

## RaySearch Laboratories AB (publ) Interim Report January 1 – June 30, 2009

### JANUARY 1 – JUNE 30, 2009

- Net sales for the period amounted to SEK 34.7 M (27.6)
- Profit after tax was SEK 12.3 M (4.2) and earnings per share amounted to SEK 0.36 (0.12)
- Operating profit was SEK 16.6 M (4.4)
- Cash flow totaled SEK 1.8 M (neg: 15.1)
- The collaboration with Nucletron was extended in January with two new products for treatment planning
- The first product from the collaboration with TomoTherapy received FDA clearance in January and has been launched
- The new VMAT product from the collaboration with Philips was launched in April
- A collaboration agreement with Siemens was signed in May
- Three products included in the collaboration with Varian were launched in June
- Breakthrough order for proton treatment planning system secured in June

“Our first commercial order for a proton treatment planning system was a real breakthrough. This agreement means that we have sold a system directly to a clinic for the first time, which is an important milestone in RaySearch’s history,” says Johan Löf, CEO of RaySearch.

”In addition, several of our new products were launched by our commercial partners during the second quarter. Therefore we see favorable conditions for a positive development for the remainder of the year,” concludes Johan Löf.

### SUMMARY OF FINANCIAL RESULTS

Amounts in SEK 000s

	<b>Jan-June</b>		<b>Apr-June</b>		<b>Full-year</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
Net sales	34,662	27,642	17,726	12,047	62,690
Operating profit	16,605	4,367	6,754	730	21,058
Operating margin %	47.9	15.8	38.1	6.1	33.6
Net profit	12,304	4,217	4,981	1,083	18,223
Earnings per share, SEK*	0.36	0.12	0.15	0.03	0.53
Share price at the end of the period*	25.70	23.50			11.50

\*Adjusted for 3:1 stock split

The information in this interim report is such that RaySearch must disclose publicly in accordance with the Swedish Securities and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was made public on August 27, at 7:45 a.m.

## CEO comments

The first six months were a hectic and successful period for RaySearch. We signed new strategically important partnership agreements and worked intensely on completing the development of new products for all our commercial partners.

At the end of June, we reached an important milestone when we received an order for a treatment planning system for proton therapy from Westdeutsches Protonentherapiezentrum Essen (WPE) in Essen, Germany. For RaySearch, this event is strategically important for several reasons. Proton therapy is one of the most advanced forms of radiation therapy, and since 2006, we have invested significant resources to broaden our product portfolio with a proprietary system for proton treatment planning. Receiving our first commercial order is a breakthrough and a first step toward our objective to expand our presence in the proton therapy field. The order is also important as this is the first time that RaySearch sells a system directly to a clinic. We have for some time sought to complement our business model by providing software based on our proprietary RayStation treatment planning platform directly to clinics without integrating into a partner system. The intention is not to go out broadly to all clinics. Instead we focus on selected leading research-intensive clinics and WPE is a perfect example of such a clinic. Another strategically important aspect is that the system will also incorporate extensive support for adaptive radiation therapy. By adapting the treatment for changes occurring in the patient's anatomy during and between therapy sessions, the precision of the treatment can be improved even further. Adaptive therapy has been a prioritized research area for RaySearch for many years and this will be the first time that our development will reach clinical practice. The system is scheduled to be fully operational during summer 2010, but a first part-delivery has already taken place and was well received by WPE. In the proton area, we were also participating in the tender for Skandion Center Uppsala as a sub-contractor to IBA with our partner Nucletron. Last week it was announced that Varian had won the tender meaning that we currently do not expect any revenues from this center.

In May, we signed a license agreement of strategic importance with Siemens. Siemens is one of the leading global suppliers of radiation therapy equipment. This new collaboration means that RaySearch will provide a number of treatment planning modules aimed at improving radiation therapy. The software modules will be integrated in Siemens' *syngo*® Suite for Oncology, an integrated workflow solution for radiation therapy clinics. The collaboration is running according to plan and is expected to start generating revenues for RaySearch during 2011.

