

RAYSEARCH LABORATORIES AB (PUBL)

INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2011

JANUARY 1 – SEPTEMBER 30, 2011

- Net sales for the period totaled SEK 80.3 M (83.0)
- Profit after tax amounted to SEK 10.2 M (17.5) and earnings per share totaled SEK 0.30 M (0.51)
- Operating profit totaled SEK 13.0 M (24.5)
- Cash flow was a negative SEK 30.8 M (neg: 2.8)
- A total of seven orders for RayStation® were received from Switzerland, Canada, the Netherlands and the US
- A sales organization was established in the US in January
- RaySearch licensed pioneering technology from Princess Margaret Hospital in March
- RaySearch became involved in a US patent dispute in May
- Distribution agreements were signed for the Italian market in September
- The first patient was treated with RayStation® in September

AFTER THE END OF THE PERIOD

- Two US hospitals placed orders for RayStation® in October
- RaySearch entered South Korean distribution agreement in November

“Financially, we had a strong third quarter so we recovered after a weak first half of the year. The end of the year promises to be highly interesting,” says Johan Löf, President of RaySearch.

“In 2011, we have focused on our strategic shift from complete dependence on partners to establishing opportunities to sell directly to clinics in parallel with our partner-based business model. Our order book has now started to grow as a result of the considerable interest shown in RayStation®, particularly in the US, and we have high hopes of completing a few more transactions toward the end of 2011,” concludes Johan Löf.

SUMMARY OF FINANCIAL RESULTS

AMOUNTS IN SEK 000s	JAN-SEP		JUL-SEP		FULL-YEAR
	2011	2010	2011	2010	2010
Net sales	80,331	82,970	32,761	22,062	117,728
Operating profit	12,981	24,502	11,017	738	39,873
Operating margin, %	16.2	29.5	33.4	3.4	33.9
Profit for the period	10,214	17,541	8,949	187	28,895
Earnings per share, SEK	0.30	0.51	0.26	0.01	0.84
Share price at the end of the period, SEK	14.10	41.80			38.00

The information in this interim report is such that RaySearch must disclose publicly in accordance with the Swedish Securities and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on November 24, at 7:45 a.m.

CEO COMMENTS

In 2011, we have focused on our strategic shift from complete dependence on partners to establishing opportunities to sell directly to clinics in parallel with our partner-based business model. We have devoted considerable energy to developing the RayStation® treatment planning system and have expanded our organization to include sales and service organizations. We were able to install the first clinical version of RayStation® in June and achieved the next milestone in September, when the first patient was treated at Massachusetts General Hospital in the US with a plan generated with RayStation®. Since the foundation of RaySearch more than a decade ago, our software modules have been used for the treatment of at least two million cancer patients. However, this is the first time that a patient was treated using a treatment plan that was created from start to finish with our own system. This was of course a very important and emotional moment for us and marks the starting point of a new era for RaySearch.

We are also starting to see results in terms of sales, particularly in North America, where our sales team has been in operation since January. In early October, we participated as an exhibitor at ASTRO, a major annual US radiation therapy trade show that this year was held in Miami. RayStation® is now becoming well-known in the industry and generates considerable interest from the clinics. Although we had increased our capacity to perform product demonstrations by 50 percent compared with earlier trade shows, all of our demonstrations at ASTRO were fully booked. This interest has started to impact our order books and we have now received orders from a total of six new US customers to date this year. We are involved in an increasing number of purchase processes, so we have prospects of signing additional agreements in the US toward the end of the year.

We are also making progress on the European market. We have established a service organization in Stockholm to support our European customers. In October our first European sales representative started working based in Belgium. In southern Europe and Asia, we will initially use local distributors rather than setting up our own local organizations. In September, we signed our first distribution agreement with the Italian distributor Technologie Avanzate and just a few days ago we signed our first Asian distribution agreement with Oncology Total Solution (OTS) in South Korea. They both have extensive experience in our area, so I am confident that these partnerships will be successful. We continue our work to establish relations with more distributors on the major Asian markets and southern Europe.

