

RaySearch Laboratories AB (publ)
Interim Report January 1 – June 30, 2007

January 1 – June 30, 2007

- Net sales for the period amounted to SEK 33.5 M (28.6)
- Profit after tax was SEK 10.7 M (8.3)
- Earnings per share after tax amounted to SEK 0.94 (0.72)
- Operating profit amounted to SEK 14.3 M (11.3)
- Cash flow from operating activities amounted to SEK 19,8 M (19.2)
- New collaboration agreement with Varian Medical Systems was signed in May

After the end of the reporting period

- New collaboration agreement with TomoTherapy was signed in August
- Application to the FDA for 510(k) approval for the sale of the Compass product platform in the US was filed in August

CEO comments

“We are highly pleased to announce today a new collaboration agreement with TomoTherapy, which becomes our fifth partner,” says Johan Löf, President and CEO of RaySearch.

“We have also posted a favorable financial development during the period and we are involved in a number of discussions regarding new license agreements so I view the future with great optimism.”

Summary of financial results

	2007	2006	2007	2006	2006
Amounts in SEK 000s	Jan.-June	Jan.-June	April-June	April-June	Jan.-Dec.
Net sales	33,548	28,575	17,428	13,026	68,976
Operating profit	14,318	11,321	7,209	4,013	33,540
Operating margin, %	42.7	39.6	41.4	30.8	48.6
Net profit	10,718	8,250	5,491	2,923	*36,219
Earnings per share, SEK	0.94	0.72	0.48	0.26	3.17
Share price in SEK at the end of the period	245.00	134.00			150.00

* Deferred tax revenue relating to capitalized tax loss carry-forwards increased net profit by SEK 11,253,000 during the fourth quarter of 2006.

This information in the interim report is such that RaySearch must release it publicly in accordance with the Swedish Securities and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was released to the public on August 29 at 8:00 a.m.

The CEO comments the period:

It is highly pleasing that today we can announce a new collaboration agreement with TomoTherapy, Incorporated which becomes our fifth partner. TomoTherapy uses a highly innovative technology and is a rapidly growing supplier of radiotherapy equipment. The selection of RaySearch as partner is further confirmation that we are the leading player in advanced software for radiotherapy. The agreement involves the development of a suite of products that facilitate the passing of plans between conventional linear accelerators and the TomoTherapy HiArt treatment system. The plan is to launch the first commercial product during 2008.

We have also posted a favorable financial development during the period. Sales rose during the first half year by 17 percent to SEK 33.5 M and the increase during the second quarter was 34 percent to SEK 17.4 M. The underlying volume growth was even higher but was impacted negatively by currency effects. At unchanged exchange rates, the sales increase would have been 26 percent during the first six months. Our profit has also increased significantly and net profit for the second quarter increased by 88 percent to SEK 5.5 M.

The revenue increase was attributable primarily to strong sales of p-RayOptimizer by our partner Philips. The second quarter was the strongest for the product since 2005. Philips is focusing development efforts on its Pinnacle system, in which p-RayOptimizer is often included, so that a more powerful version can be launched as quickly as possible. The new version will include important improvements such as support for future integration of products for adaptive radiotherapy. This creates conditions for increased sales of p-RayOptimizer. However a consequence is that the launch of p-RayAdaptive/IGRT, which is the first product launch within the framework of our collaboration within adaptive radiotherapy, is postponed until the second half of 2008, instead of 2007 as previously planned. The postponement is the result of internal reprioritizing at Philips that we cannot influence and RaySearch's efforts within adaptive radiotherapy continue at an undiminished pace.

The collaboration with Scanditronix-Wellhöfer regarding quality assurance of radiotherapy continued to evolve highly favorably. The Compass product platform was demonstrated successfully at the AAPM conference in Minneapolis, Minnesota in July and the application to the FDA for 510(k) approval for sale of Compass in the US was filed last week. This means that the approval process has been started and, if nothing unusual occurs, the first two products within the cooperation will be launched in 2007 as planned.

