

## RaySearch Laboratories AB (publ) Year-end Report 2009

### JANUARY 1 – DECEMBER 31, 2009

- Net sales for the period amounted to SEK 83.7 M (62.7)
- Profit after tax totaled SEK 30.1 M (18.2) and earnings per share amounted to SEK 0.88 (0.53)
- Operating profit totaled SEK 40.9 M (21.1)
- Cash flow amounted to SEK 9.4 M (neg: 8.5)
- A breakthrough order for a proton treatment planning system was secured in June
- The new VMAT product from the collaboration with Philips began generating revenues in November
- The collaboration agreement with Siemens, which was signed in May, has been expanded and was accelerated in November
- Two new products from the collaboration with Nucletron began generating revenues in December
- The collaboration with Varian, which encompassed three new products, began generating revenues in December
- The first order was received for the new product from the collaboration with TomoTherapy
- The Board of Directors proposes a dividend of SEK 0.50 (0) per share

“The year 2009 was extremely successful for RaySearch, with several exciting product launches. The new products began generating substantial revenues toward the end of the year, leading to a revenue increase of a full 71 percent in the fourth quarter,” says Johan Löf, President of RaySearch.

“I can therefore state that we have entered a new phase of growth and are very well prepared for the future,” concludes Johan Löf.

### SUMMARY OF FINANCIAL RESULTS

Amounts in SEK 000s

	Jan-Dec		Oct-Dec	
	2009	2008	2009	2008
Net sales	83,687	62,690	36,365	21,346
Operating profit	40,862	21,058	23,812	13,013
Operating margin, %	48.8	33.6	65.5	61.0
Net profit	30,146	18,223	17,526	10,899
Earnings per share, SEK	0.88	0.53	0.51	0.32
Share price at year-end, SEK	29.50	11.50		

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 February 18 at 7:45 a.m.

## CEO comments

The year 2009 was extremely successful for RaySearch. Following several years of intense development work, a large number of new products were launched with our partners. These new products began generating substantial revenues toward the end of the year, while at the same time our existing products continued to sell well, thereby enabling us to exceed all of our prior financial results. During the fourth quarter of 2009, revenues increased to SEK 36.4 M, up a full 71 percent compared with the fourth quarter of 2008, which at that point was the strongest quarter ever experienced in RaySearch's history. As a result, the full-year as a whole was also strong, with net sales up 33 percent to SEK 83.7 M. The profit for the year rose to SEK 30.1 M, corresponding to an increase of 65 percent compared with 2008.

The most important new product was our solution for volumetric modulated arc therapy (VMAT), which is currently the most important trend in the market. Our partner Philips began marketing the new product under the SmartArc brand in April, as an integrated module in the Philips' Pinnacle<sup>3</sup> system. An order backlog was accumulated during the summer and autumn and the roll-out to clinics began in November. This was a pivotal milestone for RaySearch, since it was at this point that the product began to generate revenues. Thanks to strong demand for VMAT, the launch was highly successful and generated favorable volumes. RaySearch has a very large installed base among Philips' clinics so this product will remain one of RaySearch's key products for a long time.

Nucletron also launched a new version of our VMAT solution in September. In parallel, the company launched another product for model-based segmentation (MBS). Both products are now being sold as integrated modules in Nucletron's Oncentra<sup>®</sup> treatment planning system. Deliveries commenced in December and were met by favorable demand, particularly for the VMAT solution.

In June, three new products were launched as part of our partnership with Varian. The products, which comprise treatment planning modules for the optimization of conventional 3D-CRT, radiobiological evaluation and radiobiological optimization, are integrated modules in the latest version of Varian's Eclipse<sup>™</sup> treatment planning system. Another major milestone was achieved when deliveries commenced at the end of the year. Although volumes have been small to date, Varian has a very large installed base, which means the potential is substantial. We have a strong relationship with Varian and maintain a very close dialog, so I am confident that sales of these products will gain momentum in 2010. Finally, TomoTherapy also began to accumulate an order backlog for the new SharePlan<sup>™</sup> solution from RaySearch, which was launched in 2009, and the first deliveries will take place during the first six months of 2010.

