CONTEXTVISION

IMAGE IS EVERYTHING

CONTEXTVISION AB FOURTH QUARTER AND FULL YEAR 2012

Q4 HIGHLIGHTS

- Significant sales development
- Europe strengthened position
- 3D Ultrasound focus at RSNA in Chicago
- Product upgrades for Ultrasound, XR, MRI and iRV

Q4 FINANCIAL DATA

- Sales of 20.5 MSEK (17.2)
- Operating result of 1.6 MSEK (1.4) and operating margin of 7.8% (7.9%).
- Earnings per share of 0,20 (0,12) SEK

ULTRA SOUND

GOPICE 3D

X-RAY

MRI

IRV

MAMMO GRAPHY

CT

MANAGEMENT COMMENT

ANITA TOLLSTADIUS, THE COMPANY'S CEO COMMENTED:

We closed off the year on very strong note: our sales increased 19% to MSEK 20,5 from MSEK 17,2 in Q4-2011. On a full year basis we were able to grow our revenues to a new record level of MSEK 67,1 as compared to MSEK 58,4 in 2011. This is a result of focus and hard work in a very cost sensitive world-economy and is a strong testimony to the perceived value and strength of our product portfolio. During 2012 we grew our sales in all geographic regions. It is interesting to note that we very much benefitted from our European partners' international expansion efforts as many manufacturers invest to position themselves for the longer term in emerging economies around the world. Frequently, our "western" partners opt to enter emerging markets with their high-quality, mid-range product lines, which offer excellent price/value to the end-users.

Last quarter was a great testimony of this trend. We experienced a surge in demand from our European customers. As we have previously reported, our product range has been adapted to and implemented into both their high-end as well as their mid-end product lines and we have therefore benefitted from their increased sales in Asian countries where the Government is still investing heavily in the healthcare infrastructure. Several of our European customers are gaining sales momentum in emerging economies and as a result our sales have developed dramatically.

Our Asian and American markets experienced flattish to slightly lower sales this quarter, compared to the prior year period, but we hasten to emphasize that the underlying development also in these markets continue to be strong. On a full year basis our sales in both North America as well as Asia continued to grow. One should bear in mind that the Asian market has developed very strongly over the last several years. Hence, demand continues to build, albeit at a slightly lower rate.

We look very positively on the market dynamics in the U.S. as we believe demand will continue to strengthen in 2013 as the American domestic economy continues to recover. In 2012, the US sales grew by 20% over 2011, and we look for more to come in 2013.

When analyzing our sales performance by product line, we note that also in the fourth quarter, the majority of our sales increase was attributable to continued strong demand for our market leading ultrasound imaging enhancement product lines. We recorded sales of 14,8 MSEK, which represents a 35% increase on a y-to-y basis. We are much excited about the sales prospects for this imaging modality, as our novel 3D ultrasound filter, GOPiCE US, is now contributing significantly to the sales. We believe 3D technology will enjoy a much broader application in the future, and that 3D visualization is on the verge to develop into routine diagnostic applications.

Customization of our technology to our customers' product lines is and will continue to be a key success factor for ContextVision going forward. We are committed to work closely with our customers to achieve the optimal and best-suited image quality for each system and product line. During the fourth quarter 2012, we successfully engaged in product-development projects with several of our large customers and we expect our efforts to lead to further sales growth, as our technology will be part of new technology platforms and a much broader product offering.

We have experienced several major cost increases compared to last year. Personnel costs have increased, partly due to one-time costs, arising from our efforts to rejuvenate, re-focus and optimize our organization. We view the additional costs stemming from some tough decisions as an investment in the future.
On a full year basis we also had extraordinary costs related to ongoing legal processes as previously described.
These one-time costs during the year affected the results in a very negative way, but operatively we are very pleased with the development and our improved efficiency.

In November ContextVision exhibited at the RSNA (Radiological Society of North America) meeting in Chicago. The focus was on our 3D/4D applications and we generated a lot of attention. Also, as a result of our improved product development process, we showcased several new product upgrades within XR, MRI and iRV, and we were very encouraged by the feed-back.

