

**RaySearch Laboratories AB (publ)**  
**Interim Report, January 1 – March 31, 2005**

- Net sales for the period amounted to SEK 13.1 M (10.1)
- Profit after tax totaled SEK 4.5 M (3.5)
- Earnings per share after tax amounted to SEK 0.40 (0.33)
- Operating profit amounted to SEK 6.2 M (4.9)
- Cash flow from operating activities amounted to SEK 6.7 M (3.2)

Johan Löf, President and CEO of RaySearch Laboratories AB, comments on the first three months of the year as follows:

*“The year has begun with continued strong growth. Sales rose by 30 percent compared with the corresponding period a year earlier.*

*We posted this favorable increase in sales despite the quarter not containing any sales revenues from OM-Optimizer, of which deliveries began in April. The agreement with Nucletron covers six different products that will be integrated in Nucletron’s products for treatment planning, Oncentra MasterPlan. As a result of the cooperation, our products will be available to a large number of new clinics worldwide and the company sharply increases the number of potential end-customers. In the beginning of May it was announced that the University Hospital in Uppsala, Sweden, had already treated the first cancer patient in which OM-Optimizer was used as an integrated component in Nucletron’s Oncentra MasterPlan. This was the first patient in the world who received radiation therapy using the new system.*

*RaySearch has a favorable financial position. Cash and cash equivalents amounted to approximately SEK 30 M at the end of the quarter and the equity/assets ratio was 77 percent. Our profit margin is at a high level. In other words, we have a solid economic base for expansive future development.*

*It is very pleasing that yesterday we were able to announce that we signed a letter of intent with our longstanding partner Philips about concluding a long-term license agreement covering new products within adaptive radiation therapy, also referred to as IGRT (Image-Guided Radiation Therapy), a treatment that is considered the next technology leap within radiation therapy. Both RaySearch and Philips are already conducting research in the area and through this joint project for developing new products within adaptive radiation therapy we will secure our positions as leading companies in this field.*

*Adaptive radiation therapy will be the major development area in the future. Adaptive radiation therapy increases the geometric precision by taking into account the patient’s anatomy during the actual treatment. This means that the treatment can be even more effective and more safer.”*

**Summary of financial results**

|   | <b>2005</b> | <b>2004</b> | <b>2004</b> |
|---|-------------|-------------|-------------|
|   | Jan-March   | Jan-March   | Jan-Dec     |
|   | (3 months)  | (3 months)  | (12 months) |
| Amounts in SEK 000s                     |             |             |             |
| Net sales                               | 13,122      | 10,080      | 39,479      |
| Operating profit                        | 6,202       | 4,924       | 12,460      |
| Operating margin, %                     | 47.3        | 48.8        | 31.6        |
| Profit margin, %                        | 47.5        | 49.0        | 32.0        |
| Net income                              | 4,491       | 3,486       | 11,215      |
| Equity/assets ratio, %                  | 77          | 73          | 72          |
| Adjusted shareholders’ equity per share | 4.92        | 3.02        | 3.75        |
| Share price in SEK at end of period     | 65.25       | 27.20       | 48.60       |

**Sales and earnings**

For the first three months of 2005, total sales rose by 30 percent compared with the corresponding period in 2004 and amounted to SEK 13.1 M (10.1). The number of licenses sold totaled 201 (110), of which 84 (70) pertained to RayOptimizer, 108 (40) RayMachine and 9 (0) RayBiology. License revenues for the first quarter of 2005 increased to SEK 11.5 M (8.3). Sales largely comprise license revenue from RayOptimizer and RayMachine. During the first quarter of 2005, these represented 45 percent (60) and 40 percent (21) of total sales. Support revenues amounted to SEK 1.6 M (1.8).

The company is dependent on the performance of the US dollar because invoicing is in USD. During the first quarter of 2005, revenues were booked at an average USD rate of SEK 7.00, compared with SEK 7.69 during the corresponding period in 2004. If exchange rates had remained unchanged compared with the same quarter in 2004, total sales in 2005 would have been SEK 14.4 M, which would have meant an increase of 43 percent.

Operating profit amounted to SEK 6.2 M (4.9), which corresponds to an operating margin of 47.3 percent (48.8). Compared with the year-earlier period, operating expenses increased by SEK 1.8 M during the first quarter of 2005 to SEK 6.7 M. This is attributable mainly to an increased focus on research and development, primarily in adaptive radiation therapy, and development of the new products for Nucletron. A number of persons were recruited during full-year 2004. The costs for this recruitment did not affect the first quarter of 2004. The increase in operating expenses is also attributable to increased administrative expenses, partly due to the recently implemented non-cash issue.