As previously announced, we signed a highly important collaboration agreement during the second quarter with Varian Medical Systems, the leading supplier of equipment for radiation treatment. After signing the agreement, work on development of the first products began. We are also continuing to work with Nucletron and conducting significant development work within proton and carbon-ion therapy, a large future area in radiation therapy. Today, we have a total of six products on the market and have concluded agreements for more than 20 other products with five different partners. Naturally, this results in a heavy workload for our research and development organization and we have therefore expanded sharply and recruited some 20 employees during the summer, most of whom are now up to speed. In total, the number of personnel has expanded by slightly more than 60 percent. Recruitment exceeded expectations and we are pleased that we have succeeded in attracting exceptionally qualified employees.

In addition to the existing agreements, we are pursuing new partnerships. We are involved in a number of discussions and we are hopeful that we will conclude more license agreements. As a whole, RaySearch has never been stronger than today so I view the future with great optimism.

Stockholm, August 29, 2007

RaySearch Laboratories AB
Johan Löf, President and CEO

Sales and earnings

During the second quarter of 2007, sales rose by 34 percent to SEK 17.4 M (13.0) compared with the year-earlier period. Operating profit improved during this quarter to SEK 7.2 m (4.0), corresponding to an operating margin of 41.4 percent (30.8). Net profit in the second quarter improved by 88 percent and amounted to SEK 5.5 M (2.9).

Total sales in the first six months of 2007 rose by 17 percent, compared with the corresponding period in the preceding year and amounted to SEK 33.5 M (28.6). The number of licenses sold amounted to 391 (340). License revenues rose during the first six months of 2007 to SEK 24.3 M (22.4). Sales comprise mainly license revenues from p-RayOptimizer and p-RayMachine and support revenues. Support revenues are based on the accumulated license sales and consequently grow continually. Support revenues amounted to SEK 9.2 M (6.2) for the first six months of 2007.

The company is dependent on the exchange-rate trend for USD and EUR in relation to SEK, since invoicing to Philips is in USD and in EUR to Nucletron. During the first six months of 2007, revenues from Philips were booked at an average USD exchange rate of SEK 6.88, compared with SEK 7.52 during the corresponding period in 2006. During the first half of 2007, revenues from Nucletron were booked at an average EUR exchange rate of 9.24, compared with SEK 9.28 during the corresponding period in 2006. A sensitivity analysis of currency exposure indicates that the effect on operating profit during the most recent half year of a change in the average USD exchange rate of +/- 10 percent is SEK +/- 2.6 M and that the corresponding effect of a change in the average EUR exchange rate of +/- 10 percent is SEK +/- 0.7 M. The company follows a currency policy established by the Board of Directors.

Operating profit in the first six months of 2007 amounted to SEK 14.3 M (11.3), corresponding to an operating margin of 42.7 percent (39.6).

Compared with the year-earlier period, operating expenses excluding currency effects increased during the first six months by SEK 3.1 M to SEK 19.3 M. This increase was attributable to increased costs for research, primarily within adaptive radiation therapy, costs for research collaboration with Princess Margaret Hospital, costs for recruitment, increased premises costs for larger offices, costs for premises renovation and increased amortization of capitalized development expenses. Other operating revenues and other operating expenses pertain to exchange-rate gains and losses, which net amounted to SEK 0.5 M (loss: 0.7) for the first six months of 2007.

As of June 30, 2007, 30 (23) persons worked with research and development. Research and development costs include costs for payroll, computer equipment and premises. Before capitalization and amortization, research and development costs totaled SEK 18.6 M (13.0) and are expected to continue to represent a significant portion of costs in the future.

Amortization and depreciation during the first six months of 2007 amounted to SEK 3.1 M (2.7) for intangible assets and SEK 0.1 M (0.1) for tangible assets. Total amortization/depreciation for the first six months of 2007 was SEK 3.2 M (2.8). Amortization and depreciation are mainly related to development expenses.

Profit after tax for the first six months of 2007 amounted to SEK 10.7 M (8.3), entailing that earnings per share amounted to SEK 0.94 (0.72).

Geographic distribution of sales

The majority of RaySearch's customers operate in the US. Sales for the first six months of 2007 were distributed as follows: North America, 55 percent (80); Asia, 10 percent (9); Europe and the rest of the world, 35 percent (11). During the first half of 2007, the major portion of Nucletron's sales occurred in Europe.