In 2012, we continued to invest in the Russian market by taking part in the Zdravookhraneniye exhibition in Moscow in December. This is a forum where most of our potential customers from Russia and Ukraine meet. We are very pleased to have participated as we were able to initiate and develop many important client relationships. We are convinced that Russia and Ukraine will become important markets in the not too distant future as the new health care plans are being implemented during 2013-2020.

In conclusion we are proud to have delivered strong financial results during the last quarter and believe that we are in a very good position to grow going forward. Following intense internal product development efforts, our product portfolio is now upgraded both in terms of features and in terms of adaptation to new hardware platforms. These are important steps taken to stay ahead of our competition and to compete successfully to meet the new needs and demands from our customers. Having broad product range and being established in all regions in the world makes us a unique partner for most manufacturers of imaging equipment. We are very confident about our future and look forward to an exciting year 2013.

FOURTH QUARTER 2012

NET SALES AND OPERATING PROFIT

NET SALES

- Quarter four sales for ContextVision were 20.5 MSEK, compared to 17.2 MSEK last year.
- During the last quarter, we experienced a strong development in Europe.
- Full year sales grew to 67.1 MSEK (58.4) which is an increase by 15%.

OPERATING PROFIT AND MARGIN

- The operating result was 1.6 MSEK (1.4) with an operating margin of 8% (8%).
- An increase of personnel costs has been recorded for the quarter, mainly due to a one-time restructuring cost.
- Full year operating result was 0.6 MSEK (4.7). The company has recorded legal costs and one-time personnel costs, which will not affect the cost level negatively in the long run.
- Development costs within the company are capitalized, when a development project is generating a product for general sale. During the year, the company has been involved in several specific customer projects, which are not capitalized. The lower level of capitalization has also had an effect on personnel costs and the operating result.

CASH-FLOW AND FINANCING

- Cash flow for the period represented a change of 2.3 MSEK (3.1). The full year change was also positive, 5.0 MSEK (2.8).
- Cash amounted to 24.7 MSEK (19.7) at period end.
- The change in cash during the quarter and the full year is explained by strong sales.
- Equity at period end amounted to 41.0 (40.4) MSEK giving an equity ratio of 75% (83%).

EMPLOYEES AND MANAGEMENT

- At period end the company had 35 (37) employees of which 15 are dedicated to research and development. One employee is 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.

SAPHENEIA LITIGATION

- In the ongoing litigation between ContextVision AB and Sapheneia Commercial Products AB et al. the district court in Linkoeping published its verdict in June 2012, which was in favor of Sapheneia.
- An appeal has been handed in by Aug 31. For the moment, the Appeal Court is preparing the review dispensation.
- Regarding the case of ownership of a patent application submitted by Saphenia, there was a main hearing planned for Oct 2012, but the main hearing has been postponed to May 2013.

Background

- In 2006 five employees left ContextVision. Together with two Americans who had been engaged as consultants to ContextVision, they set up a new company, Sapheneia Commercial Products AB (SCP). Immediately after having left ContextVision, SCP started its business that directly competes with ContextVision.
- In 2007 SCP and its American parent company as well as the American consultants and one company belonging to one of the consultants initiated legal proceedings before Linköping District Court requesting a declaratory judgment to the effect that they have not infringed ContextVision’s copyrights and that they are not liable in damages to ContextVision as a consequence of any use or disclosure of trade secrets. In return, ContextVision has requested a declaratory judgment to the effect that SCP is liable in damages due to its use and disclosure of trade secrets.
- The main hearing in these cases was held in April 2012 and the judgment was rendered by the District Court on June 12, 2012. The court decision was not in favor of ContextVision and the decision is under appeal.
- In 2008 ContextVision initiated legal proceedings against SCP at the Stockholm City Court requesting a declaratory judgment to the effect that ContextVision is the owner of a patent application submitted by SCP and which states two of ContextVision’s former employees as inventors. The main hearing in this case is scheduled for May 2013.

RISKS & UNCERTAINTIES

- ContextVision’s major risk factors include business risks connected to the general financial situation, to the level of healthcare investment on different markets, currency exchange risks, the company’s ability to recruit and keep qualified employees and the effect of political decisions.
- The company’s risk factors are described in the annual report 2011. No significant new risks have originated since then.
- This quarterly 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 2013-02-21

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 21:st of February, 2013.

There will be a video presentation released on the 22:nd of February, at 09.00 CET.

