

RaySearch Laboratories AB (publ) Interim Report January 1 – June 30, 2008

JANUARY 1 – JUNE 30, 2008

- Net sales for the period amounted to SEK 27.6 M (33.5)
- Profit after tax was SEK 4.2 M (10.7)
- Earnings per share amounted to SEK 0.12 (0.31)
- Operating profit amounted to SEK 4.4 M (14.3)
- Cash flow from operating activities amounted to SEK 5.4 M (19.8)
- Agreement with Philips regarding a new product for the new revolutionary treatment method VMAT.

AFTER THE END OF THE REPORTING PERIOD

- Agreement with Uppsala University Hospital regarding treatment planning system for proton therapy
- Agreement covering research cooperation within multi-criteria optimization with Massachusetts General Hospital in Boston, USA.

”We are far from satisfied with this profit level, but we strongly believe that the actions we have taken to strengthen sales of the released products will improve the situation. In addition, there are several new product releases scheduled in the coming year,” says Johan Löf, President of RaySearch.

”RaySearch’s guiding principle is to shorten the time required for new scientific discoveries to reach clinical application. Within the framework of our current business model we have several times experienced delays that are beyond RaySearch’s control. We have therefore started evaluating the possibility of selling direct to clinics in parallel with sales through our partners,” concludes Johan Löf.

SUMMARY OF FINANCIAL RESULTS

Amounts in SEK 000s

	Jan-June		Apr-June		Jan-Dec
	2008	2007	2008	2007	2007
Net sales	27,642	33,548	12,047	17,428	64,705
Operating profit	4,367	14,318	730	7,209	25,781
Operating margin, %	15.8	42.7	6.1	41.4	39.8
Net profit	4,217	10,718	1,083	5,491	19,779
Earnings per share, SEK*	0.12	0.31	0.03	0.16	0.58
Share price in SEK at the end of the period*	23.50	81.67			63.33

* Adjusted for stock split, share 3:1 split

The information in this 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 27 at 7:45 a.m.

CEO comments

Net sales in the first half of the year declined by 18 percent. A large part of the decline is attributable to currency effects, but even if the USD rate had been constant, revenues would have decreased by 11 percent. This is mainly explained by exceptionally low sales through Philips during the second quarter.

A key reason for the decline is that during the year the entire market has focused on VMAT, which is a new, advanced form of radiotherapy that has been promoted intensely by Varian and Elekta since last autumn. During the first half of the year Philips did not offer its own solution for this type of treatments, which may have resulted in potential customers adopting a wait-and-see approach. During the spring, we developed a product for VMAT treatment planning and in June we announced a license agreement with Philips regarding this product. We just returned from the AAPM (American Association of Physicists in Medicine) meeting in Houston, Texas where the product was demonstrated by Philips and it received a very positive reception from the customers. The product prototype is now undergoing testing at a number of clinics and at judging from the current status this will be a highly competitive product. Overall, this should strengthen Philip's position in the short and medium term, even if the final product is not released until the first half of 2009.

Sales through Nucletron were also weak during the second quarter. Nucletron released a new version of its Oncentra Masterplan treatment planning system during the spring, but they focused their initial marketing efforts primarily on the software for brachytherapy where we have no cooperation. Now, during the summer, marketing was started for the products with which we are involved.

Market efforts continue for the COMPASS® quality assurance system, which was launched in cooperation with IBA Dosimetry in December 2007. An important milestone was reached in June, when the first installation in the US was made. The COMPASS® software is available in two versions for two different detectors from IBA Dosimetry. So far, sales efforts have focused primarily on the new, advanced transmission detector, but focus is now being increased for the other detector called MatriXX. The advantage with this strategy is that MatriXX has been installed at about 500 clinics that are all potential COMPASS® customers. The COMPASS® concept is also well suited for quality assurance of VMAT treatments. Accordingly, we are now focusing our development efforts on expanding the functionality for this purpose. Our goal is to complete this work before year-end. We assess that the increased focus on sales to the existing installed hardware base, combined with a fast adaptation to the most important market trend, has a large great potential to accelerate the market penetration for COMPASS®. We are also continuing the longer term work with the i-RayTracker product that expands COMPASS® with adaptive functionality, with planned release during 2009.