Capitalization and amortization of development costs

During the first six months of 2007, development costs amounting to SEK 9.9 M (7.2) were capitalized. Amortization/depreciation for the first six months of 2007 totaled SEK 3.1 M (2.7).

Liquidity and financing

Cash flow for the first six months of 2007 totaled SEK 8.6 M (11.5). Cash flow from operating activities amounted to SEK 19.8 M (19.2).

At June 30, 2007, cash and cash equivalents was SEK 75.4 M, compared with SEK 65.1 M at June 30, 2006. At June 30, 2007, current receivables totaled SEK 17.2 M, compared with SEK 8.4 M at June 30, 2006. RaySearch has no interest-bearing liabilities.

Investments

Fixed assets mainly comprise capitalized development costs. Investments in intangible fixed assets during the first six months of 2007 amounted to SEK 10.2 M (7.5) and investments in tangible fixed assets were SEK 1.4 M (0.2). Investments in fixed assets pertained to computers and furniture for the larger office premises.

Employees

At June 30, 2007, the number of employees at RaySearch totaled 36 (28). The average number of employees during the period January-June 2007 was 31 (29).

Parent Company

The Parent Company in all significant respects corresponds to the Group, meaning that the comments for the Group also apply to a high degree for the Parent Company. Capitalization of development costs are accounted in the Group, but not in the Parent Company. During the preceding year, operations were conducted in the former subsidiary RaySearch Medical AB. In conjunction with the merger, which was registered on September 29, 2006, operations were transferred to the Parent Company RaySearch Laboratories AB.

Key events during the second quarter of 2007***Varian Medical Systems and RaySearch have signed a long-term collaboration agreement to develop advanced radiotherapy treatment planning***

Varian Medical Systems Inc. and RaySearch Laboratories AB have signed a long-term strategic collaboration agreement to develop advanced radiation therapy treatment planning software for radiotherapy of cancer. The collaboration involves developing a number of products, including radiobiological optimization software, aimed at improving radiation treatments. These products, the first of which is expected to be available to clinicians during next year, will be integrated into Varian's Eclipse™ treatment planning system, an advanced software for treatment planning of cancer. Within the framework of the cooperation, RaySearch will develop a number of new products for improved treatment planning, which will be offered to Varian's large installed base of customers.

Jeff Amacker, Director of Varian's treatment planning software business, adds, "RaySearch has developed some truly innovative solutions for advanced radiation therapy planning and radiobiological optimization and we look forward to making these capabilities available to our Eclipse customers."

The Varian-RaySearch collaboration agreement involves radiobiological evaluation and radiobiological optimization of treatment plans for standard photon/electron radiotherapy, intensity modulated radiation therapy (IMRT) and proton therapy, as well as optimization of conventional three-dimensional radiotherapy (3-D CRT). The products will be seamlessly integrated into the Eclipse treatment planning system.

Recruitment process and larger office premises

RaySearch is facing a sharp expansion of operations within a number of new application areas, such as adaptive radiotherapy and radiation treatment with protons. Accordingly, a comprehensive recruiting effort was initiated in the first half of the year. RaySearch signed employment contracts with 20 persons, of whom nine began work in the first half of the year. Primarily, this recruitment involves strengthening within research and development with more system developers, mathematicians and radiation physicists. Through this recruitment, RaySearch will increase the number of employees by slightly more than 60 percent to 47 persons. RaySearch increased its office space during the second quarter. RaySearch retains its current offices and is leasing additional space in the same building.

Key events after the end of the reporting period

TomoTherapy and RaySearch Laboratories have signed a long-term collaboration agreement

RaySearch signed a licensing agreement in August 2007 with TomoTherapy, Incorporated, which becomes our fifth partner. TomoTherapy designs, manufactures, and sells a highly innovative technology and is a rapidly growing supplier to the radiotherapy marketplace. Currently, TomoTherapy has more than 100 HiArt treatment systems in clinical use and the backlog is growing. This agreement involves the development of a suite of products that facilitate the transfer of plans between conventional linear accelerators and the TomoTherapy HiArt treatment system. The ability to pass plans between conventional linacs and TomoTherapy HiArt treatment systems will result in the improved balancing of workloads in mixed equipment departments, leading to more efficient product utilization and improved patient treatment capacity. The plan is to launch the first commercial product during 2008.