Please follow the link:
www.abiliteam.se/contextvisionQ42012

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

REPORTING DATES

Q4 and annual result 2012	February 21, 2013
Q1 result 2013	April 25, 2013
Annual report available	April 26, 2013
Annual General Meeting	June 12, 2013
Q2 result 2013	August 22, 2013
Q3 result 2013	October 24, 2013
Q4 and annual result 2013	February 20, 2014

FOR MORE INFORMATION PLEASE CONTACT:

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

CONTEXTVISION FAST FACTS

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

THE COMPANY OFFERS:

- More than 25 years successful experience in OEM business
- Unprecedented image enhancement for ultrasound, X-Ray, MRI, CT, mammography and iRV.
- 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 different image formats and 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.

CONSOLIDATED INCOME STATEMENT (SEK 1000)

	Q4 2012	Q4 2011	FULL YEAR 2012	FULL YEAR 2011	
Net sales	20 514	17 166	67 115	58 366	
Total revenues	**20 514**	**17 166**	**67 115**	**58 366**	
Goods for resale	-542	-561	-2 148	-1 930	
Other external costs	-5 410	-4 687	-23 192	-16 870	
Personnel costs	-11 280	-8 805	-37 370	-30 618	
Depreciation assets	-922	-846	-3 040	-3 374	
Write-down of intangible assets	-745	-904	-745	-904	
Operating results	**1 615**	**1 363**	**620**	**4 670**	
Interest income	83	127	257	258	
Interest costs and similar profit/loss items	97	–	-16	-1	
Results after financial items	**1 795**	**1 490**	**861**	**4 927**	
Tax	-230	-534	-241	-1 349	
Net results	**1 565**	**956**	**620**	**3 578**	
Earnings per share after tax (SEK)	0,20	0,12	0,08	0,46	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK 1000)

	Q4 2012	Q4 2011	FULL YEAR 2012	FULL YEAR 2011	
Effect of currency hedging	-81	229	152	115	
Translation difference	-59	29	-153	39	
Total other comprehensive income	**-140**	**0**	**-1**	**154**	
Net result for the period	1 565	956	620	3 578	
Total comprehensive income for the period	**1 425**	**1 214**	**619**	**3 732**	

FINANCIAL HIGHLIGHTS

	Q4 2012	Q4 2011	FULL YEAR 2012	FULL YEAR 2011	
Earnings per share after tax (SEK) before/after dilution	0,20	0,12	0,08	0,46	
Average number of shares	7 736 750	7 736 750	7 736 750	7 736 750	
Operating margin (per cent)	7,9	7,9	0,9	8,0	
Solidity (per cent)	75,0	83,0	75,0	83,0	

SALES BY REGION (MSEK)

	Q4 2012	Q4 2011	FULL YEAR 2012	FULL YEAR 2011
Asia	7,2	7,6	28,3	27,9
Europe	10,4	6,1	24,9	18,9
USA	2,9	3,5	13,9	11,6
Total	**20,5**	**17,2**	**67,1**	**58,4**

SALES BY PRODUCT (MSEK)

	Q4 2012	Q4 2011	FULL YEAR 2012	FULL YEAR 2011
XR	2,2	2,7	8,8	9,0
US	14,8	11,0	46,4	36,5
MR	2,0	2,6	7,7	9,8
Others (iRV, CT, Mammo)	1,5	0,9	4,2	3,1
Total	**20,5**	**17,2**	**67,1**	**58,4**

CONSOLIDATED BALANCE SHEET (SEK 1000)

1/	Q4 2012	Q4 2011
Intangible fixed assets	12 361	13 340
Tangible assets	780	1 178
Other financial assets	1 095	50
Inventories	280	192
Current receivables	15 494	14 258
Cash and bank	24 719	19 680
Total assets	**54 729**	**48 698**
Equity	41 045	40 425
Provisions	113	41
Current liabilities	13 571	8 232
Total equity and liabilities	**54 729**	**48 698**

CHANGE IN EQUITY (SEK 1000)

	Q4 2012	Q4 2011	FULL YEAR 2012	FULL YEAR 2011
Opening balance	39 620	39 211	40 425	36 693
Total comprehensive income for the period	1 425	1 214	619	3 732
Closing balance	**41 045**	**40 425**	**41 045**	**40 425**