Financially, we had a strong third quarter so we recovered after a weak first half of the year. Revenues for the nine-month period fell 3.2 percent to SEK 80.3 M. The decline was due to the weakening of the USD and EUR. With unchanged exchange rates, revenues would have increased 7.4 percent. Profit declined to SEK 10.2 M for the nine-month period, down from SEK 17.5 M in the year-earlier period. The decline in profit exceeded the decline in revenues because we are currently incurring costs for the development, marketing and build-up of sales and service organizations for RayStation®, but have not yet started generating significant revenues from the product.

The total number of licenses installed via partners and direct sales amounted to 658 (721). The decline in the number of licenses was primarily due to a lower sales volume via Philips, which accounts for the majority of partner sales. During the first six months of the year, Philips experienced some problems with its sales organization in the US, which have now been resolved. Philips reported growth during the third quarter, although this did not entirely offset the decline during the first half of the year.

Sales via Nucletron increased compared with the year-earlier period. Nucletron was acquired by the Swedish company Elekta during the period. It is unclear what long term effect the Elekta acquisition will have on our cooperation with Nucletron.

Sales of the COMPASS® quality assurance system via IBA Dosimetry declined somewhat during the period. We are currently focusing on adapting the system to a new detector, which has the potential to boost sales via IBA Dosimetry. The new version was scheduled to be launched in 2011, but has now been postponed until 2012. We are also working on expanding COMPASS® with a sophisticated product that will monitor radiation doses taking into account changes occurring in a patient's anatomy during the course of treatment.

RaySearch's cooperation with Varian is continuing and revenues increased during the January-September period, albeit from a low level. Sales of the product from the cooperation with Accuray (our collaboration partner TomoTherapy has been acquired by Accuray) were essentially in line with the preceding quarter.

RaySearch's cooperation with Siemens began generating revenues during the second quarter of 2011. Under the terms of the agreement with Siemens, RaySearch has provided a number of treatment planning modules for advanced radiation therapy. However, Siemens has announced that they are restructuring their radiation therapy division. At this point in time it is difficult to say exactly what this will mean but irrespective of Siemens' actions, RaySearch is guaranteed revenues from this collaboration for several years.

The remainder of 2011 will be characterized by intensive development work. Before the end of November, we plan to release a new version of RayStation®, which will feature greater functionality and be the first fully comprehensive version of the system, available for customer installation on a broad scale. Following this release, RayStation® will include everything from everyday tools for the basic form of radiation therapy to a number of unique advanced tools, such as our market-leading solutions for multi-criteria optimization and adaptive radiation therapy. In March, we licensed technology from Princess Margaret Hospital (PMH), a world leader in adaptive radiation therapy. This cooperation will help us to develop cutting-edge products and gain customer confidence in them, since PMH has invested substantial resources to validate these adaptive algorithms.

We will continue to work with our partners and in parallel continue to strengthen our organization, primarily in sales and marketing. However, we are proceeding cautiously and will build the infrastructure step by step with the goal of a positive profit contribution from the direct sales effort also in the short-term. We also have to deal with other challenges. In May, we were sued by a US company called Prowess, which claims that we have infringed on a US patent controlled by Prowess. We believe there is no infringement and in addition, that the patent should be invalidated since there is prior art in older publications describing the same concept. We have a strong defense and hope to win the case. The court procedure is proceeding slowly and so far the parties have mainly been discussing procedural issues. Consequently, it is still difficult to predict how long it will take to resolve the dispute and the cost this will entail for RaySearch.

The end of the year promises to be highly interesting. Our order book has now started to grow as a result of the considerable interest shown in RayStation®, particularly in the US, and we have high hopes of completing a few more transactions toward the end of 2011. Naturally, working directly with clinics creates new challenges for us as a company, but it is also extremely inspiring to come one step closer to the clinical reality. Our prospects for developing important new products are improving and the potential to generate value is much greater.