Demonstration of quality assurance products and release is imminent

In the cooperation regarding quality assurance within IMRT between RaySearch and Scanditronix-Wellhöfer, three products under the collective name COMPASS will be developed. COMPASS is a revolutionizing system for faster and more accurate quality assurance of radiotherapy treatments. The conventional method of quality assurance has been time-consuming and expensive. The system was demonstrated in July for physicians and physicists from around the world at the annual exhibition for radiotherapy, AAPM (American Association of Physicists in Medicine) in Minneapolis, Minnesota in the US. RaySearch noted highly positive reactions to the demonstration at the exhibition. Last week, application was submitted to the FDA for 510(k) approval for the sale of COMPASS in the US. This is a crucial step toward release of the product.

New information

In accordance with Swedish reporting requirements for listed companies, effective July 1, 2007, two new segments have been added to the six-month interim report – "Risks and uncertainty factors," "Transactions with closely related parties" and added information about the Parent Company Board members must also provide assurance and sign the six-month interim report. The extended requirements also apply to the full-year report.

Risks and uncertainty factors in the Group and the Parent Company

Financial risk management

Research'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 influenced by exchange rate risk. All of Research's net sales are in USD or EUR. In accordance with the established financial policy, no currency hedging is employed.

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, Nucletron and Scanditronix-Wellhöfer. RaySearch also has several

research partnerships. If RaySearch were to lose one or more of these partners, this could have a significant effect on the company's sales, profit and financial position. 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 to the 2006 Annual Report on page 49.

Transactions with closely related parties

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

Market

RaySearch is active in intensity modulated radiation therapy (IMRT), an advanced method of radiation therapy for cancer. IMRT makes it possible to treat tumors with higher dose than is possible with conventional methods, while reducing the risk of injury to surrounding healthy tissues. IMRT planning requires advanced methods of optimization, since the radiation treatment must be tailored to the anatomy of the individual patient.

Treatment planning and IMRT

There are approximately 5,800 clinics worldwide that provide radiation therapy for cancer patients. Of these clinics, about 3,000 are advanced, in the sense that their treatment planning systems have the capacity to perform complete three-dimensional high-precision radiation dose calculations. These advanced clinics comprise the target group for RaySearch's modern software solutions. Worldwide, the four companies Philips, Varian, Nucletron and CMS, together account for the absolutely largest share of sales of treatment planning systems. Via the commercial partners Philips and Nucletron, RaySearch reaches a large share of potential customers. As a result of the new collaboration with Varian, RaySearch will basically reach all advanced radiotherapy clinics in the world. RaySearch's products are sold via partners to an existing installed base and as necessary components in new sales of treatment planning systems.

Adaptive radiation therapy

IMRT is a major breakthrough in radiation therapy. At present, to be sure that the radiation does not miss the tumor due to changes in the patient's geometry during the six weeks that the treatment normally takes, a technique is employed in which a treatment area is defined with a sufficiently large margin around the tumor. A better alternative is instead to track the change in the tumor's position and shape and use this information to adapt the treatment accordingly. This is why demand is increasing for treatment planning systems and accelerators that can detect deviations during treatment and correct for them. IGRT (image-guided radiation therapy) and the more refined method of adaptive radiation therapy are intended to handle these changes in the patient's anatomy that can occur during treatment and to correct any errors that could occur during the treatment process. RaySearch concluded a long-term development and licensing agreement with Philips during 2006 for a suite of three adaptive radiation therapy products. The agreement is important for RaySearch and means it will be able, as with the breakthrough in IMRT, to drive the market with the help of new technology.

Quality assurance of IMRT

Quality assurance is a matter of measurement and minimizing the difference between the planned radiation dose distribution and the dose actually delivered to the patient. In this manner, assurance is obtained that deviations are within defined tolerance levels. This is currently a very costly and time-consuming task for clinics. Since IMRT treatments are more complex than conventional radiation therapy and higher doses are delivered, quality assurance also becomes more extensive. With RaySearch's technology, the quality assurance process can be made more effective. RaySearch signed a partnership agreement in February 2006 with the market-leading company Scanditronix-Wellhöfer (undergoing name change to IBA Dosimetry). Scanditronix-Wellhöfer is the world leader in advanced dosimetry and quality assurance for clinical and industrial radiation solutions.