As for our portfolio of existing products, we experienced a volume increase for the products we sell through IBA Dosimetry and a downturn in the products sold through Philips, while sales through Nucletron remained largely unchanged compared with the preceding year. In the summer, IBA Dosimetry launched a new version of COMPASS<sup>®</sup>, our jointly developed quality assurance system. The new version offers support for VMAT treatments, making the system even more competitive. Thanks to this expansion, we are now starting to experience an improvement in sales. We are also working to expand the system in 2010 to include advanced adaptive functionality which will further increase the sales potential. The decline in sales through Philips was not unexpected, since it was largely attributable to the US market being hit hardest by the financial crisis in 2009. The products have also been on the market for a long time, so a certain decline is natural. Support revenues from our first product, p-RayOptimizer, declined from the second quarter, since the product requires less maintenance after nearly nine years on the market.

One of our most important projects during the year was the development of a treatment planning system for proton therapy for the German clinic WPE. Proton therapy is one of the most advanced forms of radiation therapy and is a key future area for RaySearch. The agreement with WPE represents our first commercial proton order and was signed in June, when the first part-delivery took place. The system will not be integrated into any partner system, but is based on RaySearch's proprietary RayStation platform. In addition to the optimization of proton treatments, the system will contain

comprehensive support for adaptive radiation therapy. By adapting the treatment to changes occurring in the anatomy during and between treatment sessions, the precision of the treatment can be further improved. Adaptive therapy has been a prioritized research area for RaySearch for many years and this will be the first time that our expertise in the field will benefit clinics. The project is progressing as planned and the system is scheduled to be fully developed and clinically operational during 2010, at which point it will be the most advanced proton treatment planning system in the market. In the area of proton therapy, we also participated in a tender process during the year for a treatment planning system for the Skandion Clinic, a proton therapy center being built in Sweden. The tender was initially won by another supplier. The results were contested and the decision was overturned so a new procurement process will thus be carried out. We will participate in this new tender, which is expected to be decided in 2010.

Another project to which we are currently allocating major resources is the partnership with Siemens, which commenced in May. Siemens is one of the leading global suppliers of radiation therapy equipment. Under the agreement with Siemens, RaySearch will provide several different advanced treatment planning modules. The modules are integrated into Siemens' *syngo*® Suite for Oncology, which is Siemens' integrated workflow solution for radiation therapy. In November, this collaboration was expanded to include a number of additional modules and the release date was brought forward. The collaboration is now expected to generate revenues for RaySearch in the second half of 2010.

During 2009, we boosted our development capacity by recruiting new developers. Combined with the resources freed up following the conclusion of several projects, this will enable us once again to invest resources in more long-term development work, which is necessary if RaySearch is to strengthen its position as the leading developer of advanced radiation therapy software. Another cornerstone of this strategy is to collaborate directly with a few selected leading research-intensive clinics, such as WPE, as a complement to our existing partner-based business model. This type of collaboration will give RaySearch the freedom to develop innovative solutions directly in a clinical environment, which is a prerequisite for securing the company's long-term position as a leading supplier. To improve awareness of RaySearch's solutions among relevant clinics, we participated for the first time this year as an exhibitor at the major radiation therapy trade shows. I am convinced that the investment was worthwhile and we intend to continue on this path.

As I now look forward to the coming year, I can state categorically that we have entered a new phase and are much stronger than we were a year ago. The product portfolio has doubled in size and our new products should enable us to continue to grow. However, during the next few quarters it will be difficult to match the record-breaking sales reported in the past quarter, which included deliveries of an order backlog that had been accumulated during most of 2009. On the other hand, the most severe effects of the financial crisis appear to have receded and the uncertainty concerning reimbursement levels in the US healthcare system has waned, paving the way for better conditions for a favorable underlying market trend than in 2009. We also have many exciting products scheduled for completion in 2010, including our first products for Siemens and the complete delivery of our proprietary system to WPE. Moreover, we are discussing the possibility of expanding several of our partnership agreements and are currently developing a number of new, highly attractive solutions that have not yet been unveiled. All of this combined gives us strong foundation for continued long term growth. Accordingly, the Board of Directors believes the company can resume dividend payments and proposes a dividend of SEK 0.5 per share.