In terms of earnings, it was a strong six months for the company, with net profit of SEK 12.3 M – almost a three-fold increase compared with the first six months of 2008. Sales increased by 25 percent to SEK 34.7 M, but this was largely attributable to rising exchange rates. Had exchange rates remained unchanged, sales during the period would also have been unchanged compared with the first six months of 2008. We are experiencing a generation shift whereby declining revenues from Philips were offset by the first installment relating to the new agreement with WPE and increased revenues from IBA Dosimetry. The weak sales via Philips were attributable to two factors. Support revenues from our first product p-RayOptimizer declined during the second quarter, since the product – following eight years in the market – demands less maintenance. The number of licenses sold also declined. Philips is set to launch a new version of its system after the summer, which may have prompted customers to defer orders until the new version is released. We have not observed a decline in license sales for Nucletron with less dependence on the US market which was the area that was affected the most by the financial crisis. It is difficult to forecast how long the financial crisis will impact the market, and it thus feels reassuring that we have a very solid financial position and have also launched a large number of new products.

We just returned from the major annual American Association of Physicists in Medicine (AAPM) radiation therapy meeting and it was inspiring to see five partners simultaneously demonstrate new products from RaySearch. Our partner Philips placed substantial focus on our VMAT product (Volumetric Modulated Arc Therapy), which was launched by Philips under the SmartArc brand in April. VMAT is the principal trend in the market and thus SmartArc attracted considerable attention at the AAPM meeting. The product is the most versatile VMAT solution in the market, since it can handle a variety of therapy options for all relevant radiation treatment machines. RaySearch has a very large installed base among Philips' clinics and most of these users would benefit from the new VMAT

product. Already at the end of June, Philips had begun to fill order books and has good potential to secure further orders following the AAPM conference and the other large trade shows in the autumn. Combined with an attractive royalty level, this means that the product has considerable revenue potential for RaySearch when it starts to be used on a broad scale by customers during the latter part of the year.

Varian, the largest supplier of radiation therapy equipment, also attaches great importance to the three new products from RaySearch. These are integrated modules in the latest release of Varian's Eclipse™ treatment planning system, and were launched at the end of June. The products are treatment planning modules for optimization of conventional three-dimensional conformal radiation therapy (3D-CRT), radiobiological evaluation and radiobiological optimization. 3D-CRT is a well-established treatment form that comprises the bulk of all radiation treatments. The new 3D-CRT product has considerable potential to save time by automating the time-consuming process of preparing 3D-CRT plans, while also enhancing plan quality. The other two modules for radiobiological evaluation and radiobiological optimization employ models to predict how tumors and healthy tissue will react when irradiated. This is an important complement to traditional techniques that do not take biological response into account. All three products received a lot of positive comments at the conference, particularly the product for 3D-CRT optimization. It will therefore be exciting to monitor the sales of the products when they are introduced to Varian's large installed base during the autumn.

TomoTherapy and IBA Dosimetry also demonstrated new solutions from RaySearch. TomoTherapy drew considerable crowds to its demonstration of SharePlan™, which enables automatic transfer of treatment plans between TomoTherapy's Hi-Art accelerators to conventional linear accelerators and was launched earlier this year. IBA Dosimetry launched the new version of the COMPASS® quality assurance system, which we jointly developed during the spring. As COMPASS® now supports the new VMAT treatments, the system is even more competitive.

In January this year our license agreement with Nucletron was expanded with two new products for model-based segmentation (MBS) and VMAT, respectively. MBS facilitates the segmentation process when three-dimensional models of the tumor and surrounding organs at risk are created prior to the treatment planning process. At AAPM mature prototypes of both these products were demonstrated integrated in Nucletron's Oncentra® MasterPlan treatment planning system and launch is expected towards the end of the year.

This year was the first time that we also participated with our own RayStation platform as an exhibitor at the fair. We demonstrated functionality for proton treatment planning, multi criteria optimization, IMRT, and model-based segmentation. A large number of demonstrations were performed and the attendees were impressed by the new system's advanced functionality, streamlined workflow and modern user interface.

