OEM embedded software.

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

HCU (HAND CARRIED ULTRASOUND)
A portable, battery-powered ultrasound machine no larger than a briefcase.

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

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

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

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

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

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

OEM
The acronym for Original Equipment Manufacturer.

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

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

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