Stockholm, February 18, 2010

Johan Löf  
President, RaySearch Laboratories AB

## Significant events

### EVENTS DURING THE FOURTH QUARTER OF 2009

#### *The new VMAT product from the collaboration with Philips began to generate revenues*

Installation of RaySearch's new VMAT treatment planning solution, which received 510(k) clearance from the FDA in April, began in November. 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. VMAT is an advanced form of intensity modulated radiation therapy (IMRT), in which the tumor is continuously irradiated while the source of the beam rotates around the patient in single or multiple arcs. This concept enables faster treatment delivery compared to traditional IMRT, where the patient is irradiated only from a few selected angles. The new product is the first planning solution that can be used with any VMAT-capable treatment machine in the market. In addition to being able to handle the latest treatment machines, in which 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 machines.

#### *Collaboration agreement with Siemens expanded and accelerated*

In May, RaySearch signed a long-term development and licensing agreement with Siemens Healthcare. The collaboration entails that RaySearch will provide a number of treatment planning modules aimed at improving radiation therapy. The software modules will be integrated into Siemens' syngo<sup>®</sup> Suite for Oncology, which is Siemens' integrated workflow solution for radiation therapy. In November, the collaboration was expanded to include more modules. The project was also accelerated, and is thus expected to start generating revenues for RaySearch in the second half of 2010, rather than 2011 as previously announced.

#### *Two new products from the collaboration with Nucletron began to generate revenues*

Deliveries of two new products from the collaboration with Nucletron began to clinics in December. The products, which have been developed by RaySearch since January 2009 and were launched in September, are integrated modules in Nucletron's Oncentra<sup>®</sup> treatment planning system. One of the products is used for VMAT planning and the other for model-based segmentation (MBS). MBS facilitates the segmentation process by creating three-dimensional models of the tumor and surrounding organs prior to the treatment planning process. Traditionally, this is a highly time-consuming task since the contours of the relevant structures are outlined manually. The new MBS software module uses three-dimensional organ models that automatically adapt to the particular patient's image data. The product will be available for the treatment planning of external radiotherapy and brachytherapy, and has the potential to significantly decrease the time spent on segmentation and also improve consistency in the process.

#### *Collaboration with Varian began to generate revenues*

The collaboration with Varian Medical Systems began to generate revenues in December. The collaboration comprises three software solutions that are integrated modules in the latest version of Varian's Eclipse<sup>™</sup> treatment planning system. The products are treatment planning modules for the optimization of conventional 3D-CRT, radiobiological evaluation and radiobiological optimization. Although 3D-CRT is a well-established form of treatment and is used in most radiation therapy, developing a 3D-CRT treatment plan is a relatively complex and time-consuming process. The new 3D-CRT module uses advanced algorithms to automate this process, thereby saving considerable time and offering the potential to significantly improve the quality of the treatment. The other two modules for radiobiological evaluation and optimization use models to predict how healthy tissue and tumors will react when irradiated. The tool for radiobiological evaluation makes it possible to assess the probability that a tumor can be controlled or the risk of damaging healthy tissue for a specific treatment plan. The module for radiobiological optimization enables doctors to write prescriptions directly in clinical terms stating, for example, the probability of controlling a tumor or the risk of

radiation-induced complications. This is very a useful complement to traditional techniques based on physical treatment, which does not take biological response into consideration.

**EVENTS AFTER THE END OF THE PERIOD**

No significant events occurred after the end of the reporting period.

## Financial information

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

During the fourth quarter of 2009, sales increased 70.9 percent compared with the year-earlier period to SEK 36.4 M (21.3). Operating profit improved during the fourth quarter to SEK 23.8 M (13.0), corresponding to an operating margin of 65.5 percent (61.0). Profit after tax during the quarter totaled SEK 17.5 M (10.9). This increase in sales was mainly attributable to license revenues from the new products from the collaboration with Philips and Nucletron, which began generating revenues in the fourth quarter of 2009.