Looking ahead, the autumn will contain more hard work on the development of new products, even though we will not launch as many products as during the first half of the year. During the summer, we recruited a small number of developers to enable us once again to invest resources in more long-term research work. We are experiencing a generation shift, but we will have to wait until the end of the year to get an indication on how much revenues the new products will generate. In the prevailing economic climate, the market is difficult to predict and, during the summer, a proposal was presented regarding new, lower reimbursement levels in the US healthcare system. Although implementation of the proposal is far from becoming a reality, it adds to the climate of uncertainty. However, if we take into account the fact that we have launched so many new products we believe that we have favorable conditions for growth during the end of the year. We have also signed new agreements and are conducting several other discussions regarding new product collaborations, so all in all the future looks very bright.

Stockholm, August 27, 2009

Johan Löf  
President, RaySearch Laboratories AB

## Significant events

### EVENTS DURING THE SECOND QUARTER OF 2009

#### *The new VMAT product from the collaboration with Philips was launched*

RaySearch's new VMAT treatment planning solution received 510(k) clearance from the FDA and was launched by RaySearch's partner Philips in April. The product has been under development since 2008 as part of the long-term partnership between RaySearch and Philips and is marketed under the name SmartArc as a module in Philips' Pinnacle<sup>3</sup> treatment planning system. The new product is the first planning solution that can be used with any VMAT-capable treatment machine in the market. In addition to managing the latest treatment machines, where the dose rate is variable, the new product can also support constant dose rate delivery. This allows clinicians to explore the benefits of VMAT delivery without the expense and downtime associated with an upgrade of their treatment machine.

#### *RaySearch entered into collaboration agreement with Siemens*

In May, RaySearch entered into a long-term development and licensing agreement with Siemens Healthcare. The new collaboration means that RaySearch will provide a number of treatment planning modules aimed at improving radiation therapy. The software modules will be integrated in Siemens' syngo<sup>®</sup> Suite for Oncology, which is Siemens' integrated workflow solution for radiation therapy. The collaboration is expected to start generating revenues for RaySearch during 2011.

#### *Launch of three products from collaboration between RaySearch and Varian*

Three new software solutions from the collaboration with Varian Medical Systems were launched in June. The products are treatment planning software modules for optimization of conventional three-dimensional conformal radiation therapy (3D-CRT), radiobiological evaluation and radiobiological optimization. The products are integrated as modules in the latest release of Varian's Eclipse<sup>™</sup> treatment planning system. 3D-CRT is a well established technique that comprises the bulk of all radiation treatments. However, treatment planning for 3D-CRT can be a complex and time-consuming process. The new 3D-CRT module uses advanced algorithms to automate this process. This saves considerable time and also has the potential to significantly improve treatment quality. The other two modules for radiobiological evaluation and optimization employ models to predict how tumors and healthy tissue will react when irradiated. The radiobiological evaluation tool makes it possible to evaluate the probability that a tumor can be controlled and the risk of damaging healthy tissue, for a given treatment plan. The radiobiological optimization product allows clinicians to formulate treatment objectives directly in clinical terms, such as the probability of controlling the tumor and the risk of causing radiation-induced complications. This is an extremely useful complement to traditional techniques based on physical dose that do not take biological response into account.

#### *RaySearch wins breakthrough order for proton treatment planning system*

In June, RaySearch Laboratories AB (publ.) entered into a partnership and licensing agreement with Westdeutsches Protonentherapiezentrum Essen gGmbH (WPE). WPE is a proton therapy center under construction at the University Hospital in Essen, Germany. The partnership means that RaySearch will provide a comprehensive proton treatment planning system that will be used for planning patient treatments at WPE. The system will incorporate all the latest advanced tools and algorithms for optimization and dose computation to take full advantage of the potential that proton therapy offers. It will also incorporate new software tools for adaptive therapy taking organ motion during and between treatment sessions into account. By adapting the treatment for changes occurring in the patient's anatomy, the precision of the treatment can be improved even further. RaySearch will have full responsibility for the development and support of the software which will be based on RaySearch's proprietary RayStation treatment planning platform. The system is scheduled to be fully operational during summer 2010.