Commercial partners

RaySearch's commercial partners are leading medical-technology companies. Through these partnerships, the company's products become more rapidly available to clinics around the world. The commercial partner is responsible for sales and service to the end customer. RaySearch thus does not need to build a global sales and support organization, but can instead retain its focus on advanced and innovative research and development.

A partnership agreement was signed with Philips in 2000 that covers three products within IMRT. A partnership agreement was signed with Nucletron during 2004. The agreement covers six products within IMRT. The partnership agreement with Scanditronix-Wellhöfer was signed in February 2006. This agreement covers three products in quality assurance of IMRT. An agreement with Philips covering adaptive radiation therapy was signed in October 2006 and within the framework of this cooperation three adaptive radiation therapy products will be developed. An agreement was signed with Varian in May 2007 involving a number of products within advanced treatment planning. An agreement was signed with TomoTherapy in August 2007 regarding two products aimed to simplify the treatment process for clinics with both conventional linacs and TomoTherapy systems.

Products

RaySearch develops software that improves the treatment planning systems currently used in radiation therapy for cancer. RaySearch's ORBIT platform is a general framework for resolving optimization problems in radiation therapy and the result of many years of research by Karolinska Institutet and RaySearch. Product development involved the use of object-oriented techniques and advanced software design methods. With its sophisticated architecture, ORBIT is a highly suitable platform for innovative products in radiation therapy, where new treatment methods, more exact biological models and more efficient calculation models are constantly being developed.

Portions of ORBIT's functionality have been packaged in products as below. A name change occurred in early 2007 for six of these products. These are p-RayOptimizer (formerly RayOptimizer), p-RayBiology (formerly RayBiology), p-RayMachine (formerly RayMachine), n-RayOptimizer (formerly OM-Optimizer), n-RayMachine/DSS (formerly OM-Machine) and n-RayMachine/Angle (formerly OM-Machine+).

p-RayOptimizer – in partnership with Philips

p-RayOptimizer is a product that provides solutions for advanced optimization of IMRT that allow the user to specify the desired dose distribution to be delivered to the patient. The user has very great freedom in defining various targets and conditions for treatment and can therefore create an optimal treatment plan for each individual patient. p-RayOptimizer has been sold to more than 1,000 clinics all over the world, and more than 100,000 patients have received improved radiation therapy with this system. Many of the RaySearch's customers are leading radiation therapy clinics, such as Princess Margaret Hospital in Canada and the M.D. Anderson Cancer Center in the US.

p-RayBiology – in partnership with Philips

In conventional IMRT, it is the doctor who, based on clinical experience, determines the dose with which the tumor will be treated, as well as the highest permissible dose to which healthy tissue may be exposed. In radiobiological optimization with p-RayBiology, it is instead the system that identifies the optimal balance between the dose to the tumor and surrounding healthy tissue. Using models of how the tumor and the healthy tissue respond to radiation, the doctor is able to formulate the treatment goal directly in clinical terms. As an example, the probability for tumor control can be maximized or the risk for radiation-induced complications minimized.

p-RayMachine – in partnership with Philips

A critical factor in modern radiation therapy is the trade-off that clinics must make between delivering as exact a treatment as possible and the time that it takes for the accelerator to deliver the treatment. It is also important, particularly for clinics with a lack of staff, to minimize the planning time for each

individual patient. p-RayMachine is a product that allows clinics to shorten the delivery time for their treatments – with retained or improved quality of the treatment plan. p-RayMachine increases the user’s ability to define as early as in the treatment planning’s initial phase the parameters that will determine final treatment time and quality. The process also consists of fewer steps than with classic IMRT planning. This fact, and the fact that a clinically acceptable treatment plan is obtained directly that does not need to be re-planned or adjusted later, makes the planning process both time-efficient and user-friendly.