### SALES AND EARNINGS FOR FULL-YEAR 2009

Total sales for full-year 2009 increased 33.5 percent, compared with the preceding year, and amounted to SEK 83.7 M (62.7). Sales primarily comprised license revenues through partners and support revenues. The number of licenses sold through partners totaled 656 (634), with license revenues for 2009 amounting to SEK 60.6 M (39.0). The increase in license revenues was mainly attributable to revenues generated by the new products through Philips and Nucletron. License sales were also impacted positively by an installment relating to the new agreement with WPE and increased revenues from IBA Dosimetry. Sales were affected adversely by support revenues for 2009 declining 2.5 percent to SEK 23.1 M (23.7). Support revenues are based on accumulated license sales and have thus grown continuously in the past. From the second quarter of 2009, support revenues for RaySearch's first product, p-RayOptimizer, began to decline since the product has been on the market since 2001 and now requires less maintenance.

The company is dependent on trends in USD and EUR exchange rates against the SEK, since invoicing to Philips and Varian is in USD and invoicing to Nucletron and IBA Dosimetry is in EUR. During 2009, revenues in USD were recognized at an average exchange rate of SEK 7.48, compared with SEK 6.69 in 2008. During 2009, revenues in EUR were recognized at an average exchange rate of SEK 10.49, compared with SEK 9.86 in 2008. Accordingly, exchange-rate effects had a positive impact on sales. At unchanged exchange rates, sales would have increased 21.7 percent, compared with 2008, which is 11.8 percentage points lower than the actual outcome. A sensitivity analysis of currency exposure indicates that the impact of a change in the average USD exchange rate of  $\pm 10$  percent on the operating profit in 2009 was  $\pm$  SEK 5.1 M and that the corresponding effect of a change in the average EUR exchange rate of  $\pm 10$  percent was  $\pm$  SEK 3.1 M. The company pursues the currency policy set by the Board of Directors.

Operating profit in 2009 amounted to SEK 40.9 M (21.1), corresponding to an operating margin of 48.8 percent (33.6). Operating expenses, excluding exchange-rate gains and losses, declined SEK 1.8 M, compared with the preceding year, to SEK 41.0 M. Other operating revenues and other operating expenses refer to exchange-rate gains and losses, with the net of these for 2009 amounting to an expense of SEK 0.8 M (rev: 1.8). The decline in operating expenses was mainly due to lower costs for research and development. This, in turn, was attributable to a larger proportion of the costs for research and development being capitalized in 2009.

As of December 31, 2009, 54 (45) employees were engaged in research and development. Research and development costs include payroll costs, consulting fees, computer equipment and premises. Before capitalization and amortization of development costs, research and development costs totaled SEK 55.9 M (48.1). This increase was offset by the fact that capitalized development costs for 2009 rose to SEK 43.3 M (29.6). The increase in capitalized development costs was due to the redirection of a considerable portion of the research department's resources to development projects, in which costs are capitalized, rather than research projects, in which costs are not capitalized. Amortization of capitalized development costs during 2009 amounted to SEK 12.1 M (10.7). The increase during the year was attributable to the amortization of capitalized development pertaining to the company's new products, which commenced in the third and fourth quarters as installation of the new products began. Research and development costs after adjustments for capitalization and amortization of development costs totaled SEK 24.7 M (29.2).

Amortization of intangible fixed assets amounted to SEK 12.2 M (10.8) in 2009 and depreciation of tangible fixed assets totaled SEK 0.2 M (0.2). Overall, amortization and depreciation during 2009 amounted to SEK 12.4 M (11.0). Amortization and depreciation primarily pertained to capitalized development costs.

Profit after tax for 2009 totaled SEK 30.1 M (18.2), corresponding to earnings per share of SEK 0.88 (0.53).

#### *Geographic distribution of license revenues*

Although most of RaySearch's existing customers operate in the US, it is worth noting that the proportion of license revenues that derive from North America declined during the period. License revenues for 2009 were distributed as follows: North America 38 percent (44), Asia 17 percent (19), Europe and the rest of the world 45 percent (37).