At March 31, 2005, 22 persons (18) worked in research and development. Other research and development expenses include costs for computer equipment and premises. Research and development costs before capitalization and amortization amounted to approximately SEK 6.4 M (4.5) and are also expected to represent a considerable portion of costs in the future.

Amortization and depreciation during the first quarter of 2005 amounted to SEK 1.0 M (1.3) on intangible assets and SEK 0.1 M (0.1) on tangible assets.

Profit after tax for the first quarter of 2005 totaled SEK 4.5 M (3.5), which means that earnings per share after tax amounted to SEK 0.40 (0.33).

***Distribution of sales***

The majority of RaySearch's customers are in the US. Sales during the first quarter of 2005 were distributed as follows: North America 83 percent (91), Asia 7 percent (5), Europe and the rest of the world 10 percent (4).

***Capitalization of development costs***

During the first quarter of 2005, development costs amounting to SEK 3.6 M (2.7) were capitalized. Amortization for the first quarter of 2005 totaled SEK 1.0 M (1.0). Deferred tax was taken into consideration.

**Liquidity and financing**

Cash flow during the first three months of 2005 totaled SEK 15.9 M (0.3). Cash flow from operating activities amounted to SEK 6.7 M (3.2). SEK 12.5 M (0.0) of total cash flow pertains to sales of shares in RaySearch Medical and RaySearch Laboratories, which were owned by RayIncentive. The sale was made to options holders. The shares in RaySearch Medical were then transferred in kind to RaySearch Laboratories at a value of SEK 46.9 M.

At March 31, 2005 the value of cash and cash equivalents and short-term investments amounted to SEK 29.5 M, compared with SEK 11.9 M at March 31, 2004. At March 31, 2005 current receivables amounted to SEK 12.5 M compared with SEK 10.3 M at March 31, 2004. RaySearch has no interest-bearing liabilities.

**Investments**

Fixed assets mainly comprise capitalized development costs. Investments in intangible fixed assets during the quarter amounted to SEK 3.6 M (2.7) and investments in tangible fixed assets amounted to SEK 0 M (0.1).

**Extraordinary General Meeting and non-cash issues**

At the Extraordinary General Meeting of RaySearch Laboratories held on January 25, 2005, a decision was approved regarding non-cash issues comprising a total of 914,530 Series B shares, implying an increase of SEK 1,371,795 in the company's share capital and SEK 45,497,918 in the share premium reserve. The decisions were made as part of the options program for employees that has been conducted by the Group since 2001. The remaining options program, which pertains to existing shares, is described in the 2004 Annual Report. The non-cash issue was conducted during the first quarter of 2005. Registration of the increase in share capital was completed in April 2005. At March 31, 2005, RayIncentive's holding of shares in RaySearch Laboratories was 186,913. RayIncentive has written options on 152,537 of these shares. The book value in the Group of these 186,913 shares in RaySearch Laboratories is SEK 0.

**Employees**

At the end of the quarter, the number of employees at RaySearch amounted to 26 persons (22). The average number of employees during the period January-March 2005 totaled 26 (20).

**Parent Company**

The Group's Parent Company is RaySearch Laboratories AB, which has not conducted any operating activities during the year.

The Parent Company's shares in the subsidiary RaySearch Medical AB are reported at SEK 233.7 M (186.8).

The Parent Company's sales amounted to 0 (0). Pretax loss amounted to SEK 313,000 (loss: 215,000). Investments in tangible fixed assets during the period amounted to SEK 0 (0). At March 31, 2005, the Parent Company had cash and cash equivalents amounting to SEK 0 (0).

**Market**

RaySearch operates in the field of intensity-modulated radiation therapy (IMRT), which is an advanced method for radiation treatment of cancer. IMRT enables a tumor to be treated with higher doses of radiation than are possible using conventional treatment, while the risk of damage to adjacent healthy tissue is reduced. When planning IMRT, advanced methods are required for optimization, since radiation therapy must be adapted to the anatomy of the individual patient.