Stockholm, November 24, 2011

Johan Löf
President & CEO RaySearch Laboratories AB (publ)

SIGNIFICANT EVENTS

EVENTS DURING THE THIRD QUARTER OF 2011

Three US cancer centers selected RayStation®

In August, RaySearch received three new orders for RayStation® from the Valley Hospital Cancer Center in Paramus, New Jersey; Advanced Radiation Oncology Services in Nyack, New York and Health Quest Systems in LaGrange, New York. They will use RayStation® as the treatment planning system for conventional 3D-CRT treatments as well as more advanced treatments such as IMRT. The orders include basic functionality as well as advanced tools such as RaySearch's solution for multi-criteria optimization. This highly intuitive tool lets the clinician evaluate the impact of changing different treatment priorities in real-time, which has a large potential to speed up the time-consuming treatment planning optimization process.

RaySearch signed distribution agreement for the Italian market

In September, RaySearch entered into an exclusive distribution agreement with the Italian distributor Tecnologie Avanzate T.A. S.r.l. based in Torino, Italy. The agreement means that Tecnologie Avanzate will be fully responsible for marketing, sales and service for RaySearch's treatment planning system RayStation® on the Italian market. Italy is one of the largest radiation therapy markets in Europe with more than 150 radiation therapy clinics and the technology level is generally high with a long tradition of utilizing more advanced techniques such as IMRT and VMAT.

First patient treated with RayStation®

In September, the first cancer patient was treated using a treatment plan created with RaySearch's treatment planning system RayStation®. The treatment was carried out at Massachusetts General Hospital in Boston. The patient was treated for a brain tumor using IMRT and the treatment was delivered on an Elekta linear accelerator. The plan was developed using so called multi-criteria optimization which is RaySearch's unique software solution for optimization of IMRT plans.

EVENTS AFTER THE END OF THE PERIOD

Two US hospitals placed orders for RayStation® in October

In October, RaySearch received two new orders for its RayStation® treatment planning system from the Baptist Hospital of Miami in Florida and the University Hospital of Columbia and Cornell in New York. The Baptist Hospital of Miami will primarily use RayStation® as a treatment planning system for advanced treatments, such as IMRT. At the University Hospital of Columbia and Cornell in New York, RayStation® will function as an advanced research platform for the hospital's department of radiation oncology, where it will be used to model advanced workflows in multi-criteria optimization of IMRT, four-dimensional image registration and dose accumulation, as well as other cutting-edge technologies.

RaySearch entered South Korean distribution agreement

In November RaySearch entered into an exclusive distribution agreement with the South Korean distributor Oncology Total Solution Co. (OTS), based in Seoul. The agreement means that OTS will be fully responsible for marketing, sales and service for RaySearch's proprietary treatment planning system RayStation® on the South Korean market. This new distribution agreement marks the starting point in the build-up of the Asian sales and marketing function. In Asia, RaySearch will use local distributors in all the key markets so this agreement will be followed by other distribution agreements for other Asian markets. South Korea is one of the largest radiation therapy markets in Asia with approximately 80 radiation therapy clinics and the technology level is generally high with a long tradition of utilizing more advanced techniques such as IMRT. RayStation® is pending regulatory clearance in South Korea and the process is expected to be finalized in 2012.

FINANCIAL INFORMATION

SALES AND EARNINGS FOR THE THIRD QUARTER OF 2011

During the third quarter of 2011, sales rose 48.5 percent year-on-year and amounted to SEK 32.8 M [22.1]. Operating profit improved during the quarter to SEK 11.0 M [0.7], corresponding to an operating margin of 33.4 percent [3.4]. Profit after tax totaled SEK 8.9 M [0.2] during the quarter. The substantial increase in sales derived from higher license revenues from RayStation® and from RaySearch's cooperation with Philips, Nucletron, Varian, Accuray and Siemens.