#### **LIQUIDITY AND FINANCING**

Cash flow from operating activities for 2009 amounted to SEK 49.2 M (26.0) and cash flow for the year totaled SEK 9.4 M (neg: 8.5). The increase was mainly attributable to an improvement in profit before tax to SEK 41.3 M, compared with SEK 24.1 M in the preceding year. Cash flow from investing activities fell to a negative SEK 43.1 M (neg: 29.5) due to increased development initiatives. This decline was partly offset by an increase in cash flow from financing activities to SEK 3.3 M deriving from the exercise of options, while cash flow from financing activities for 2008 amounted to a negative SEK 5.0 M due to dividend payments and option premiums.

As of December 31, 2009, cash and cash equivalents amounted to SEK 80.0 M, compared with SEK 70.6 M on December 31, 2008. As of December 31, 2009, current receivables totaled SEK 30.5 M, compared with SEK 23.2 M on December 31, 2008. RaySearch has no interest-bearing liabilities.

#### **INVESTMENTS**

Fixed assets primarily comprise capitalized development costs. Investments in intangible fixed assets in 2009 amounted to SEK 43.3 M (30.2) and investments in tangible fixed assets to SEK 1.1 M (0.5).

#### **EMPLOYEES**

At the end of the fourth quarter, the number of employees in RaySearch was 58 (50). The average number of employees during the period January to December 2009 was 52 (48).

#### **PARENT COMPANY**

Since the financial reporting of the Parent Company corresponds in all material respects to the financial reporting of the Group, the comments for the Group are also relevant to a great extent for the Parent Company. Capitalization of development costs is recognized in the Group, but not in the Parent Company.

#### **EXERCISE OF OPTIONS**

RaySearch's 2004:1 employee option program, issued by its subsidiary RayIncentive, expired on December 31, 2009. During the exercise period, options on 150,000 shares were exercised at a strike price of SEK 26.95 and the remaining options on 196,500 shares were repurchased at market price, meaning the share price less the strike price. The net effect of these transactions was a cash contribution of SEK 3.3 M. Following the end of the exercise period, RayIncentive's shareholding in RaySearch Laboratories amounted to 299,628, of which 103,128 shares are covered by existing option programs.

**ANNUAL GENERAL MEETING**

The Annual General meeting will be held at the Berns Conference Center in Kammarsalen, Berzelii Park, Stockholm on May 25, 2010 at 6:00 p.m. The Annual Report for 2009 will be available at RaySearch's office at Sveavägen 25 in Stockholm approximately one month prior to the date of the Annual General Meeting.

***Proposed dividend***

In view of RaySearch's strong financial position and favorable forecasts, the Board and the President propose that the Annual General Meeting approve a dividend to shareholders of SEK 0.50 (0.00) per share, or SEK 17.1 M (0.0).

**CONSOLIDATED INCOME STATEMENT IN SUMMARY**

Amounts in SEK 000s

	<b>Jan-Dec</b>		<b>Oct-Dec</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net sales	83,687	62,690	36,365	21,346
Cost of goods sold	-1,013	-661	-147	-225
<b>Gross profit</b>	<b>82,674</b>	<b>62,029</b>	<b>36,218</b>	<b>21,121</b>
Other operating income	0	2,012	226	1,319
Selling expenses	-3,604	-2,563	-1,213	-551
Administrative expenses	-12,691	-11,031	-3,407	-2,154
Research and development costs	-24,718	-29,183	-8,012	-6,668
Other operating expenses	-799	-206	0	-54
<b>Operating profit</b>	<b>40,862</b>	<b>21,058</b>	<b>23,812</b>	<b>13,013</b>
Result from financial items	421	3,048	23	690
<b>Profit before tax</b>	<b>41,283</b>	<b>24,106</b>	<b>23,835</b>	<b>13,703</b>
Tax	-11,137	-5,883	-6,309	-2,804
<b>Profit for the period<sup>1)</sup></b>	<b>30,146</b>	<b>18,223</b>	<b>17,526</b>	<b>10,899</b>
Earnings per share before full dilution (SEK)	0.88	0.53	0.51	0.32
Earnings per share after full dilution (SEK)	0.88	0.53	0.51	0.32

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in SEK 000s

	<b>Jan-Dec</b>		<b>Oct-Dec</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Profit for the period	30,146	18,223	17,526	10,899
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period<sup>1)</sup></b>	<b>30,146</b>	<b>18,223</b>	<b>17,526</b>	<b>10,899</b>