p-RayAdaptive/IGRT – in partnership with Philips

p-RayAdaptive/IGRT is a product that enables use of the information made available by new imaging modalities that are now being introduced in clinics to correct treatment based on geometric considerations. The product contains image-processing methods to estimate errors in patient positioning and to correct them.

n-RayOptimizer – in partnership with Nucletron

n-RayOptimizer is the first product to be developed within the framework of the cooperation with Nucletron. n-RayOptimizer allows users of Nucletron’s treatment planning system, Oncentra MasterPlan, to easily create and optimize IMRT plans. n-RayOptimizer was released in April 2005 and just a week later clinical deployment of the product commenced in IMRT treatment of head and neck cancer at Uppsala University Hospital. The response from Nucletron’s customers is highly positive.

n-RayMachine/DSS – in partnership with Nucletron

n-RayMachine/DSS, which is a supplementary product to n-RayOptimizer, was launched in July 2006 in Oncentra MasterPlan 1.5. In particular – as is the case p-RayMachine – this offers direct optimization of the “step-and-shoot” segments, as well as hard constraints and a series of other minor functions to facilitate the optimization process.

n-RayMachine/Angle – in partnership with Nucletron

n-RayMachine/Angle, which is also a supplementary product to n-RayOptimizer, was launched in July 2006. It offers gantry angle optimization, which has been launched in Oncentra MasterPlan 1.5, as well as the optimization of collimator angles in the future.

i-RayDose – in partnership with Scanditronix-Wellhöfer

Two key items in a treatment planning system are optimization of treatment plans and dose calculation. To date, RaySearch has focused on optimization of treatments, but with the development of i-RayDose, RaySearch now also offers products that calculate dose with clinical accuracy. Calculating a dose is a complex sequence that is based on the properties of the accelerator as well as the patient’s varying types of tissue. i-RayDose adapts not only the dose based on the patient’s circumstances, but also adjusts the calculations for each individual accelerator to attain maximum accuracy since the characteristics of accelerators can vary slightly. The product is under development and is planned to be launched during the second half of 2007.

i-RayMonitor – in partnership with Scanditronix-Wellhöfer

To ensure that a treatment is conducted correctly, a large number of control measurements are conducted, which is a time-consuming and costly process. i-RayMonitor offers the potential to conduct verification measurements conveniently using various detector plates and reading the results in real time. Conventional quality assurance methods make it difficult to estimate how any measured divergence affects the treatment quality for the particular patient. i-RayMonitor puts the measured results in a more relevant context, thereby facilitating conclusions regarding the patient’s treatment on the basis of his/her specific circumstances. The expected measurement values for correct treatment are calculated by i-RayMonitor and any inappropriate treatment can be identified in real time, which allows treatment to be suspended before any negative results emerge. Thus, i-RayMonitor represents a unique additional safety and control system. The product is under development and is planned to be launched during the second half of 2007.

Accounting principles in accordance with IAS/IFRS

This six-month 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 not changed in relation to 2006. For a description of the accounting principles, see the Annual Report for 2006.

Financial reporting in 2007

Interim report for the third quarter	November 16, 2007
Year-end report for 2007	February 2008

This six-month interim report provides an objective overview of the Parent Company and the Group's operations, financial position and earnings and describes significant risks and uncertainty factors that affect the companies included in the Group.

Stockholm, August 29, 2007

Erik Hedlund	Johan Löf
Chairman	President and CEO, Board Member

Carl Filip Bergendal	Hans Wigzell
Board Member	Board Member

Review Report

To the Board of Directors of RaySearch Laboratories AB

I have reviewed the accompanying interim report of RaySearch Laboratories AB (publ), Corp. Reg. No. 556322-6157 for the period January 1, 2007–June 30, 2007. The Board of Directors and the President are responsible for the preparation and fair presentation of the interim financial information in accordance with IAS 34 and the Annual Accounts Act. My responsibility is to express a conclusion on this interim financial information 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 Entity*, issued by FAR, the institute for the accountancy profession in Sweden. 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 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 accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, August 29, 2007