SALES AND EARNINGS FOR THE FIRST NINE MONTHS OF 2011

During the first nine months of 2011, sales declined 3.2 percent year-on-year and amounted to SEK 80.3 M [83.0]. Sales consist primarily of license revenues via partners and support revenues. The total number of licenses sold via partners and direct sales was 658 [721] and license revenues during the nine-month period totaled SEK 67.6 M [68.3]. License revenues were impacted adversely by lower volumes of products sold via Philips, which was offset by a substantial increase in revenues from direct sales of RayStation® and RaySearch's cooperation with Nucletron, Varian, Accuray and Siemens. Support revenues during the nine-month period declined 13.2 percent to SEK 12.8 M [14.8] since the decrease in support revenues from older products was not fully offset by support revenues from new products.

The company is affected by trends in USD and EUR exchange rates in relation to SEK, since invoicing is denominated in USD and EUR, while the majority of expenses are denominated in SEK. During the first nine months of 2011, revenues in USD were recognized at an average exchange rate of SEK 6.40, compared with SEK 7.27 in the year-earlier period. During the nine-month period, revenues in EUR were recognized at an average exchange rate of SEK 9.05, compared with SEK 9.54 in the year-earlier period. Consequently, the exchange rates had a negative effect on revenues. With unchanged exchange rates, revenues would have increased 7.4 year-on-year. A sensitivity analysis of currency exposure shows that a change of +/- 10 percent in the average USD exchange rate would have had an effect of +/- SEK 4.9 M on operating profit during the nine-month period. The corresponding effect of a change of +/- 10 percent in the average EUR exchange rate would have been +/- SEK 2.6 M. The company pursues the currency policy established by the Board of Directors.

Operating profit during the first nine months of 2011 amounted to SEK 13.0 M [24.5], corresponding to an operating margin of 16.2 percent [29.5]. Operating expenses, excluding exchange-rate gains and losses, rose by SEK 11.0 M year-on-year to SEK 67.9 M. Other operating income and expenses pertained to exchange-rate gains and losses, with the net of these amounting to income of SEK 0.9 M [expense: 1.4] for the first nine months of 2011. The increase in operating expenses was mainly due to higher costs for research and development, as well as increased costs for marketing, sales and service personnel as a result of RaySearch's focus on direct sales of RayStation®.

As of September 30, 2011, 68 [61] employees were engaged in research and development. Research and development costs include payroll costs, consulting fees, computer equipment and premises. Before capitalization and amortization of development costs, research and development costs totaled SEK 62.2 M [53.1]. The increase was primarily due to higher costs for consultants and an increase in the number of employees engaged in research and development activities. During the first nine-months of 2011, capitalized development costs amounted to SEK 45.0 M [33.5]. Amortization of capitalized development costs during the nine-month period totaled SEK 25.1 M [20.1]. After adjustments for capitalization and amortization of development costs, research and development costs amounted to SEK 42.3 M [39.7].

During the first nine months of 2011, amortization of intangible fixed assets amounted to SEK 25.1 M (20.1) and depreciation of tangible fixed assets to SEK 0.5 M (0.3). Total amortization and depreciation during the nine-month period amounted to SEK 25.6 M (20.4). Amortization and depreciation primarily pertained to capitalized development costs.

Profit after tax for the first nine months of 2011 totaled SEK 10.2 M (17.5), corresponding to earnings per share of SEK 0.30 (0.51).

Geographic distribution of license revenues

The majority of RaySearch's existing customers are in the US. It should be noted that the proportion of license revenues derived from North America declined during the period. License revenues during the first nine months of 2011 were distributed as follows: North America 34 percent (50), Asia 29 percent (24), Europe and the rest of the world 37 percent (26).

LIQUIDITY AND FINANCING

Cash flow from operating activities during the first nine months of 2011 declined to SEK 37.2 M (48.9), mainly due to weaker earnings. Cash flow from investing activities declined to a negative SEK 46.2 M (neg: 34.8) due to higher development expenditure.