1 ) 100% attributable to the shareholders of the parent company

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

Amounts in SEK 000s	Dec 31, 2009	Dec 31, 2008
<b>Assets</b>		
Intangible fixed assets	112,323	81,705
Tangible fixed assets	2,068	1,926
Deferred tax assets	8,216	10,569
<b>Total fixed assets</b>	<b>122,607</b>	<b>94,200</b>
Current receivables	30,478	23,247
Cash and cash equivalents	80,013	70,644
<b>Total current assets</b>	<b>110,491</b>	<b>93,891</b>
<b>TOTAL ASSETS</b>	<b>233,098</b>	<b>188,091</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	184,858	150,435
Deferred tax liabilities	34,949	26,240
Other long-term liabilities	642	1,610
Accounts payable	5,525	4,283
Other current liabilities	7,124	5,523
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>233,098</b>	<b>188,091</b>
Pledged assets	5,000	5,000
Contingent liabilities	None	None

**CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY**

Amounts in SEK 000s	Jan-Dec		Oct-Dec	
	2009	2008	2009	2008
Profit before tax	41,283	24,106	23,835	13,703
Adjusted for non-cash items *	12,389	10,981	5,175	2,779
Taxes paid	-1,933	1,439	-2,503	7,235
<b>Cash flow from operating activities before changes in working capital</b>	<b>51,739</b>	<b>36,526</b>	<b>26,507</b>	<b>23,717</b>
Cash flow from changes in working capital	-2,532	-10,481	-12,731	-4,514
<b>Cash flow from operating activities</b>	<b>49,207</b>	<b>26,045</b>	<b>13,776</b>	<b>19,203</b>
Cash flow from investing activities **	-43,148	-29,540	-13,116	-7,648
Cash flow from financing activities	3,310	-4,996	3,310	-
<b>Cash flow for the period</b>	<b>9,369</b>	<b>-8,491</b>	<b>3,970</b>	<b>11,555</b>
Cash and cash equivalents at the beginning of the period	70,644	79,135	76,043	59,089
<b>Cash and cash equivalents at the end of the period</b>	<b>80,013</b>	<b>70,644</b>	<b>80,013</b>	<b>70,644</b>

\* This amount includes amortization of capitalized development costs.

\*\* This amount includes capitalized development costs.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY**

Amounts in SEK 000s

	<b>Jan-Dec</b>	
	<b>2009</b>	<b>2008</b>
Opening balance	150,435	137,851
Comprehensive income for the period	30,146	18,223
Dividend paid	0	-5,639
Exercise of options	4,277	0
Closing balance	184,858	150,435

**CHANGES IN NUMBER OF SHARES**

Amounts in SEK 000s

	<b>Jan-Dec</b>	
	<b>2009</b>	<b>2008</b>
Total number of shares (opening and closing balance)	34,282,773	34,282,773
Holding of treasury shares (opening balance)	449,628	449,628
Holding of treasury shares (closing balance)	299,628	449,628
Average number of treasury shares	435,244	449,628

**KEY DATA AND FINANCIAL INFORMATION IN SUMMARY**

Amounts in SEK 000s

	<b>Jan-Dec</b>			<b>Oct-Dec</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Net sales	83,687	62,690	64,705	36,365	21,346	14,523
Operating profit	40,862	21,058	25,781	23,812	13,013	3,683
Operating margin, %	48.8	33.6	39.8	65.5	61.0	25.4
Profit margin, %	49.3	38.5	43.3	65.5	64.2	29.8
Net profit	30,146	18,223	19,779	17,526	10,899	3,006
Earnings per share, SEK*	0.88	0.53	0.58	0.51	0.32	0.09
Return on capital employed, %	24.6	16.7	22.2			
Return on equity, %	18.0	12.6	15.5			
Equity/assets ratio, %	79.3	80.0	79.6			
Adjusted equity per share at the end of the period, SEK*	5.39	4.39	4.02			
Share price at the end of the period, SEK*	29.50	11.50	63.33			
Dividend per share*	0.50**	0	0.17			

\* Adjusted for 3:1 stock split.