## Financial information

### SALES AND EARNINGS FOR THE SECOND QUARTER OF 2009

During the second quarter of 2009, sales increased by 48 percent compared with the corresponding period in the preceding year and amounted to SEK 17.7 M (12.0). Operating profit improved during the quarter to SEK 6.8 M (0.7), corresponding to an operating margin of 38.1 percent (6.1). During the quarter, profit after tax totaled SEK 5.0 M (1.1). Sales were positively impacted by rising exchange rates and increased sales via Nucletron and IBA Dosimetry as well as to WPE, but were adversely affected by a reduction in sales via Philips.

### SALES AND EARNINGS FOR THE FIRST SIX MONTHS OF 2009

During the first six months of 2009, total sales increased by 25 percent compared with the corresponding period in the preceding year and amounted to SEK 34.7 M (27.6). The rise in sales was primarily attributable to the strengthening of the USD and EUR compared with the SEK. At unchanged exchange rates, sales would have been on par with figures for the first six months of 2008. Sales comprise mainly license fees via partners and support revenues. The number of licenses sold through partners totaled 258 (294), with license revenues during the first six months of 2009 amounting to SEK 22.1 M (17.3). The reduction in the number of sold licenses was mainly attributable to Philips. License sales were positively impacted by the first part-payment relating to the new agreement with WPE and increased revenues from IBA Dosimetry. Support revenues during the first six months of 2009 rose 21 percent to SEK 12.5 M (10.3). Support revenues are based on accumulated license sales and have thus grown continually. During the second quarter of 2009, however, support revenues for RaySearch's first product – p-RayOptimizer – began to decline as the product has been on the market since 2001, and demands less maintenance according to contract.

The company is dependent on trends in USD and EUR exchange rates against the SEK, since invoicing to Philips is in USD and invoicing to Nucletron and IBA Dosimetry is in EUR. During the first six months of 2009, revenues in USD were reported at an average exchange rate of SEK 8.20, compared with SEK 6.17 during the corresponding period in 2008. During the first six months of 2009, revenues in EUR were reported at an average exchange rate of SEK 10.78, compared with SEK 9.39 during year-earlier period. A sensitivity analysis of currency exposure indicates that the impact on operating profit in the first six months of 2009 of a change in the average USD exchange rate of  $\pm 10$  percent was  $\pm$  SEK 2.1 M and that the corresponding effect of a change in the EUR exchange rate of  $\pm 10$  percent was  $\pm$  SEK 1.3 M. The company pursues the currency policy set by the Board of Directors.

Operating profit in the first six months of 2009 totaled SEK 16.6 M (4.4), corresponding to an operating margin of 47.9 percent (15.8). Operating expenses, excluding exchange rate gains and losses, declined compared with the first six months of the preceding year by SEK 4.9 M to SEK 17.6 M. The decline in operating expenses was mainly attributable to the redirection of a considerable portion of the research department's resources to development work, due to the large number of products that were launched or are planned for launch during the year. Since the costs for product development projects are capitalized, unlike research projects, this temporary refocusing leads to lower costs. Other operating revenues and other operating expenses refer to exchange-rate gains and losses, with the net of these amounting to SEK 0.0 M (neg 0.5) in the first six months of 2009.

As of June 30, 2009, 45 (40) employees were engaged in research and development. Research and development costs include payroll costs, consulting fees, computer equipment and premises. Before capitalization and amortization, research and development costs totaled SEK 27.4 M (25.2). During the first six months of 2009, development costs were capitalized in the amount of SEK 20.8 M (15.5). Amortization of capitalized development costs during the first six months of 2009 totaled SEK 3.4 M (5.3) M. The decrease is explained by the fact that capitalized development costs for the company's first product became fully amortized during the period. Amortization of capitalized development costs will increase for the remainder of the year as the new products start to generate revenues. Research and development costs after capitalization and amortization of development expenses totaled SEK 10.0 M (15.0).