It is estimated that there are currently 5,500 clinics throughout the world that treat patients using radiation therapy. Of these, it is estimated that 2,800 have advanced treatment planning systems in the sense that the calculation of radiation doses takes into consideration that patient anatomy is three-dimensional. Clinics with advanced treatment planning systems represent the direct target group for RaySearch's IMRT software solutions. The market for treatment planning systems grows by 7-8 percent annually. Through its partners Philips and Nucletron, RaySearch reaches more than 50 percent of the market. In the most rapidly growing segment, IMRT, RaySearch's partner Philips has a market share of 55-60 percent. IMRT is growing considerably more rapidly than the overall treatment planning market. In the US and Canada, RaySearch's products are installed at about 30 percent of the 2,100 clinics. The market for IMRT is growing more rapidly in the US than the rest of the world. It is probable that the leading clinics in Europe will also begin to use IMRT to a greater extent. In Europe, RaySearch's partners have about 30 percent of the installed base of treatment planning systems and Nucletron represents the largest portion. Accordingly, the prospects are promising for favorable growth for RaySearch's products in Europe.

## **Commercial partners**

During RaySearch's first four years, Philips was the exclusive distributor of RaySearch's software modules for clinics. Through an agreement with Nucletron in 2004, marketing and the sale of products from RaySearch was broadened considerably. For each module sold, RaySearch receives a fixed license fee. Following a purchase, the customer has the opportunity to sign a support agreement, which also includes updating the modules. By relying on commercial partners, the business model becomes scalable, that is, the company can increase its sales to hospitals without costs increasing to the same extent. The agreement with Nucletron means that RaySearch will receive revenues from Nucletron in EUR, which reduces the company's exposure to USD in relative terms.

Philips and RaySearch now intend to initiate cooperation in adaptive radiation therapy, which means they will enter the next phase of their cooperation. Adaptive radiation therapy aims to take into consideration changes in the patient's anatomy that occur during the period when the treatment is being administered and to correct any errors that arise during treatment. A prototype of a module for adaptive radiation therapy has been developed. Within the framework of the extended cooperation with Philips, the fully developed module will be integrated into Philips' treatment planning system. At a major international congress in October 2004, RaySearch and Philips were able to jointly present a prototype for a system for adaptive radiation therapy. The plans are for the system to be installed at a number of radiation therapy clinics to advance knowledge of how the clinical workflow is affected during adaptive radiation therapy and to acquire valuable views from physicians and hospital physicists.

## **Products**

RaySearch develops software that improves the treatment planning systems currently used to plan the radiation treatment of cancer. RaySearch's technology platform, ORBIT, is a general framework for solving optimization problems in radiation therapy and the result of many years of research at Karolinska Institutet and RaySearch. During development, object-oriented technologies and advanced methods of software design were used. With its sophisticated architecture, ORBIT represents a highly appropriate platform for innovative products in radiation therapy, in which new treatment methods, more exact biological models and more efficient calculation methods are continuously developed.

Parts of ORBIT's functionality has been packaged in four products: RayOptimizer, RayBiology, RayMachine and OM-Optimizer. Until the beginning of 2004, only RayOptimizer was sold and then only as a plug-in module in Philips Pinnacle treatment planning system. Now that sales of RayBiology and RayMachine have begun, a total of three products are distributed through Philips. The new systems have been very well received by customers.

OM-Optimizer, the first product developed within the framework of the partnership with Nucletron, was introduced in the market in April 2005. In total, six products based on RaySearch's ORBIT platform will be integrated in Nucletron's Oncentra MasterPlan treatment planning product. For the effective clinical introduction of IMRT, physicians require access to advanced multimodal image treatment and effective tools for organ contouring, as well as reliable and fast dose and optimization algorithms. The combination of IMRT optimization in ORBIT from RaySearch and image processing in Oncentra MasterPlan from Nucletron with organ contouring and dose calculation algorithms, provides the user access to very powerful systems.

When all six products are delivered to Nucletron, RaySearch's product portfolio will comprise a total of nine products, with Philips' and Nucletron's total installation base as potential customers.

## **Research and development**

Research work at RaySearch mainly focuses on the following areas: algorithm development and modeling within adaptive radiation therapy, development of algorithms for direct optimization of machine parameters, development of advanced dose-calculation algorithms and optimization algorithms for radiation therapy. The research activities are conducted in close cooperation with Karolinska Institutet in Solna and the Royal Institute of Technology in Stockholm.

The development activities focus on transforming market demands, customer requests and research results into products. This is achieved through the development of new products and the maintenance of existing products. In 2004, work focused on developing the RayBiology, RayMachine and OM-Optimizer products, and upgrading RayOptimizer. During 2004, the investment in adaptive radiation therapy and the development of new products were intensified. Adaptive radiation therapy will be the major development area in the future. Adaptive radiation therapy enhances geometrical precision by taking into consideration changes in the patient's anatomy during the actual treatment. RaySearch conducts cooperation in adaptive radiation therapy on several fronts.