In addition to all these activities aimed at strengthening positions of the products already on the market, we have many new products on the way to market. The most imminent is the first product in our cooperation with TomoTherapy. The product facilitates transfer of treatment plans between the TomoTherapy Hi-Art® system and conventional linear accelerators. The aggressive timetable remains valid and the plan is to launch the product during the second half of 2008.

The Varian collaboration is also progressing and the goal remains to launch the three first products for radiological evaluation, radiobiological optimization and optimization of conventional 3D-CRT plans in the first half of 2009.

We have made major strides in our efforts in the proton field. We participated in the major international PTCOG proton therapy meeting in May at which we demonstrated or prototype for treatment planning of proton therapy that we are developing together with Nucletron. The demonstration attracted considerable attention and resulted in new inquiries and we are now engaged in three different tender for proton systems. In addition, we signed a development agreement in July with the The Svedberg Laboratory in Uppsala. The agreement means that we will provide a treatment planning system that will be used for more than 100 proton treatments carried out each year at the proton research facility in Uppsala. The agreement will not result in any revenues in the short term,

but is important that in this manner our system will be clinically validated and thereby provide credibility in ongoing and future tenders.

We have entered a new, exciting agreement with Massachusetts General Hospital (MGH) in Boston, in the US within multi-criteria optimization for radiation therapy. The MGH team is led by Harvard Medical School Professor, Dr. Thomas Bortfeld, who is a world-leading authority within radiation therapy. The goal of the cooperation is to develop a software product that enables clinicians to explore and evaluate a representative set of treatment alternatives in a highly intuitive and efficient way. The agreement does not generate any revenues in the near future but this area is extremely exciting and the new product has a large potential to speed up the time-consuming treatment planning process.

As a result of weak sales in the second quarter and the major investment in new products, earnings declined since the new products have as yet not begun to generate significant revenues. Net profit during the second quarter declined to SEK 1.1 M (5.5) and to SEK 4.2 M (10.7) during the first half of the year. We are far from satisfied with this profit level, but we strongly believe that the actions we have taken to strengthen sales of the released products will improve the situation. In addition, there are several new product releases scheduled in the coming year, all of which have the potential to generate solid revenues. Furthermore, we are also involved in several ongoing discussions regarding new products. With our business model, a revenue increase results in a direct profit increase, which means that the rebound is fast when we see revenue growth.

Since the company's inception, RaySearch's guiding principle has been to shorten the time required for new scientific discoveries to reach clinical application. Today, RaySearch has a large portfolio of innovative solutions that can improve the radiation therapy process. Within the framework of our current business model we have several times experienced delays that are beyond RaySearch's control. Several radiation therapy clinics have contacted us to get access to our systems to improve the treatment of their patients. Therefore we have started evaluating the possibility of selling direct to clinics in parallel with sales through our partners. In such case, direct sales would focus on software products that in various ways complement the clinics' existing treatment planning systems. We must continually strive to ensure that our cutting edge solutions reach the clinics without unnecessary delays. Direct sales could be a way to achieve this goal.

It is a major strength that RaySearch, despite earnings currently being at an historic low, has a continued very solid financial position. This means that we can continue patiently building a strong RaySearch for the long term in the best.

Stockholm, August 27, 2008

Johan Löf
President, RaySearch Laboratories AB

Significant events

EVENTS DURING THE SECOND QUARTER OF 2008

RaySearch and Philips sign agreement covering new product for VMAT

In June, RaySearch Laboratories AB and Philips signed an extension of the existing IMRT agreement covering a new treatment planning product for VMAT treatments. VMAT (Volumetric Modulated Arc Therapy) is a new advanced form of IMRT (Intensity Modulated Radiation Therapy) where the treatment machine rotates around the patient while the treatment beam is turned on. This concept enables faster treatment delivery compared with traditional IMRT where the patient is irradiated from a few selected angles. At the same time treatment quality remains similar or can be improved compared with IMRT which is currently considered the best treatment quality. The product will be integrated in Philips' Pinnacle³ treatment planning system and will be marketed under the brand name SmartArc. A prototype has already been integrated in Pinnacle³ and has already been demonstrated at the major AAMD and AAPM trade shows. The final product is expected to be available for clinicians during the first half of 2009.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Agreement signed covering development of proton treatment planning system for Uppsala University Hospital

In August, RaySearch signed an agreement with Uppsala University Hospital in Sweden covering the development of a new treatment planning system for proton radiation therapy delivered at the The Svedberg Laboratory in Uppsala. The system is planned to be used clinically during 2008 and will replace an outdated system for all patient treatments. The University Hospital treats more than 100 cancer patients annually with proton therapy.