Anders Linér
Authorized Public Accountant
KPMG

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About RaySearch

RaySearch's business concept is to provide innovative software to radiation therapy clinics for more effective radiation treatment of cancer. RaySearch, a spin-off from Karolinska Institutet, was formed in 2000. Through a licensing agreement with Philips, the company's first product, p-RayOptimizer, has to date been sold to approximately 1,000 hospitals internationally and more than 100,000 patients have received improved radiation therapy. A licensing agreement was signed with Nucletron at the beginning of 2004 and deliveries of the first product based on this partnership, n-RayOptimizer, began in April 2005. In February 2006 an agreement was signed with Scanditronix-Wellhöfer regarding development of products for improved quality assurance of IMRT. In October 2006, RaySearch signed an agreement with Philips covering the development of products in adaptive radiation therapy. In November 2006 RaySearch signed a development and license agreement with Nucletron regarding treatment planning for proton therapy in cancer treatment. In May 2007 RaySearch signed a long-term collaboration agreement with Varian Medical Systems to develop advanced radiotherapy treatment planning. An agreement was signed with TomoTherapy in August 2007 regarding two products aimed to simplify the treatment process for clinics with both conventional linacs and TomoTherapy systems.

RaySearch is listed on the Nordic List in the Small Cap segment of the Health Care sector. RaySearch is based in Stockholm and has 40 employees as of August 29, 2007.

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Consolidated income statement

Amounts in SEK 000s	2007 Jan.-June	2006 Jan.-June	2007 April-June	2006 April-June	2006 Jan.-Dec .
Net sales	33,548	28,575	17,428	13,026	68,976
Cost of goods sold	-472	-420	-272	-153	-849
Gross profit	33,076	28,155	17,156	12,873	68,127
Other operating income	556	335	28	38	432
Selling expenses	-552	-1,521	-393	-1,060	-2,170
Administrative expenses	-6,922	-6,164	-3,380	-3,237	-13,899
Research and development costs	-11,799	-8,466	-6,177	-4,079	-17,379
Other operating expenses	-41	-1,018	-25	-522	-1,571
Operating profit	14,318	11,321	7,209	4,013	33,540
Result from financial items	917	500	518	284	1,320
Profit before tax	15,235	11,821	7,727	4,297	34,860
Tax	-4,517	-3,571	-2,236	-1,374	1,359
PROFIT FOR THE PERIOD	10,718	8,250	5,491	2,923	36,219
Earnings per share before full dilution (SEK)	0.94	0.72	0.48	0.26	3.17
Earnings per share after full dilution (SEK)	0.93	0.72	0.48	0.25	3,15
Number of shares outstanding before and after full dilution	11,427,591	11,427,591	11,427,591	11,427,591	11,427,591
Average number of shares outstanding before full dilution	11,427,591	11,427,591	11,427,591	11,427,591	11,427,591
Average number of shares outstanding after full dilution	11,494,966	11,485,588	11,500,161	11,482,746	11,483,288

Parent Company income statement

Amounts in SEK 000s	2007 Jan.-June	2006 Jan.-June	2007 April-June	2006 April-June	2006 Jan.-Dec .
Net sales	33,548	-	17,428	-	68,976
Cost of goods sold	-472	-	-272	-	-849
Gross profit	33,076	-	17,156	-	68,127
Other operating income	556	-	28	-	432
Selling expenses	-552	-	-393	-	-2,170
Administrative expenses	-7,560	-554	-3,936	-356	-15,528
Research and development costs	-17,951	-	-9,628	-	-26,094
Other operating expenses	-41	-	-25	-	-1,571
Operating profit	7,528	-554	3,202	-356	23,196
Result from financial items	740	-	441	-	1,020
Profit/loss after financial items	8,268	-554	3,643	-356	24,216
Appropriations	-	-	-	-	-6,167
Profit/loss before tax	8,268	-554	3,643	-356	18,049
Tax	-2,431	155	-957	100	6,067
PROFIT FOR THE PERIOD	5,837	399	2,686	-256	24,116

