

RAYSEARCH LABORATORIES AB (PUBL)

YEAR-END REPORT 2011

JANUARY 1 – DECEMBER 31, 2011

- Net sales for the year amounted to SEK 126.1 M [117.7]
- Profit after tax totaled SEK 17.0 M [28.9] and earnings per share amounted to SEK 0.50 [0.84]
- Operating profit totaled SEK 27.6 M [39.9]
- Cash flow amounted to negative SEK 46.2 [-5.0]
- RaySearch licensed groundbreaking technology from Princess Margaret Hospital in March
- RaySearch became involved in a US patent dispute in May
- First patient treated with a plan from RayStation® in September in the US and the first patient in Europe was treated in December
- Sales organizations established in the US and Europe
- Distribution agreements secured for Italy, China and South Korea
- A total of nine orders for RayStation® received from Canada, the Netherlands, Switzerland and the US
- The Board of Directors proposes that no dividend will be paid for 2011

AFTER THE END OF THE PERIOD

- The first complete version of RayStation® was released in January

” Financially, RayStation® started to contribute significant revenues in conjunction with its installation at several customers at the end of the year. From a revenue viewpoint, the fourth quarter was the best ever with SEK 45.8 M in revenues compared with SEK 34.8 M in the fourth quarter 2010”, says Johan Löf, President of RaySearch.

” In 2011, we successfully implemented a strategic shift in which we went from complete dependence on partners to establishing opportunities to sell directly to clinics in parallel with our partner-based business model. We have noted strong interest for RayStation® and a large number of business discussions are ongoing in North America, Europe and Asia so we hope to finalize several important deals in 2012, ”, concludes Johan Löf.

SUMMARY OF FINANCIAL RESULTS

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2011	2010	2011	2010
Net sales	126,103	117,728	45,772	34,758
Operating profit	27,624	39,873	14,643	15,371
Operating margin, %	21.9	33.9	32.0	44.2
Profit for the period	17,007	28,895	6,793	11,354
Earnings per share, SEK	0.50	0.84	0.20	0.33
Share price at period end, SEK	14.45	38.0		

The information in this year-end 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 February 16, 2012 at 7:45 a.m.

CEO COMMENTS

In 2011, we successfully implemented a strategic shift in which we went from complete dependence on partners to establishing opportunities to sell directly to clinics in parallel with our partner-based business model. We therefore devoted considerable energy to developing the RayStation® treatment planning system and we expanded our organization to include sales and service functions. We were able to install the first clinical version of RayStation® in June and, in September, the first patient was treated at Massachusetts General Hospital in the US with a plan generated with RayStation®. This was followed in December by the first European patient to receive treatment at RISO, the Radiotherapeutic Institute in Deventer, in the Netherlands. In late 2011, we finished the first complete version of RayStation® that can perform all the most common forms of radiation therapy. The system now includes everything from everyday tools for basic forms of radiation therapy to a number of unique, advanced tools, such as our market-leading solutions for multi-criteria optimization and adaptive radiation therapy. We have thus passed all of the key development milestones for RayStation® and have the most modern and advanced product on the market. I cannot overstate just how important this is for us and we have now entered an entirely new era for RaySearch.

The successful development work laid the groundwork for sales successes, in particular, in North America where our sales team has been operating since January. In the European market, sales efforts for RayStation® also commenced during the year. We established a service organization in Stockholm to support our European customers and our first European sales representative started in October, 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 Tecnologie Avanzate and in November we signed a distribution agreement with Oncology Total Solution (OTS) in South Korea and Kang Li Da in China. All three companies have extensive experience in our field, so I am confident that these partnerships will be successful. We will continue to expand our organization in Europe and the US and establish relations with more distributors in Asia and Southern Europe. In total, we secured nine new orders for RayStation® in 2011. We are involved in an increasing number of procurements and now offer a complete clinical product, so opportunities to substantially increase our customer base appear very favorable in 2012.

Financially, RayStation® started to contribute significant revenues in conjunction with its installation at several customers at the end of the year. From a revenue viewpoint, the fourth quarter was the best ever with SEK 45.8 M in revenues compared with SEK 34.8 M in the year-earlier period. Revenues for the full-year 2011 rose by 7.1 percent and totaled SEK 126.1 M (117.7), which was the highest ever full-year revenue for RaySearch and was achieved despite a relatively weak first half of the year and declining exchange rates. With unchanged exchange rates, revenues would have increased by another SEK 9.1 M corresponding to a revenue increase of 14.9 percent. Profit declined to SEK 17.0 M for 2011, from SEK 28.9 M in the year-earlier period. The decline in profit was due to costs incurred for the development, marketing and build-up of sales and service organizations for RayStation®, which exceeded initial sales revenues.