RaySearch enters research collaboration with Massachusetts General Hospital

In August, RaySearch signed a cooperation agreement with Massachusetts General Hospital (MGH) in Boston, USA, covering research and development within the field of multi-criteria optimization for radiation therapy. In all radiation treatments the clinician has to balance conflicting objectives such as obtaining a sufficiently high target dose to achieve tumor control, while ensuring that the dose to the surrounding healthy tissues is sufficiently low to minimize the risk for side effects. Multi-criteria optimization provides a tool for dealing with these tradeoffs in a stringent fashion. The goal of the cooperation is to develop a software product that enables clinicians to explore and evaluate a representative set of treatment alternatives in a highly intuitive and efficient way. This has the potential to speed up the time-consuming treatment planning optimization process where currently the different parameters of a treatment plan are changed through trial and error until a satisfactory plan is found.

Financial information

SALES AND EARNINGS DURING THE FIRST SIX MONTHS

Total sales in the second quarter of 2008 declined by 31 percent, compared with the corresponding period in the preceding year, and amounted to SEK 12.0 M (17.4). Operating profit declined during the quarter to SEK 0.7 M (7.2), corresponding to an operating margin of 6.1 percent (41.4). Profit after tax for the quarter amounted to SEK 1.1 M (5.5). The decline in sales is attributable to reduced volumes and the weakening of the USD.

During the first six months of 2008, total sales decreased by 18 percent compared with the corresponding period in the preceding year and amounted to SEK 27.6 M (33.5). The number of sold licenses amounted to 294 (391). License revenues during the first six months of the year fell to SEK 17.3 M (24.3). Sales comprise mainly license revenues from p-RayOptimizer and p-RayMachine and support revenues. Support revenues during the first six months of 2008 amounted to SEK 10.3 M (9.2). At unchanged exchange rates, total sales would have decreased by 11 percent compared with the second quarter of 2007.

The company is dependent on the exchange-rate trend for USD and EUR in relation to SEK, since invoicing is in USD to Philips and in EUR to Nucletron and IBA Dosimetry. During the first half of 2008, revenues in USD were recorded at an average exchange rate of SEK 6.17, compared with SEK 6.88 during the corresponding period in 2007. During the first half of 2008, revenues in EUR were recorded at an average exchange rate of 9.39, compared with SEK 9.24 during the corresponding period in 2007. A sensitivity analysis of currency exposure indicates that the effect on operating profit for the first half of 2008 of a change in the average USD exchange rate of +/- 10 percent is SEK +/- 2.0 M and that the corresponding effect of a change in the average EUR exchange rate of +/- 10 percent is SEK +/- 0.8 M. The company follows a currency policy established by the Board of Directors.

Operating profit in the first half of 2008 amounted to SEK 4.4 M (14.3), corresponding to an operating margin of 15.8 percent (42.7). Operating costs excluding currency effects increased by SEK 3.2 M, compared with the preceding year, and amounted to SEK 22.5 M. This increase was due to increased research efforts, primarily within radiation therapy with protons and adaptive radiation therapy, and due to the collaboration with Princess Margaret Hospital. Costs for larger offices and increased amortization of capitalized development expenses also contributed to the increase. Other operating revenues and other operating expenses pertain mainly to exchange rate gains and losses in the first half of 2008, and the net of these amounted to a loss of SEK 0.5 M (gain: 0.5).

As of June 30, 2008, 40 (30) employees worked with research and development. Research and development costs include costs for payroll, consulting fees, computer equipment and premises. Before capitalization and amortization, research and development costs totaled SEK 25.2 M (18.6) and are expected to continue to represent a significant portion of costs in the future. During the first half of 2008, development costs were capitalized in the amount of SEK 15.5 M (9.9). Amortization of capitalized development costs during the first half of 2008 totaled SEK 5.3 M (3.1). Research and development costs after capitalization and amortization of development costs amount to SEK 15.0 M (11.8).

Amortization and depreciation in the first half of 2008 amounted to SEK 5.3 M (3.1) for intangible assets and SEK 0.1 M (0.1) for tangible assets. Total amortization and depreciation for the first half of 2008 was SEK 5.4 M (3.2). Amortization and depreciation are mainly related to development expenses.