Consolidated balance sheet

Amounts in SEK 000s	June 30, 2007	June 30, 2006	Dec. 31, 2006
ASSETS			
Intangible fixed assets	52,293	39,528	45,397
Tangible fixed assets	2,003	1,127	979
Financial fixed assets	-	122	-
Deferred tax assets	11,253	-	11,253
Total fixed assets	65,549	40,777	57,629
Current assets			
Current receivables	17,180	8,421	21,813
Cash and bank balances	75,416	65,124	66,832
Total current assets	92,596	73,545	88,645
TOTAL ASSETS	158,145	114,322	146,274
EQUITY AND LIABILITIES			
Equity	128,790	90,104	118,072
Accounts payable, trade	2,435	3,730	2,296
Other current liabilities	26,920	20,488	25,906
TOTAL EQUITY AND LIABILITIES	158,145	114,322	146,274

Parent Company balance sheet

Amounts in SEK 000s	June 30, 2007	June 30, 2006	Dec. 31, 2006
ASSETS			
Intangible fixed assets	785	-	700
Tangible fixed assets	2,003	-	979
Financial fixed assets	2,160	233,703	2,160
Deferred tax assets	11,253	-	11,253
Total fixed assets	16,201	233,703	15,092
Current assets			
Current receivables	17,294	11,146	21,813
Cash and bank balances	60,763	-	52,320
Total current assets	78,057	11,146	74,133
TOTAL ASSETS	94,258	244,849	89,225
EQUITY AND LIABILITIES			
Equity	66,609	241,121	60,771
Untaxed reserves	18,932	-	18,932
Accounts payable, trade	2,435	-	2,296
Other current liabilities	6,282	3,728	7,226
TOTAL EQUITY AND LIABILITIES	94,258	244,849	89,225

Cash-flow statements, Group

Amounts in SEK 000s	2007	2006	2007	2006	2006
	Jan.-June	Jan.-June	April-June	April-June	Jan.-Dec .
Cash flow from operating activities before changes in working capital	13,593	9,400	6,788	4,435	33,813
Cash flow from changes in working capital	6,177	9,757	-389	2,544	-3,720
Cash flow from operating activities	19,770	19,157	6,399	6,979	30,093
Cash flow from investing activities	-11,186	-7,644	-6,689	-3,677	-16,872
Cash flow from financing activities	-	-	-	-	-
Cash flow for the period	8,584	11,513	-290	3,302	13,221
Cash and cash equivalents at the beginning of the period	66,832	53,611	75,706	61,822	53,611
Cash and cash equivalents at the end of the period	75,416	65,124	75,416	65,124	66,832

Changes in consolidated equity

Amounts in SEK 000s	2007	2006	2006
	Jan.-June	Jan.-June	Jan.-Dec.
Opening balance	118,072	81,854	81,854
Profit for the period	10,718	8,250	36,219
Closing balance	128,790	90,104	118,073

Changes in number of shares

	2007	2006	2006
	Jan.-June	Jan.-June	Jan.-Dec.
Opening and closing balance Total number of shares	11,427,591	11,427,591	11,427,591
Opening and closing balance Holding of own shares	149,876	149,876	149,876
Average number of holding of own shares	149,876	149,876	149,876

Key data and financial information in summary

Amounts in SEK 000s	2007	2006	2005	2007	2006	2005	2006
	Jan.-June	Jan.-June	Jan.-June	April-June	April-June	April-June	Jan.-Dec.
Net sales	33,548	28,575	33,729	17,428	13,026	20,607	68,976
Operating profit	14,318	11,321	19,677	7,209	4,013	13,475	33,540
Operating margin. %	42.7	39.6	58.3	41.4	30.8	65.4	48.6
Profit margin. %	45.4	41.4	58.8	44.3	33.0	66.0	50.5
Net profit	10,718	8,250	14,247	5,491	2,923	9,756	*36,219
Earnings per share. SEK	0.94	0.72	1.26	0.48	0.26	0.85	3.17
Return on capital employed. %	35.0	40.8	48.4				34.9
Return on equity. %	35.3	29.5	39.3				36.2
Equity/assets ratio. %	81.4	78.8	75.8				80.7
Adjusted equity per share. SEK	11.27	7.88	5.86				10.33
Share price at period end. SEK	245.00	134.00	105.00				150.00

* Deferred tax revenue related to capitalized tax loss carry-forwards increased net profit by SEK 11,253,000 during the fourth quarter of 2006.