Amortization and depreciation during the first six months of 2009 totaled SEK 3.4 M (5.3) for intangible fixed assets and SEK 0.1 M (0.1) for tangible fixed assets. Overall, amortization and depreciation during the first six months of 2009 totaled SEK 3.5 M (5.4). Amortization and depreciation related primarily to capitalized development expenses.

Profit after tax for the first six months of 2009 totaled SEK 12.3 M (4.2), corresponding to earnings per share of SEK 0.36 (0.12).

#### *Geographic distribution of license revenues*

Although most of RaySearch's customers operate in the US, it is important to note that the proportion of license revenues that derive from North America declined to record low levels in the first six months of the year. License revenues for the first six months of 2009 were distributed as follows: North America 28 percent (45), Asia 23 percent (30), Europe and the rest of the world 49 percent (25).

#### **LIQUIDITY AND FINANCING**

For the first six months of 2009, cash flow from operating activities amounted to SEK 22.4 M (5.4) and cash flow for the period was SEK 1.7 M (neg: 15.1). The increase was mainly attributable to an improvement in profit to SEK 16.9 M from SEK 6.0 M in the corresponding period in the preceding year, and the fact that no dividend was paid during the first six months of 2009, while a dividend of SEK 5.0 M was paid in the year-earlier period.

As of June 30, 2009, cash and cash equivalents totaled SEK 72.4 M, compared with SEK 64.0 M at June 30, 2008. At June 30, 2009, current receivables totaled SEK 21.7 M compared with SEK 22.3 M at June 30, 2008. RaySearch has no interest-bearing liabilities.

#### **INVESTMENTS**

Fixed assets comprise primarily capitalized development costs. Investments in intangible fixed assets in the first six months of 2009 totaled SEK 20.8 M (15.6) and in tangible fixed assets SEK 0.4 M (0.0).

#### **EMPLOYEES**

At the end of the first six months, the number of employees at RaySearch amounted to 49 (47). The average number of employees during the period January-June 2009 was 50 (47).

#### **PARENT COMPANY**

The financial reporting of the Parent Company corresponds in all significant respects to the financial reporting of the Group, whereby the comments for the Group are relevant to a high degree also for the Parent Company. Capitalization of development costs is accounted for in the Group, but not in the Parent Company.

**CONSOLIDATED INCOME STATEMENT IN SUMMARY**

Amounts in SEK 000s	<b>Jan-June</b>		<b>Apr-June</b>		<b>Full-year</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
Net sales	34,662	27,642	17,726	12,047	62,690
Cost of goods sold	-467	-290	-266	-99	-661
<b>Gross profit</b>	<b>34,195</b>	<b>27,352</b>	<b>17,460</b>	<b>11,948</b>	<b>62,029</b>
Other operating income	181	100	-378	-	2,012
Selling expenses	-1,130	-1,233	-584	-803	-2,563
Administrative expenses	-6,497	-6,326	-3,422	-3,240	-11,031
Research and development costs	-10,007	-14,950	-6,312	-7,352	-29,183
Other operating expenses	-137	-576	-10	177	-206
<b>Operating profit</b>	<b>16,605</b>	<b>4,367</b>	<b>6,754</b>	<b>730</b>	<b>21,058</b>
Result from financial items	327	1,638	86	848	3,048
<b>Profit before tax</b>	<b>16,932</b>	<b>6,005</b>	<b>6,840</b>	<b>1,578</b>	<b>24,106</b>
Tax	-4,628	-1,788	-1,859	-495	-5,883
<b>Net profit</b>	<b>12,304</b>	<b>4,217</b>	<b>4,981</b>	<b>1,083</b>	<b>18,223</b>
Earnings per share before full dilution (SEK) *	0.36	0.12	0.15	0.03	0.53
Earnings per share after full dilution (SEK) *	0.36	0.12	0.15	0.03	0.53