Profit after tax during the first half of 2008 amounted to SEK 4.2 M (10.7), corresponding to earnings per share of SEK 0.12 (0.31).

Geographic distribution of license revenues

Most of RaySearch's customers operate in the US. License revenues for the first half of 2008 were distributed as follows: North America, 45 percent (55); Asia, 30 percent (10); Europe and the rest of the world, 25 percent (35). It is interesting to note the positive trend in Asia.

Capitalization and amortization of development costs

During the first half of 2008, development costs amounting to SEK 15.5 M (9.9) were capitalized. Amortization of development costs during the first half of 2008 totaled SEK 5.3 M (3.1).

LIQUIDITY AND FINANCING

Cash flow in the first half of 2008 totaled a negative SEK 15.1 M (pos: 8.6). Cash flow from operating activities amounted to SEK 5.4 M (19.8). The decline was in part due to lower sales, increased payments due to salaries for new employees, rent related to larger office space and that RaySearch paid dividends to shareholders amounting to SEK 5.6 M (0.0) in the second quarter.

At June 30, 2008, cash and cash equivalents was SEK 64.0 M, compared with SEK 75.4 M at June 30, 2007. At June 30, 2008, current receivables totaled SEK 22.3 M, compared with SEK 17.2 M at June 30, 2007. RaySearch has no interest-bearing liabilities.

INVESTMENTS

Fixed assets mainly comprise capitalized development costs. Investments in intangible fixed assets during the first half of 2008 amounted to SEK 15.6 M (10.2) and investments in tangible fixed assets were SEK 0.0 M (1.4).

EMPLOYEES

At June 30, 2008, the number of employees at RaySearch totaled 47 (36). The average number of employees during the period January-June 2008 was 47 (31).

PARENT COMPANY

The financials of the Parent Company correspond in all significant respects to the financials of 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.

3:1 STOCK SPLIT

At the Annual General Meeting of RaySearch held on May 22, 2008, it was decided, among other resolutions, for the purpose of achieving a number of shares that is appropriate for the company, to increase the number of shares through a split of each share into three (3) shares, whereby the number of the shares in the company increases to 34,282,773, of which 12,638,724 Series A and 21,644,049 Series B, each with a par value of SEK 0.50.

The record date for the split was Friday, June 27, 2008. The final trading day for the RaySearch share prior to the split was Tuesday, June 24, 2008. The new split shares are being traded on the OMX Nordic Exchange Stockholm as of Wednesday, June 25, 2008.

BONUS PROGRAMS, SHARE-RELATED PAYMENTS

RaySearch has issued an options program to more easily attract, motivate and retain personnel. The subsidiary RayIncentive holds shares in RaySearch Laboratories for issued and future employee stock option programs. RayIncentive's holding in RaySearch Laboratories at June 30, 2008 amounts to 449,628 shares, of which 346,500 pertain to the 2004:1 options program.

In June 2008, 103,128 options were issued within the 2008:1 options program and thereafter there are options issued for all 449,628 shares held by RayIncentive.

<i>Option program, RaySearch Laboratories</i>	<i>Exercise period</i>	<i>Shares involved</i>	<i>Strike price (SEK)</i>
2004:1	Dec. 31, 2008 – Dec. 31, 2009	346,500	27.13
2008:1	Dec. 31, 2011 – Dec. 31, 2012	103,128	46.50

The options are held by persons employed in RaySearch and by one Board member in RaySearch. When these persons acquired the options in RaySearch, it was at a market price determined in accordance with the Black&Scholes model. Since the options are issued against existing shares, no dilution of the shareholders' holdings will occur.