The total number of licenses installed via partners and direct sales amounted to 1,014 (1,093). 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. In the fourth quarter, compensation was received from Philips as part of a settlement regarding systems delivered by Philips to its customers in earlier years, thus countering part of the negative impact from falling sales volumes.

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 acquisition by Elekta will have on our collaboration with Nucletron.

Sales of the COMPASS® quality assurance system via IBA Dosimetry declined somewhat in 2011. 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 is scheduled for launch in 2012.

RaySearch's collaboration with Varian continues and revenues increased during 2011, albeit from a low level. Sales of the product from the collaboration with Accuray were essentially in line with the preceding periods.

RaySearch's collaboration 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 it is closing its 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.

Another challenge is the lawsuit brought in May by the US company 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 are older publications describing the same concept. We have a strong defense and hope to win the case. The court procedure is progressing slowly and the parties have mainly discussed procedural issues in 2011. In January 2012, an arbitration conference was arranged by the court to see if the parties could settle already at an early stage. Since Prowess maintained its demands, which were wholly unacceptable to RaySearch, these proceedings came to no avail. Consequently, the process continues and it is still difficult to predict how long it will take to resolve the dispute and the cost this will entail for RaySearch. However, it is clear that we will have to bear relatively substantial legal costs in 2012 to be able to mount a proper defense.

If we look ahead to 2012, the year will be characterized by continued intense work on RayStation®. While it is already a fantastic product, there is much we wish to add and we will work with many proposals for improvements that stem from our customers' clinical experienced. In addition, we will continue to work with our partners and, in parallel, 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. In 2011 we laid the foundations for a growing customer base. We have noted strong interest and a large number of business discussions are ongoing in North America, Europe and Asia so we hope to finalize a few several key deals in 2012.

Stockholm, February 16, 2012

Johan Löf
President & CEO
RaySearch Laboratories AB(publ)

SIGNIFICANT EVENTS

EVENTS DURING THE FOURTH QUARTER OF 2011

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, 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.

Distribution agreements secured in South Korea and China

In November, RaySearch entered into an exclusive distribution agreement with the South Korean distributor Oncology Total Solution Co. (OTS), based in Seoul, South Korea, and with the Chinese distributor Kang Li Da Trading Corporation, based in Beijing, China. Under the agreement, OTS will be fully responsible for marketing, sales and service for RaySearch's proprietary treatment planning system RayStation® in the South Korean market and Kang Li Da in the Chinese market. 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. China is one of the largest markets for radiation therapy equipment in the world with approximately 1,300 clinics. Since there is a strong focus on improving healthcare in China, the radiation therapy sector is growing very rapidly and the number of clinics is expected to increase to 2,000 in less than five years. RayStation® is pending regulatory clearance in China and the approval process is expected to take approximately a year and a half.

The first patient in Europe is treated with a plan from RayStation®

In December, the first European cancer patient was treated utilizing a treatment plan generated by RaySearch's treatment planning system RayStation®. The treatment was carried out at RISO, the Radiotherapeutic Institute in Deventer, the Netherlands. RISO is a public independent radiotherapeutic institute offering radiotherapy for multiple hospitals in the region.

EVENTS AFTER THE END OF THE PERIOD

First complete version of RayStation® released in January

In January RaySearch announced that version 2.5 of RaySearch's RayStation® treatment planning system has been released for clinical use in Europe and USA and is pending regulatory approval in Canada. The new version includes a wide range of new features and improvements. RayStation® 2.5 includes all of RaySearch's market-leading optimization algorithms for VMAT, IMRT and 3D-CRT alongside a comprehensive set of tools for traditional 3D-CRT planning. This means that the system can be used clinically for treatment planning of all various treatment modalities of photon therapy. Using advanced deformable registration algorithms, RayStation® 2.5 also allows the users to perform dose tracking. This offers the possibility to perform accurate dose accumulation of any delivered or planned dose to any patient geometry using any combination of image data sets.

RayStation® is the first treatment planning system that lets the clinicians monitor the impact of a changing patient geometry as the treatment progresses, and seamlessly adjust the treatment in the same system. The dose tracking functionality is available for installation in Europe but is pending regulatory clearance in USA and Canada.