CONSOLIDATED STATEMENT OF CASH FLOWS (SEK 1000)

1/	Q4 2012	Q4 2011	FULL YEAR 2012	FULL YEAR 2011	
Result after financial items	1 795	1 490	861	4 927	
Depreciation and write-down of assets	1 666	1 750	3 785	4 279	
Unrealized gain/loss on current investments	-403	29	-169	-85	
Income tax paid	119	2 183	-1 361	667	
Cash flow from operating activities before change in working capital	**7 127**	**5 452**	**3 116**	**9 788**	
Change in working capital					
Increase (-)/decrease (+) inventories	299	175	-88	59	
Increase (-)/decrease (+) current receivables	-2 427	-1 197	86	-1 438	
Increase (+)/decrease (-) liabilities	- 1018	-240	5 340	-675	
Cash flow from operating activities	**3 982**	**4 090**	**8 454**	**7 734**	
Investing activities					
Investments in intangible assets	-720	-726	-2 304	-4 601	
Investments in tangible assets	41	-220	-66	-367	
Other financial assets	-1 045		-1 045		
Cash flow from investing activities	**-1 724**	**-946**	**-3 415**	**-4 986**	
Financing activities					
Cash flow from financing activities	**0**	**0**	**0**	**0**	
Cash flow for the period	**2 258**	**3 144**	**5 039**	**2 766**	
Change of liquid assets					
Liquid assets at beginning of period	22 461	16 536	19 680	16 914	
Liquid assets at period end	**24 719**	**19 680**	**24 719**	**19 680**	

1/ Financial assets and current liabilities
In June 2012, KSEK 3 871 was paid to the Swedish “Kronofogdemyndigheten” (enforcement service) as a deposition for legal and procedural costs, which the District Court of Linköping ruled ContextVision to pay to Sapheneia. The court decision is under appeal. Depending on the outcome of the appeal, the full amount or part of the amount can be paid back to ContextVision, or the full amount or part of the amount will be finally paid to Sapheneia.
The amount of KSEK 3 871 has in the Q2 and Q3 reports been recorded as a financial asset, and a corresponding accrual has been booked. From Q4 2012, the amount is reclassified as a contingent asset, and the accrual has been released.

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the 4:th quarter ended Dec 31, 2012 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 2011

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 (DIRECTED FOCUSED 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.

EUROPE/HEAD OFFICE//CONTEXTVISION AB, CORP. SALES AND MARKETING, KUNGSGATAN 50, SE-111 35 STOCKHOLM, SWEDEN, PHONE: +46 8 750 35 50, FAX: +46 8 750 54 94
RUSSIA//CONTEXTVISION, EKATERINA PRAVDINA, SWEDISH TRADE COUNCIL, ST. PETERSBURG, RUSSIA, PHONE: +7 812 329 2595, FAX: +7 812 329 2597
NORTH AMERICA//CONTEXTVISION INC, 200 E. 5TH AVENUE, SUITE 125, NAPERVILLE, IL 60563, USA, PHONE: +1 617 244 9000, FAX: +1 617 244 9088
ASIA//CONTEXTVISION AB, ASIA SALES, KUNGSGATAN 50, SE-111 35 STOCKHOLM, SWEDEN, PHONE: +46 8 750 35 50, FAX: +46 8 750 54 94
SOUTH KOREA//CONTEXTVISION, SOOKYOUNG LIM, SWEDISH TRADE COUNCIL, SHINIL BUILDING 11TH FLOOR, 64-5, 2-GA CHUNGMU-RO, JUNG-GU, SEOUL, 100-861 SOUTH KOREA, PHONE: +82 2 739 1460, FAX: +82 2 739 1463
CHINA//CONTEXTVISION, 615 CYTS PLAZA, NO.5 DONGZHIMEN SOUTH AVENUE, DONGCHENG DISTRICT, BEIJING 100007, P.R.CHINA, PHONE: +86 10 5815 6256, FAX: +86 10 5815 6255
JAPAN//TOYO CORPORATION, 1-6, YAESU 1-CHOME, CHUO-KU, TOKYO 103-8284, JAPAN, PHONE: +81 3 3245 1351, FAX: +81 3 3271 4757

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