\* Adjusted for 3:1 stock split

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in SEK 000s	<b>Jan-June</b>		<b>Apr-June</b>		<b>Full-year</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
Profit for the period	12,304	4,217	4,981	1,083	18,223
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>12,304</b>	<b>4,217</b>	<b>4,981</b>	<b>1,083</b>	<b>18,223</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

Amounts in SEK 000s	June 30, 2009	June 30, 2008	Dec 31, 2008
<b>ASSETS</b>			
Intangible fixed assets	98,844	73,042	81,705
Tangible fixed assets	1,903	2,143	1,926
Deferred tax assets	10,569	11,253	10,569
<b>Total fixed assets</b>	<b>111,316</b>	<b>86,438</b>	<b>94,200</b>
Current assets	21,661	22,339	23,247
Cash and cash equivalents	72,394	64,041	70,644
<b>Total current assets</b>	<b>94,055</b>	<b>86,380</b>	<b>93,891</b>
<b>TOTAL ASSETS</b>	<b>205,371</b>	<b>172,818</b>	<b>188,091</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	162,738	136,429	150,435
Deferred tax liabilities	30,830	25,722	26,240
Other long-term liabilities	1,610	1,610	1,610
Accounts payable	2,866	2,037	4,283
Other long-term liabilities	7,327	7,020	5,523
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>205,371</b>	<b>172,818</b>	<b>188,091</b>
Pledged assets	5,000	5,000	5,000
Contingent liabilities	None	None	None

**CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY**

Amounts in SEK 000s	Jan-June		Apr-June		Full-year
	2009	2008	2009	2008	2008
Profit before tax	16,932	6,005	6,840	1,578	24,106
Adjustment for items not included in cash flow *	3,512	5,427	1,781	2,736	10,981
Taxes paid	-749	-4,362	408	-1,573	1,439
<b>Cash flow from operating activities before changes in working capital</b>	<b>19,695</b>	<b>7,070</b>	<b>9,029</b>	<b>2,741</b>	<b>36,526</b>
Cash flow from changes in working capital	2,684	-1,627	-5,743	1,472	-10,481
<b>Cash flow from operating activities</b>	<b>22,379</b>	<b>5,443</b>	<b>3,286</b>	<b>4,213</b>	<b>26,045</b>
Cash flow from investing activities **	-20,629	-15,541	-10,229	-8,772	-29,540
Cash flow from financing activities	0	-4,996	0	-4,996	-4,996
<b>Cash flow for the period</b>	<b>1,750</b>	<b>-15,094</b>	<b>-6,943</b>	<b>-9,555</b>	<b>-8,491</b>
Cash and cash equivalents at the beginning of the period	70,644	79,135	79,337	73,596	79,135
<b>Cash and cash equivalents at the end of the period</b>	<b>72,394</b>	<b>64,041</b>	<b>72,394</b>	<b>64,041</b>	<b>70,644</b>

\*This amount includes mainly amortization of capitalized development costs

\*\*This amount includes mainly capitalized development costs



**STATEMENT OF CHANGES IN EQUITY IN SUMMARY, GROUP**

Amounts in SEK 000s

	<b>Jan-June 2009</b>	<b>Full-year 2008</b>
Opening balance	150,435	137,851
Total comprehensive income for the period	12,304	18,223
Dividend paid	0	-5,639
Closing balance	162,739	150,435

**CHANGES IN NUMBER OF SHARES**

Amounts in SEK 000s

	<b>Jan-June 2009</b>	<b>Full-year 2008</b>
Total number of shares (opening and closing balance)	34,282,773	34,282,773
Holding of treasury shares (opening and closing balance)	449,628	449,628
Average number of treasury shares	449,628	449,628