FINANCIAL INFORMATION

SALES AND EARNINGS FOR THE FOURTH QUARTER OF 2011

During the fourth quarter of 2011, sales rose 31.7 percent year-on-year and amounted to SEK 45.8 M [34.8]. Operating profit declined during the quarter to SEK 14.6 M [15.4], corresponding to an operating margin of 32.0 percent [44.2]. Profit after tax totaled SEK 6.8 M [11.4] during the quarter. The substantial increase in sales derived from higher license revenues from RayStation® and from RaySearch's partnerships with Philips, and Varian. In the fourth quarter, compensation was received from Philips as part of a settlement regarding systems delivered by Philips to its customers in earlier years, which countered the negative impact from Philips' falling sales volumes.

SALES AND EARNINGS FOR FULL-YEAR 2011

Total sales for full-year 2011 increased 7.1 percent year-on-year and amounted to SEK 126.1 M [117.7]. Sales consist primarily of license revenues via partners and support revenues. The total number of licenses sold via partners and direct sales was 1,014 [1,093] and license revenues during 2011 totaled SEK 105.1 M [96.3]. The increase in license revenues was attributable to a substantial rise in revenues from direct sales of RayStation® and higher revenues from RaySearch's partnerships with Nucletron, Varian, Accuray and Siemens. During the year, support revenues declined 2.1 percent to SEK 21.0 M [21.4] since the decrease in support revenues from older products was not fully offset by support revenues from new products.

The company is dependent on trends in USD and EUR exchange rates against the SEK, since invoicing is denominated in USD and EUR and the bulk of the costs are in SEK. During 2011, revenues in USD were recognized at an average exchange rate of SEK 6.55, compared with SEK 7.15 in 2010. During 2011, revenues in EUR were recognized at an average exchange rate of SEK 9.05, compared with SEK 9.33 in 2010. Accordingly, currency effects had a negative impact on sales. At unchanged exchange rates, sales would have increased 14.9 percent compared with 2010. A sensitivity analysis of currency exposure indicates that the impact of a change in the average USD exchange rate of ± 10 percent on the operating profit in 2011 was \pm SEK 10.5 M and that the corresponding effect of a change in the average EUR exchange rate of ± 10 percent was \pm SEK 2.1 M. The company pursues the currency policy established by the Board of Directors.

Operating profit in 2011 amounted to SEK 27.6 M [39.9], corresponding to an operating margin of 21.9 percent [33.9]. Operating expenses, excluding exchange-rate gains and losses, increased SEK 22.3 M compared with the preceding year to SEK 98.2 M. Other operating revenues and other operating expenses refer to exchange-rate gains and losses, with the net of these for 2011 amounting to revenue of SEK 0.1 M [expense: 1.8]. The increase in operating expenses was mainly due to higher costs for research and development, as well as increased costs for marketing and sales and service personnel as a result of RaySearch's focus on direct sales of RayStation®.

As of December 31, 2011, 68 [63] 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 84.9 M [75.5]. 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 2011, capitalized development costs amounted to SEK 61.5 M [49.5]. Amortization of capitalized development costs in 2011 totaled SEK 34.2 M [27.5]. After adjustments for capitalization and amortization of development costs, research and development costs amounted to SEK 57.6 M [53.5].

Amortization of intangible fixed assets amounted to SEK 34.4 M [27.6] in 2011 and depreciation of tangible fixed assets totaled SEK 0.7 M [0.4]. Overall, amortization and depreciation during 2011 amounted to SEK 35.1 M [28.0]. Amortization and depreciation primarily pertained to capitalized development costs.

Profit after tax for 2011 totaled SEK 17.0 M [28.9], corresponding to earnings per share of SEK 0.50 [0.84].

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 year. License revenues in 2011 were distributed as follows: North America 36 percent [47], Asia 27 percent [22], Europe and the rest of the world 37 percent [31].

LIQUIDITY AND FINANCING

Cash flow from operating activities during 2011 declined to SEK 33.9 M [62.8], mainly due to weaker earnings. Cash flow from investing activities declined to a negative SEK 63.1 M [neg: 50.8] due to higher development expenditure.

Cash flow for the year was a negative SEK 46.2 M [neg: 5.0], including a dividend payment of SEK 17.0 M [17.0]. As of December 31, 2011, cash and cash equivalents amounted to SEK 28.7 M, compared with SEK 75.0 M on December 31, 2010. As of December 31, 2011, current receivables totaled SEK 67.2 M, compared with SEK 39.9 M on December 31, 2010. These receivables primarily comprised accounts receivable that were exceptionally high at the turn of the year due to significant sales invoiced in the last quarter. RaySearch has no interest-bearing liabilities.