Cash flow for the period was a negative SEK 30.8 M (neg: 2.8), including a dividend payment of SEK 17.0 M (17.0). As of September 30, 2011, cash and cash equivalents amounted to SEK 44.0 M, compared with SEK 77.2 M on September 30, 2010. As of September 30, 2011, current receivables totaled SEK 43.6 M, compared with SEK 25.0 M on September 30, 2010. These receivables primarily comprised accounts receivable. RaySearch has no interest-bearing liabilities.

INVESTMENTS

Fixed assets primarily comprised capitalized development costs. Investments in intangible fixed assets during the nine-month period amounted to SEK 45.0 M (33.7) and investments in tangible fixed assets to SEK 2.0 M (2.0).

EMPLOYEES

At the end of the third quarter, the number of employees at RaySearch was 85 (68). The average number of employees during the January-September 2011 period was 75 (62).

PARENT COMPANY

Since the financial reporting of the Parent Company corresponds in all material respects with the financial reporting of the Group, the comments for the Group are also highly relevant for the Parent Company. Capitalization of development costs is recognized in the Group, but not in the Parent Company. During the period, the tax allocation reserve was redeemed, which had a positive impact of SEK 8.4 M on earnings in the Parent Company.

CONSOLIDATED INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000s	JAN–SEP		JUL–SEP		FULL-YEAR
	2011	2010	2011	2010	2010
Net sales	80,331	82,970	32,761	22,062	117,728
Cost of goods sold	-382	-90	-36	-59	-92
Gross profit	79,949	82,880	32,725	22,003	117,636
Other operating income	1,623	0	1,305	0	0
Selling expenses	-11,011	-3,501	-4,913	-2,157	-4,687
Administrative expenses	-14,576	-13,740	-5,031	-4,194	-17,756
Research and development costs	-42,310	-39,694	-13,069	-13,580	-53,500
Other operating expenses	-694	-1,443	0	-1,334	-1,820
Operating profit	12,981	24,502	11,017	738	39,873
Result from financial items	888	15	279	10	249
Profit before tax	13,869	24,517	11,296	748	40,122
Tax	-3,655	-6,976	-2,347	-561	-11,227
Profit for the period¹⁾	10,214	17,541	8,949	187	28,895
Earnings per share before dilution (SEK)	0.30	0.51	0.26	0.01	0.84
Earnings per share after dilution (SEK)	0.30	0.51	0.26	0.01	0.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000s	JAN–SEP		JUL–SEP		FULL-YEAR
	2011	2010	2011	2010	2010
Profit for the period	10,214	17,541	8,949	187	28,895
Translation different for the period	-222	-	-130	-	-
Comprehensive income for the period¹⁾	9,992	17,541	8,819	187	28,895

¹⁾ 100 percent attributable to shareholders in the Parent Company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000s	SEP 30, 2011	SEP 30, 2010	DEC 31, 2010
ASSETS			
Intangible fixed assets	153,701	125,520	133,981
Tangible fixed assets	4,044	3,177	3,157
Deferred tax assets	3,842	8,216	3,842
Total fixed assets	161,587	136,913	140,980
Current receivables	43,615	25,030	39,930
Cash and cash receivables	44,016	77,226	75,016
Total current assets	87,631	102,256	114,946
TOTAL ASSETS	249,218	239,169	255,926
EQUITY AND LIABILITIES			
Equity	189,761	185,408	196,762
Deferred tax liabilities	44,830	38,480	41,767
Other long-term liabilities	642	642	642
Accounts payable	4,428	3,521	5,743
Other current liabilities	9,557	11,118	11,012
TOTAL EQUITY AND LIABILITIES	249,218	239,169	255,926
Pledged assets	5,000	5,000	5,000
Contingent liabilities	none	none	none