**KEY DATA AND FINANCIAL INFORMATION IN SUMMARY**

Amounts in SEK 000s

	<b>2009</b>	<b>Jan-June 2008</b>	<b>2007</b>	<b>Full-year 2008</b>
Net sales	34,662	27,642	33,548	62,690
Operating profit	16,605	4,367	14,318	21,058
Operating margin, %	47.9	15.8	42.7	33.6
Profit margin, %	48.8	21.7	45.4	38.5
Net profit	12,304	4,217	10,718	18,223
Earnings per share, SEK *	0.36	0.12	0.31	0.53
Return on capital employed, %	23.5	14.2	35.0	16.7
Return on equity, %	17.6	10.0	35.3	12.6
Equity/assets ratio, %	79.2	78.9	81.4	80.0
Adjusted equity per share at end of period, SEK *	4.75	3.98	3.76	4.39
Share price at end of period, SEK *	25.70	23.50	81.67	11.50

\* Adjusted for 3:1 stock split

**PARENT COMPANY INCOME STATEMENT IN SUMMARY**

Amounts in SEK 000s

	<b>Jan-June</b>		<b>Apr-June</b>		<b>Full-year</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
Net sales	34,662	27,642	17,726	12,047	62,690
Cost of goods sold	-467	-290	-266	-99	-661
<b>Gross profit</b>	<b>34,195</b>	<b>27,352</b>	<b>17,460</b>	<b>11,948</b>	<b>62,029</b>
Other operating income	181	100	-378	-	2,012
Selling expenses	-1,130	-1,319	-583	-845	-2,563
Administrative expenses	-7,477	-7,021	-3,932	-3,441	-12,461
Research and development costs	-26,474	-24,423	-14,414	-13,338	-46,635
Other operating expenses	-137	-576	-10	177	-206
<b>Operating profit/loss</b>	<b>-842</b>	<b>-5,887</b>	<b>-1,857</b>	<b>-5,499</b>	<b>2,176</b>
Result from financial items	266	1,374	74	722	14,417
<b>Profit/loss after financial items</b>	<b>-576</b>	<b>-4,513</b>	<b>-1,783</b>	<b>-4,777</b>	<b>16,593</b>
Appropriations	-	-	-	-	743
<b>Profit/loss before tax</b>	<b>-576</b>	<b>-4,513</b>	<b>-1,783</b>	<b>-4,777</b>	<b>17,336</b>
Tax	-24	1,179	408	1,306	-2,303
<b>Net profit/loss</b>	<b>-600</b>	<b>-3,334</b>	<b>-1,376</b>	<b>-3,471</b>	<b>15,033</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

Amounts in SEK 000s	June 30, 2009	June 30, 2008	Dec 31, 2008
<b>ASSETS</b>			
Intangible fixed assets	910	1,209	1,221
Tangible fixed assets	1,903	2,143	1,926
Financial fixed assets	2,160	2,160	2,160
Deferred tax assets	10,569	11,253	10,569
<b>Total fixed assets</b>	<b>15,542</b>	<b>16,765</b>	<b>15,876</b>
Current assets	33,650	22,339	35,238
Cash and cash equivalents	56,418	48,268	54,534
<b>Total current assets</b>	<b>90,068</b>	<b>70,607</b>	<b>89,772</b>
<b>TOTAL ASSETS</b>	<b>105,610</b>	<b>87,372</b>	<b>105,648</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	76,154	58,388	76,755
Untaxed reserves	19,290	20,033	19,290
Accounts payable	2,866	2,037	4,283
Other current liabilities	7,300	6,914	5,320
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>105,610</b>	<b>87,372</b>	<b>105,648</b>
Pledged assets	5,000	5,000	5,000
Contingent liabilities	None	None	None

## **Other information**

### **ACCOUNTING PRINCIPLES IN ACCORDANCE WITH IAS/IFRS**

The consolidated financial statements for the six months of 2009 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. This interim report was prepared in accordance with IAS 34, Interim Financial Reporting. In addition, applicable provisions of the Swedish Annual Accounts Act were applied. Effective January 1, 2009, RaySearch applies IFRS 8 Operating Segments and the revised IAS 1 Presentation of Financial Statements. Application of IFRS 8 has not resulted in any changes in RaySearch's segment definition. The changes in IAS 1 have resulted in the consolidated income statement being supplemented with a Statement of Comprehensive Income.