## **Accounting principles in accordance with IAS/IFRS**

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, which corresponds to the requirements contained in the Swedish Financial Accounting Standards Council's RR31 recommendation, Interim Reports for Groups. The accounting principles have changed compared with the most recent annual report as a result of the transition to IFRS.

The 2004 Annual Report presents a description of the accounting principles affected by the transition to IFRS. For a description of the accounting principles applied by RaySearch for the first quarter of 2005, see the section "New accounting principles 2005" in the 2004 Annual Report.

These are applied from January 1, 2005 and the comparison year 2004 has been recalculated. The transition rules are contained in IFRS 1, First-time Adoption of International Financial Reporting Standards, which is based on all standards being applied retroactively.

The most significant effect of the transition to IAS/IFRS for RaySearch is that development costs during the period January 1, 2002 – May 28, 2003 were capitalized by SEK 11.7 M. The changed accounting principles mean that the costs of research and development will increase by SEK 2.3 M per year (SEK 1.7 M after tax) during the years 2005-2008. Pretax profit/loss is negatively affected in an amount of SEK 0.6 M per quarter (SEK 0.4 M after tax). Shareholders' equity rose by SEK 8.4 M at January 1, 2004 and by SEK 6.8 M at December 31, 2004. The above changes have no impact on cash flow.

IAS 39 Financial Instruments: Recognition and Measurement, IFRS 4 Insurance Contracts and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations shall be applied as of January 1, 2005 and are exempted from the requirement of recalculation for the comparative year. As of January 1, 2005, the Parent Company applies RR32 Accounting for legal entities. RR 32 primarily means that IFRS shall be applied, but with certain exceptions. The application of these accounting principles will have no effect on the Group's or the Parent Company's earnings and financial position.

In the consolidated accounts as of January 1, 2005, RayIncentive AB is consolidated as a subsidiary, since this company's shareholding in RaySearch Medical has been sold and replaced by cash equivalents due to the redemption of the options program. Due to the fact that RayIncentive has received cash proceeds in exchange for the shares, the holding is considered to be significant. Apart from the changes described above, the Group's accounting principles were not affected as a result of the introduction of the IFRS rules, compared with the accounting principles described in the 2004 Annual Report.

## Consolidated income statements

Amounts in SEK 000s

RR is the Swedish Financial Accounting Standards Council

|   | 2004<br>Jan-March                        |                             | 2004<br>Jan-March             |
|---|--|-----------------------------|-------------------------------|
|   | In accordance<br>with RR's<br>principles | Effect of change<br>to IFRS | In accordance<br>with<br>IFRS |
| <b>Gross profit</b>                     | <b>9,774</b>                             | -                           | <b>9,774</b>                  |
| Research and development costs          | -2,145                                   | -586                        | -2,731                        |
| Other operating costs                   | -2,119                                   | -                           | -2,119                        |
| <b>Operating profit</b>                 | <b>5,510</b>                             | <b>-586</b>                 | <b>4,924</b>                  |
| Result from financial items             | 12                                       | -                           | 12                            |
| <b>Profit before tax</b>                | <b>5,522</b>                             | <b>-586</b>                 | <b>4,936</b>                  |
| Tax                                     | -1,614                                   | 164                         | - 1,450                       |
| <b>PROFIT FOR THE PERIOD</b>            | <b>3,908</b>                             | <b>-422</b>                 | <b>3,486</b>                  |
| Earnings per share before full dilution | 0.37                                     | -0.04                       | 0.33                          |
| Earnings per share after full dilution  | 0.34                                     | -0.04                       | 0.31                          |

## Consolidated balance sheets

Amounts in SEK 000s

|   | March 31, 2004<br>In accordance<br>with RR's<br>principles | Effect of change<br>to IFRS | March 31, 2004<br>In accordance<br>with<br>IFRS |
|---|--|-----------------------------|---|
| <b>ASSETS</b>   |  |                             |   |
| Intangible fixed assets                               | 8,151  | 11,135                      | 19,286  |
| Other fixed assets                                    | 1,959  | -                           | 1,959   |
| Current assets  | 22,164   | -                           | 22,164  |
| <b>TOTAL ASSETS</b>                                   | <b>32 274</b>  | <b>11,135</b>               | <b>43,409</b>                                   |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>           |  |                             |   |
| Shareholders' equity                                  | 23,730   | 8,016                       | 31,746  |
| Liabilities   | 8,544  | 3,119                       | 11,663  |
| <b>TOTAL SHAREHOLDERS' EQUITY AND<br/>LIABILITIES</b> | <b>32,274</b>  | <b>11,135</b>               | <b>43,409</b>                                   |