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000s	JAN-SEP		JUL-SEP		FULL-YEAR
	2011	2010	2011	2010	2010
Profit before tax	13,869	24,517	11,296	748	40,122
Adjusted for non-cash items ¹⁾	25,597	20,462	9,240	6,997	28,044
Taxes paid	-2,223	-1,592	-506	-1,046	-2,710
Cash flow from operating activities before changes in working capital	37,243	43,387	20,030	6,699	65,456
Cash flow from changes in working capital	-4,824	5,585	-8,776	-854	-2,671
Cash flow from operating activities	32,419	48,972	11,254	5,845	62,785
Cash flow from investing activities ²⁾	-46,206	-34,768	-15,012	-10,711	-50,791
Cash flow from financing activities	-16,991	-16,991	0	0	-16,991
Cash flow for the period	-30,778	-2,787	-3,758	-4,866	-4,997
Cash and cash receivables at the beginning of the period	75,016	80,013	47,904	82,092	80,013
Exchange-rate difference in cash and cash receivables	-222		-130		
Cash and cash receivables at the end of the period	44,016	77,226	44,016	77,226	75,016

¹⁾ These amounts include amortization of capitalized development costs.

²⁾ These amounts include capitalized development costs.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000s	JAN-SEP		FULL-YEAR
	2011	2010	2010
Opening balance	196,760	184,858	184,858
Profit for the period	10,214	17,541	28,895
Translation difference for the period	-222	0	0
Dividend	-16,991	-16,991	-16,991
Closing balance	189,761	185,408	196,762

A dividend corresponding to SEK 0.50 per share was paid on the record date of May 30.

CHANGES IN NUMBER OF SHARES

	JAN-SEP	FULL-YEAR
	2011	2010
Total number of shares (opening and closing balance)	34,282,773	34,282,773
Holding of treasury shares, opening balance	299,628	299,628
Holding of treasury shares, closing balance	299,628	299,628
Average number of treasury shares	299,628	299,628

KEY DATA AND FINANCIAL INFORMATION IN SUMMARY

AMOUNTS IN SEK 000s	JAN-SEP			FULL-YEAR
	2011	2010	2009	2010
Net sales	80,331	82,970	47,322	117,728
Operating profit	12,981	24,502	17,050	39,873
Operating margin, %	16.2	29.5	36.0	33.9
Profit margin, %	17.3	29.6	36.9	34.1
Profit for the period	10,214	17,541	12,620	28,895
Earnings per share, SEK	0.30	0.51	0.37	0.84
Return on capital employed, %	15.7	27.7	11.9	21.0
Return on equity, %	11.5	20.1	15.5	15.1
Equity/assets ratio, %	76.1	77.5	78.6	76.9
Adjusted equity per share at the end of the period, SEK	5.54	5.41	4.76	5.74
Share price at the end of the period, SEK	14.10	41.80	25.80	38.0

PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000s	JAN–SEP		JUL–SEP		FULL-YEAR
	2011	2010	2011	2010	2010
Net sales	80,697	82,970	33,127	22,062	117,728
Cost of goods sold	-382	-90	-36	-59	-92
Gross profit	80,315	82,880	33,091	22,003	117,636
Other operating income	1,623	0	1,305	0	0
Selling expenses	-6,146	-3,501	-2,972	-2,157	-4,687
Administrative expenses	-14,560	-13,733	-5,025	-4,191	-17,728
Research and development costs	-62,204	-53,119	-18,932	-17,245	-75,482
Other operating expenses	-694	-1,443	0	-1,334	-1,820
Operating profit/loss	-1,666	11,084	7,467	-2,924	17,919
Result from financial items	759	15	270	10	5,038
Profit/loss after financial items	-907	11,099	7,737	-2,914	22,957
Appropriations	8,427	-	-	-	-3,941
Profit/loss before tax	7,520	11,099	7,737	-2,914	19,016
Tax	-627	-3,407	-806	403	-4,374
Profit/loss for the period	6,893	7,692	6,931	-2,511	14,642

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000s	JAN–SEP		JUL–SEP		FULL-YEAR
	2011	2010	2011	2010	2010
Profit/loss for the period	6,893	7,692	6,931	-2,511	14,642
Translation difference for the period	-	-	-	-	-
Comprehensive income/loss for the period	6,893	7,692	6,931	-2,511	14,642