\*\* According to Board proposal.

**PARENT COMPANY INCOME STATEMENT IN SUMMARY**

Amounts in SEK 000s

	<b>Jan-Dec</b>		<b>Oct-Dec</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net sales	83,687	62,690	36,365	21,346
Cost of goods sold	-1,013	-661	-147	-225
<b>Gross profit</b>	<b>82,674</b>	<b>62,029</b>	<b>36,218</b>	<b>21,121</b>
Other operating income	0	2,012	226	1,319
Selling expenses	-3,604	-2,563	-1,213	-551
Administrative expenses	-14,491	-12,461	-3,783	-2,481
Research and development costs	-54,095	-46,635	-15,607	-11,405
Other operating expenses	-799	-206	0	-54
<b>Operating profit</b>	<b>9,685</b>	<b>2,176</b>	<b>15,841</b>	<b>7,949</b>
Result from financial items	345	14,417	24	12,547
<b>Profit after financial items</b>	<b>10,030</b>	<b>16,593</b>	<b>15,865</b>	<b>20,496</b>
Appropriations	-1,909	743	-1,909	743
<b>Profit before tax</b>	<b>8,121</b>	<b>17,336</b>	<b>13,956</b>	<b>21,239</b>
Tax	-2,416	-2,303	-3,711	-3,251
<b>Net profit</b>	<b>5,705</b>	<b>15,033</b>	<b>10,245</b>	<b>17,988</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

Amounts in SEK 000s	Dec 31, 2009	Dec 31, 2008
<b>ASSETS</b>		
Intangible fixed assets	636	1,221
Tangible fixed assets	2,068	1,926
Financial fixed assets	2,160	2,160
Deferred tax assets	8,216	10,569
<b>Total fixed assets</b>	<b>13,080</b>	<b>15,876</b>
Current receivables	30,478	35,238
Cash and cash equivalents	72,724	54,534
<b>Total current assets</b>	<b>103,202</b>	<b>89,772</b>
<b>TOTAL ASSETS</b>	<b>116,282</b>	<b>105,648</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	82,459	76,755
Untaxed reserves	21,199	19,290
Accounts payable	5,525	4,283
Other current liabilities	7,099	5,320
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>116,282</b>	<b>105,648</b>
Pledged assets	5,000	5,000
Contingent liabilities	None	None

## Other information

### ACCOUNTING POLICIES IN ACCORDANCE WITH IAS/IFRS

The consolidated financial statements for 2009 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. This year-end 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 financial policy 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 financial policy is updated at least once 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 impact on the company's sales, profit and financial position. This risk decreases as the number of partners increases. RaySearch engages 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 to page 49 of the 2008 Annual Report.

### RELATED-PARTY TRANSACTIONS

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

### ESTIMATES

Preparation of the year-end 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.

Stockholm, February 18, 2010

Erik Hedlund  
Chairman

Johan Löf  
President and Board member

Carl Filip Bergendal  
Board member

Hans Wigzell  
Board member

## Review report

To the Board of RaySearch Laboratories AB  
Corporate Registration Number 556322-6157

I have reviewed the attached year-end report for RaySearch Laboratories AB (publ) for 2009. The Board of Directors and the President are responsible for the preparation of this year-end report in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express a conclusion on the year-end 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 of 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 generally accepted auditing standards in Sweden 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 year-end report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group and the Swedish Annual Accounts Act for the Parent Company.

Stockholm, February 18, 2010

Anders Linér  
Authorized Public Accountant  
KPMG

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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

**FINANCIAL REPORTING**

Interim report for the first quarter	May 11, 2010
Annual General Meeting	May 25, 2010 at 6:00 p.m. The Annual General Meeting will be held at the Berns Conference Center in Kammarsalen, Berzelii Park, Stockholm
Interim report for the first six months	August 27, 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 sold through license agreements with leading partners, such as Philips, Varian, Siemens, Nucletron, IBA Dosimetry and TomoTherapy. To date, 15 products have been launched and RaySearch's software is used in 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 of NASDAQ OMX Nordic Exchange Stockholm.

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