CONSOLIDATED INCOME STATEMENTS

Amounts in SEK 000s	Jan-June		Apr-June		Jan-Dec
	2008	2007	2008	2007	2007
Net sales	27,642	33,548	12,047	17,428	64,705
Cost of goods sold	-290	-472	-99	-272	-863
Gross profit	27,352	33,076	11,948	17,156	63,842
Other operating income	100	556	-	28	453
Selling expenses	-1,233	-552	-803	-393	-1,366
Administrative expenses	-6,326	-6,922	-3,240	-3,380	-12,525
Research and development costs	-14,950	-11,799	-7,352	-6,177	-24,225
Other operating expenses	-576	-41	177	-25	-398
Operating profit	4,367	14,318	730	7,209	25,781
Result from financial items	1,638	917	848	518	2,260
Profit before tax	6,005	15,235	1,578	7,727	28,041
Tax	-1,788	-4,517	-495	-2,236	-8,262
Net profit	4,217	10,718	1,083	5,491	19,779
Earnings per share before full dilution (SEK) *	0.12	0.31	0.03	0.16	0.58
Earnings per share after full dilution (SEK) *	0.12	0.31	0.03	0.16	0.57
Number of shares outstanding before and after dilution *	34,282,773	34,282,773	34,282,773	34,282,773	34,282,773
Weighted average number of shares outstanding before full dilution *	34,282,773	34,282,773	34,282,773	34,282,773	34,282,773
Weighted average number of shares outstanding after full dilution *	34,392,675	34,484,898	34,320,412	34,500,483	34,488,885

* Adjusted for stock split, share 3:1 split

CONSOLIDATED BALANCE SHEETS

Amounts in SEK 000s	June 30, 2008	June 30, 2007	Dec 31, 2007
ASSETS			
Intangible fixed assets	73,042	52,293	62,738
Tangible fixed assets	2,143	2,003	2,333
Deferred tax assets	11,253	11,253	11,253
Total fixed assets	86,438	65,549	76,324
Current assets			
Current receivables	22,339	17,180	17,774
Cash and cash equivalents	64,041	75,416	79,135
Total current assets	86,380	92,596	96,909
TOTAL ASSETS	172,818	158,145	173,233
EQUITY AND LIABILITIES			
Equity	136,429	128,790	137,851
Deferred tax liabilities	25,722	19,723	22,850
Other long-term liabilities	1,610	967	967
Accounts payable	2,037	2,435	4,577
Other current liabilities	7,020	6,230	6,988
TOTAL EQUITY AND LIABILITIES	172,818	158,145	173,233
Pledged assets	5,000	5,000	5,000
Contingent liabilities	none	none	none

CASH-FLOW STATEMENTS GROUP

Amounts in SEK 000s	Jan-June		Apr-June		Jan- Dec
	2008	2007	2008	2007	2007
Cash flow from operating activities before changes in working capital	7,070	13,593	2,741	6,788	28,064
Cash flow from changes in working capital	-1,627	6,177	1,472	-389	9,798
Cash flow from operating activities	5,443	19,770	4,213	6,399	37,862
Cash flow from investing activities	-15,541	-11,186	-8,772	-6,689	-25,559
Cash flow from financing activities	-4,996	-	-4,996	-	-
Cash flow for the period	-15,094	8,584	-9,555	-290	12,303
Cash and cash equivalents at the beginning of the period	79,135	66,832	73,596	75,706	66,832
Cash and cash equivalents at the end of the period	64,041	75,416	64,041	75,416	79,135

CHANGES IN EQUITY, GROUP

Amounts in SEK 000s	Jan-June 2008	Jan - Dec 2007
Opening balance	137,851	118,072
Profit for the period	4,217	19,779
Dividend paid	-5,639	-
Closing balance	136,429	137,851

CHANGES IN NUMBER OF SHARES

Amount in SEK 000s	Jan-June 2008	Jan-Dec 2007
Total number of shares (opening and closing balance)	34,282,773	34,282,773
Holding of own shares (opening and closing balance)	449,628	449,628
Average holdings of own shares	449,628	449,628

* Adjusted for stock split, share 3:1 split

KEY DATA AND FINANCIAL INFORMATION IN SUMMARY

Amounts in SEK 000s	2008	Jan-June 2007	2006	Jan-Dec 2007
Net sales	27,642	33,548	28,575	64,705
Operating profit	4,367	14,318	11,321	25,781
Operating margin, %	15.8	42.7	39.6	39.8
Profit margin, %	21.7	45.4	41.4	43.3
Net profit	4,217	10,718	8,250	19,779
Earnings per share, SEK*	0.12	0.31	0.24	0.58
Return on capital employed, %	14.2	35.0	40.8	22.2
Return on equity, %	10.0	35.3	29.5	15.5
Equity/assets ratio, %	78.9	81.4	78.8	79.6
Adjusted equity per share, SEK*	3.98	3.76	2.63	4.02
Share priced at period end*	23.50	81.67	44.67	63.33