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000s	SEP 30, 2011	SEP 30, 2010	DEC 31, 2010
ASSETS			
Intangible fixed assets	139	408	312
Tangible fixed assets	4,044	3,177	3,157
Financial fixed assets	7,477	2,160	2,160
Deferred tax assets	3,842	8,216	3,842
Total fixed assets	15,502	13,961	9,471
Current receivables	43,849	25,030	44,727
Cash and cash receivables	40,927	69,820	67,610
Total current assets	84,776	94,850	112,337
TOTAL ASSETS	100,278	108,811	121,808
EQUITY AND LIABILITIES			
Equity	69,712	73,010	79,960
Untaxed reserves	16,713	21,199	25,140
Accounts payable	4,364	3,521	5,743
Other current liabilities	9,489	11,081	10,965
TOTAL EQUITY AND LIABILITIES	100,278	108,811	121,808
Pledged assets	5,000	5,000	5,000
Contingent liabilities	none	none	none

OTHER INFORMATION

ACCOUNTING POLICIES IN ACCORDANCE WITH IAS/IFRS

This interim report in summary for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Swedish Annual Accounts Act. The Parent Company's financial statements were prepared pursuant to Chapter 9 of the Swedish Annual Accounts Act, Interim Financial Reporting. The same accounting policies and basis of computation that were applied in the most recent Annual Report were used to prepare the Group and Parent Company accounts. New or revised IFRS standards during 2011 have not affected RaySearch during the period and no known changes are expected to affect RaySearch during 2011.

RaySearch has only one segment and, accordingly, no segment reporting was prepared.

RISKS AND UNCERTAINTIES IN THE GROUP AND THE PARENT COMPANY

Financial risk management

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

Operational risks

As a result of its activities, RaySearch is exposed to various operational risks, including the following: dependence on key persons, competition and strategic partnerships. RaySearch currently has partnerships with Philips, Nucletron, IBA Dosimetry, Varian, Accuray and Siemens. RaySearch also has several research partnerships. If RaySearch were to lose one or more of these partners, this could have a major impact on the company's sales, profit and financial position. This risk decreases as the percentage of direct sales increases.

For more detailed information about RaySearch's financial risk management and operational risks, refer to page 72 of the 2010 Annual Report.

RELATED-PARTY TRANSACTIONS

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

ESTIMATES

Preparation of the interim report requires that company management makes estimates that affect the reported amounts of assets, liabilities, revenues and expenses. The actual outcome may deviate from these estimates. The critical sources of uncertainty in the estimates are the same as those in the most recent Annual Report.

This interim report was subject to review by the company's auditor. The review report is presented on page 14.

Stockholm, November 24, 2011

Johan Löf

President and Board member

REVIEW REPORT

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

Introduction

I have reviewed the enclosed interim report for RaySearch Laboratories AB (publ) for the period January 1, 2011 to September 30, 2011. The Board of Directors and the President are responsible for the preparation and 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 financial information in this interim report based on my review.

Focus and scope of the review

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

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the enclosed interim report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group and the Swedish Annual Accounts Act for the Parent Company.

Stockholm, November 24, 2011

Anders Linér
Authorized Public Accountant
KPMG

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

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FINANCIAL REPORTING

Year-end report	February 16, 2012
Interim report for the first quarter	May 23, 2012
Annual General Meeting	May 30, 2012

ABOUT RAYSEARCH

RaySearch Laboratories is a medical technology company that develops advanced software solutions for improved radiation therapy of cancer. RaySearch's products are mainly sold through license agreements with leading partners such as Philips, Nucletron, IBA Dosimetry, Varian, Accuray and Siemens. To date, 15 products have been launched through partners and RaySearch's software is used at some 1,800 clinics in more than 30 countries. In addition, RaySearch offers the proprietary treatment planning system RayStation® directly to clinics. RaySearch was founded in 2000 as a spin-off from Karolinska Institutet in Stockholm and the company is listed in the Small Cap segment on NASDAQ OMX Stockholm.

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