## Financial information in 2005

The Annual Report was published in April. It was distributed by post to all registered shareholders and is available at the company's office and on its website.

|                                   |                   |
|-----------------------------------|-------------------|
| Annual General Meeting            | May 19, 2005      |
| Interim report for second quarter | August 24, 2005   |
| Interim report for third quarter  | November 16, 2005 |

Stockholm, May 19, 2005

RaySearch Laboratories AB  
Johan Löf, CEO

**Review Report**

I have reviewed this interim report in accordance with the recommendation issued by FAR. A review is considerably limited in scope compared with an audit. Nothing has come to my attention that causes me to believe that the interim report does not comply with the requirements of the Exchange and Clearing Operations Act and the Annual Accounts Act.

Stockholm, May 19, 2005

Anders Linér  
Authorized Public Accountant  
KPMG

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**About RaySearch**

RaySearch develops and sells software for radiation therapy for cancer treatment. The products are specially developed to optimize radiation therapy and the purpose is to adapt the radiation dose to the contours of the tumor, which allows high doses to be delivered to the tumor while minimizing the dose to surrounding healthy tissue.

RaySearch, a spin-off from Karolinska Institutet, was formed in 2000. RaySearch has sold its product, RayOptimizer, to more than 800 hospitals around the world through a licensing agreement with Philips, enabling tens of thousands of patients to receive improved radiation therapy.

RaySearch was listed on the Stockholm Stock Exchange O-list in November 2003. Sales of the products RayBiology and RayMachine began in 2004 and the partnership with Philips continues. RaySearch signed a licensing agreement with Nucletron in the beginning of 2004. The latter agreement made RaySearch's products available to a large number of new clinics worldwide and, consequently, increased the number of potential end-customers sharply. Delivery to clinics of the first products based on the partnership with Nucletron, OM-Optimizer, began in April 2005. RaySearch is based in Stockholm and currently has 26 employees.

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## Consolidated income statements

| Amounts in SEK 000s                                       | 2005<br>Jan-March<br>(3 months) | 2004<br>Jan-March<br>(3 months) | 2004<br>Jan-Dec<br>(12 months) |
|---|---------------------------------|---------------------------------|--------------------------------|
| Net sales   | 13,122                          | 10,080                          | 39,479                         |
| Cost of goods sold  | -262                            | -306                            | -1,238                         |
| <b>Gross profit</b>                                       | <b>12,860</b>                   | <b>9,774</b>                    | <b>38,241</b>                  |
| Selling expenses  | -266                            | -280                            | -1,139                         |
| Administrative expenses                                   | -2,985                          | -1,913                          | -10,995                        |
| Research and development costs                            | -3,849                          | -2,731                          | -13,147                        |
| Other operating income                                    | 675                             | 140                             | 212                            |
| Other operating expenses                                  | -233                            | -66                             | -712                           |
| <b>Operating profit</b>                                   | <b>6,202</b>                    | <b>4,924</b>                    | <b>12,460</b>                  |
| Result from financial items                               | 31                              | 12                              | 158                            |
| <b>Profit before tax</b>                                  | <b>6,233</b>                    | <b>4,936</b>                    | <b>12,618</b>                  |
| Tax   | -1,742                          | -1,450                          | -1,403                         |
| <b>PROFIT FOR THE PERIOD</b>                              | <b>4,491</b>                    | <b>3,486</b>                    | <b>11,215</b>                  |
| Earnings per share before full dilution                   | 0.40                            | 0.33                            | 1.07                           |
| Earnings per share after full dilution                    | 0.39                            | 0.31                            | 0.98                           |
| Number of shares outstanding before full dilution         | 11,427,591                      | 10,513,061                      | 10,513,061                     |
| Number of shares outstanding after full dilution          | 11,427,591                      | 11,427,591                      | 11,427,591                     |
| Average number of shares outstanding before full dilution | 11,173,555                      | 10,513,061                      | 10,513,061                     |
| Average number of shares outstanding after full dilution  | 11,427,591                      | 11,427,591                      | 11,427,591                     |