The Parent Company financial statements were prepared in accordance with the Annual Accounts Act and the requirements contained in the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities.

### **RISKS AND UNCERTAINTIES IN THE GROUP AND THE PARENT COMPANY**

#### *Financial risk management*

RaySearch's finance policy for governing the management of financial risks was established by the Board of Directors and represents a framework of guidelines and rules in the form of risk mandates and limits for financial activities. RaySearch is primarily affected by exchange-rate risk. All of RaySearch's net sales are in USD or EUR. In accordance with the established financial policy, no currency hedging is employed. The finance policy is updated at least annually.

#### *Operational risks*

As a result of its activities, RaySearch is exposed to various operational risks including the following: dependency on key persons, competition and strategic partnerships. RaySearch currently has partnerships with Philips, Varian, Siemens, Nucletron, IBA Dosimetry and TomoTherapy. RaySearch also has several research partnerships. If RaySearch were to lose one or more of these partners, this could have a major effect on the company's sales, profit and financial position. This risk decreases as the number of partners increases. RaySearch is engaged in continuous discussions with a number of medical technology companies in respect of new collaborations.

For more detailed information about RaySearch's financial risk management and operational risks, refer page 49 of the 2008 Annual Report.

### **TRANSACTIONS WITH CLOSELY RELATED PARTIES**

No transactions occurred between RaySearch and closely related parties that materially affected the company's position and earnings.

### **ESTIMATES**

Preparation of the interim report requires that company management makes estimates that affect the recognized amounts for assets, liabilities, revenues and expenses. The actual outcome could deviate from these estimates. The critical sources of uncertainty in the estimates are the same as in the most recent annual report.

The interim report provides a fair view of the Parent Company's and the Group's operations, financial position and profit and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, August 27, 2009

Erik Hedlund  
Chairman

Johan Löf  
President and CEO

Carl Filip Bergendal  
Board member

Hans Wigzell  
Board member

## Review report

To the Board of RaySearch Laboratories AB (publ)  
Corporate Registration Number: 556322-6157

I have reviewed the attached interim report RaySearch Laboratories AB (publ) for the period January 1, 2009 – June 30, 2009. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express a conclusion on the interim report based on my review.

I have conducted my review in accordance with the Swedish standard for such reviews (SÖG) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Company*. A review of interim financial information consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Swedish generally accepted auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Therefore, a review does not enable me to express a conclusion with the same degree of assurance that an audit would do.

Based on my review, nothing has come to my attention that causes me to believe that the attached interim report has not been prepared, in all material respects, for the group, in accordance with IAS 34 and; for the parent company, in accordance with the Swedish Annual Accounts Act.

Stockholm, August 27, 2009

Anders Linér  
Authorized Public Accountant  
KPMG

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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Corp. Reg. No.: 556322-6157  
Sveavägen 25  
111 34 Stockholm  
Sweden

**FINANCIAL REPORTING**

Interim report for the third quarter  
Year-end report

November 20, 2009  
February 2010

**ABOUT RAYSEARCH**

RaySearch Laboratories is a medical technology company that develops advanced software solutions for improved radiation therapy of cancer. RaySearch's products are mainly sold through license agreements with leading partners such as Philips, Varian, Siemens, Nucletron, IBA Dosimetry and TomoTherapy. To date, 13 products have been launched and RaySearch's software is used at about 1,500 clinics in more than 30 countries. In addition, existing license agreements cover more than 15 other products that are scheduled to be launched in the coming years. RaySearch was founded in 2000 as a spin-off from Karolinska Institutet in Stockholm and the company is listed in the Small Cap segment on the NASDAQ OMX Nordic Exchange Stockholm.

For more information about RaySearch, visit [www.raysearchlabs.com](http://www.raysearchlabs.com).