* Adjusted for stock split, share 3:1 split

PARENT COMPANY INCOME STATEMENTS

Amounts in SEK 000s	Jan-June		Apr-June		Jan-Dec
	2008	2007	2008	2007	2007
Net sales	27,642	33,548	12,047	17,428	64,705
Cost of goods sold	-290	-472	-99	-272	-863
Gross profit	27,352	33,076	11,948	17,156	63,842
Other operating income	100	556	-	28	453
Selling expenses	-1,319	-552	-845	-393	-1,366
Administrative expenses	-7,021	-7,560	-3,441	-3,936	-14,255
Research and development costs	-24,423	-17,951	-13,338	-9,628	-39,317
Other operating expenses	-576	-41	177	-25	-398
Operating profit	-5,887	7,528	-5,499	3,202	8,959
Result from financial items	1,374	740	722	441	1,781
Profit/loss after financial items	-4,513	8,268	-4,777	3,643	10,740
Appropriations	-	-	-	-	-1,101
Profit/loss before tax	-4,513	8,268	-4,777	3,643	9,639
Tax	1,179	-2,431	1,306	-957	-2,974
Net profit/loss	-3 334	5,837	-3,471	2,686	6,665

PARENT COMPANY BALANCE SHEETS

Amounts in SEK 000s	June 30, 2008	June 30, 2007	Dec 31, 2007
ASSETS			
Intangible fixed assets	1,209	785	1,164
Tangible fixed assets	2,143	2,003	2,333
Financial fixed assets	2,160	2,160	2,160
Deferred tax assets	11,253	11,253	11,253
Total fixed assets	16,765	16,201	16,910
Current assets			
Current receivables	22,339	17,294	17,774
Cash and cash equivalents	48,268	60,763	64,217
Total current assets	70,607	78,057	81,991
TOTAL ASSETS	87,372	94,258	98,901
EQUITY AND LIABILITIES			
Equity	58,388	66,609	67,436
Untaxed reserves	20,033	18,932	20,033
Accounts payable	2,037	2,435	4,577
Other current liabilities	6,914	6,282	6,855
TOTAL EQUITY AND LIABILITIES	87,372	94,258	98,901
Pledged assets	5,000	5,000	5,000
Contingent liabilities	none	none	none

Other information

ACCOUNTING PRINCIPLES IN ACCORDANCE WITH IAS/IFRS

The interim report for the Group was prepared in accordance with IAS 34, Interim Financial Reporting. In addition, applicable provisions of the Swedish Annual Accounts Act and the Swedish Securities Market Act were applied. The same accounting and principles basis for valuation were applied as in the most recent annual report.

The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which corresponds to the requirements contained in RFR 2.1 Accounting for Legal Entities. The same accounting and principles basis for valuation were applied as in the most recent annual report.

RISKS AND UNCERTAINTY FACTORS IN THE GROUP AND THE PARENT COMPANY

Financial risk management

RaySearch's finance policy for governing the management of financial risks was established by the Board of Directors and represents a framework of guidelines and rules in the form of risk mandates and limits for financial activities. RaySearch is primarily influenced by exchange-rate risk. All of RaySearch's net sales are in USD or EUR. In accordance with the established financial policy, no currency hedging is employed. The finance policy is updated at least 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, Nucletron, IBA Dosimetry and TomoTherapy. RaySearch also has several research partnerships. If RaySearch were to lose one or more of these partners, this could have a major effect on the company's sales, profit and financial position. This risk was reduced during the past year since the number of partners has increased from three to five. 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 2007 Annual Report on page 48.

TRANSACTIONS WITH CLOSELY RELATED PARTIES

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

ESTIMATES

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

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

Stockholm, August 27, 2008

Erik Hedlund
Chairman

Johan LÖf
President and CEO, 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 interim report of RaySearch Laboratories AB (publ) for the period January 1, 2008 to June 30, 2008. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express a conclusion on the interim report based on my review.

I have conducted my review in accordance with the Swedish standard for such reviews, *SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditor of the 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 interim report is not prepared, in all material respects, for the group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Stockholm, August 27, 2008

Anders Linér
Authorized Public Accountant
KPMG

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FINANCIAL REPORTING

Interim report for the first nine months	November 18, 2008
Year-end Report 2008	February 2009

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, Nucletron, IBA Dosimetry and TomoTherapy. Eight products have been released to date and RaySearch's software is used at over 1,300 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 SmallCap segment on the OMX Nordic Exchange Stockholm.

For more information about RaySearch, visit www.raysearchlabs.com.