## Consolidated balance sheets

| Amounts in SEK 000s                               | March 31,<br>2005 | March 31,<br>2004 | Dec. 31,<br>2004 |
|---|-------------------|-------------------|------------------|
| <b>ASSETS</b>                                     |                   |                   |                  |
| Intangible fixed assets                           | 28,258            | 19,286            | 25,707           |
| Tangible fixed assets                             | 1,532             | 1,783             | 1,722            |
| Financial fixed assets                            | 34                | 176               | 98               |
| Deferred tax assets                               | 2,130             | -                 | 2,130            |
|   | <b>31,954</b>     | <b>21,245</b>     | <b>29,657</b>    |
| <b>Current assets</b>                             |                   |                   |                  |
| Current receivables                               | 11,610            | 10,251            | 12,844           |
| Cash and bank balances                            | 29,472            | 11,913            | 12,294           |
|   | <b>41,082</b>     | <b>22,164</b>     | <b>25,138</b>    |
| <b>TOTAL ASSETS</b>                               | <b>73,036</b>     | <b>43,409</b>     | <b>54,795</b>    |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |                   |                   |                  |
| Shareholders' equity                              | 56,274            | 31,746            | 39,475           |
| Accounts payable, trade                           | 1,401             | 2,554             | 2,102            |
| Other noninterest-bearing liabilities             | 15,361            | 9,109             | 13,218           |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>73,036</b>     | <b>43,409</b>     | <b>54,795</b>    |

## Cash-flow statements

| Amounts in SEK 000s  | 2005<br>Jan-March<br>(3 months) | 2004<br>Jan-March<br>(3 months) | 2004<br>Jan-Dec<br>(12 months) |
|--|---------------------------------|---------------------------------|--------------------------------|
| <b>Summary of cash-flow statement</b>  |                                 |                                 |                                |
| <b>Cash flow from operating activities before changes in working capital</b> | 6,902                           | 5,539                           | 16,230                         |
| Cash flow from changes in working capital                                    | -179                            | -2,373                          | -3,358                         |
| <b>Cash flow from operating activities</b>                                   | <b>6,723</b>                    | <b>3,166</b>                    | <b>12,872</b>                  |
| Cash flow from investing activities  | -3,326                          | -2,831                          | -11,843                        |
| Cash flow from financing activities  | 12,496                          | -                               | -                              |
| <b>Cash flow for the fiscal year</b>   | <b>15,893</b>                   | <b>335</b>                      | <b>1,029</b>                   |
| <b>Cash and cash equivalents at the beginning of the year</b>                | 12,294                          | 11,496                          | 11,496                         |
| Cash and cash equivalents added from RayIncentive                            | 1,285                           | -                               | -                              |
| Exchange rate difference in cash and cash equivalents                        | -                               | 82                              | -231                           |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>29,472</b>                   | <b>11,913</b>                   | <b>12,294</b>                  |

## Changes in consolidated shareholders' equity

Amounts in SEK 000s

|  | <b>2005</b>      | <b>2004</b>      | <b>2004</b>    |
|--|------------------|------------------|----------------|
|  | <b>Jan-March</b> | <b>Jan-March</b> | <b>Jan-Dec</b> |
|  | (3 months)       | (3 months)       | (12 months)    |
| <b>Opening balance in accordance with RR</b>                 |                  | <b>19,821</b>    | <b>19,821</b>  |
| IFRS Capitalization of development expenses                  |                  | 8,439            | 8,439          |
| <b>Opening balance in accordance with IFRS</b>               | <b>39,475</b>    | <b>28,260</b>    | <b>28,260</b>  |
| Change of accounting principle Consolidation of RayIncentive | -188             | -                | -              |
| Transfer of own shares                                       | 12,496           | -                | -              |
| Result for the period  | 4,491            | 3,486            | 11,215         |
| <b>Closing balance</b>                                       | <b>56,274</b>    | <b>31,746</b>    | <b>39,475</b>  |

## Changes in number of shares

|                        | <b>2005</b>       | <b>2004</b>       | <b>2004</b>       |
|------------------------|-------------------|-------------------|-------------------|
|                        | <b>Jan-March</b>  | <b>Jan-March</b>  | <b>Jan-Dec</b>    |
|                        | (3 month)         | (3 month)         | (12 month)        |
| <b>Opening balance</b> | <b>10,513,061</b> | <b>10,513,061</b> | <b>10,513,061</b> |
| Non-cash issue         | 914,530           | -                 | -                 |
| <b>Closing balance</b> | <b>11,427 591</b> | <b>10,513,061</b> | <b>10,513,061</b> |