INVESTMENTS

Fixed assets primarily comprised capitalized development costs. Investments in intangible fixed assets in 2011 amounted to SEK 60.5 M [49.7] and investments in tangible fixed assets to SEK 2.5 M [2.4].

EMPLOYEES

At the end of the fourth quarter, the number of employees in RaySearch was 87 [69]. The average number of employees during January to December 2011 was 78 [64].

PARENT COMPANY

Since the financial reporting of the Parent Company corresponds in all material respects to the financial reporting of the Group, the comments for the Group are also relevant to a great extent for the Parent Company.

Capitalization of development costs is recognized in the Group, but not in the Parent Company. During the year, the tax allocation reserve was reversed, which had a positive impact of SEK 8.4 M on earnings in the Parent Company.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Spårvagnshallarna Conference Centre, Birger Jarlsgatan 57 A, Stockholm, Sweden on May 30, 2012 at 6:00 p.m. The Annual Report for 2011 will be available at RaySearch's office at Sveavägen 25 in Stockholm approximately one month prior to the date of the Annual General Meeting.

Proposed dividend

As RaySearch is currently in a phase of rapid expansion that requires capital, the Board and President propose that the Annual General Meeting approve that no dividend will be paid for 2011. The previous year the dividend amounted to SEK 0.50 per share, or SEK 17.1 M.

CONSOLIDATED INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2011	2010	2011	2010
Net sales	126,103	117,728	45,772	34,758
Cost of goods sold	-442	-92	-60	-2
Gross profit	125,661	117,636	45,712	34,756
Other operating income	1,067	0	0	0
Selling expenses	-19,215	-4,687	-8,204	-1,186
Administrative expenses	-21,369	-17,756	-6,793	-4,016
Research and development costs	-57,575	-53,500	-15,265	-13,806
Other operating expenses	-945	-1,820	-807	-337
Operating profit	27,624	39,873	14,643	15,371
Result from financial items	1,078	249	190	234
Profit before tax	28,702	40,122	14,833	15,605
Tax	-11,695	-11,227	-8,040	-4,251
Profit for the period¹⁾	17,007	28,895	6,793	11,354
Earnings per share before dilution (SEK)	0.50	0.84	0.20	0.33
Earnings per share after dilution (SEK)	0.50	0.84	0.20	0.33

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2011	2010	2011	2010
Profit for the period	17,007	28,895	6,793	11,354
Translation differences for the period	-81	-	141	-
Comprehensive income for the period¹⁾	16,926	28,895	6,934	11,354

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000S	DEC 31, 2011	DEC 31, 2010
ASSETS		
Intangible fixed assets	161,096	133,981
Tangible fixed assets	3,978	3,157
Deferred tax assets	0	3,842
Total fixed assets	165,074	140,980
Current receivables	67,220	39,930
Cash and cash equivalents	28,704	75,016
Total current assets	95,924	114,946
TOTAL ASSETS	260,998	255,926
EQUITY AND LIABILITIES		
Equity	196,697	196,762
Deferred tax liabilities	46,372	41,767
Other long-term liabilities	642	642
Accounts payable	6,582	5,743
Other current liabilities	10,705	11,012
TOTAL EQUITY AND LIABILITIES	260,998	255,926
Pledged assets	5,000	5,000
Contingent liabilities	None	None

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2011	2010	2011	2010
Profit before tax	28,702	40,122	14,833	15,605
Adjusted for non-cash items ¹⁾	35,153	28,044	9,556	7,582
Taxes paid	-3,639	-2,710	-1,416	-1,118
Cash flow from operating activities before changes in working capital	60,216	65,456	22,973	22,069
Cash flow from changes in working capital	-26,364	-2,671	-21,540	-8,256
Cash flow from operating activities	33,852	62,785	1,433	13,813
Cash flow from investing activities ²⁾	-63,092	-50,791	-16,886	-16,023
Cash flow from financing activities	-16,991	-16,991	0	0
Cash flow for the period	-46,231	-4,997	-15,453	-2,210
Cash and cash equivalents at the beginning of the period	75,016	80,013	44,016	77,226
Exchange rate difference in cash and cash equivalents	-81		141	
Cash and cash equivalents at the end of the period	28,704	75,016	28,704	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-DEC	
	2011	2010
Opening balance	196,762	184,858
Profit for the period	17,007	28,895
Translation difference for the period	-81	0
Dividend paid	-16,991	-16,991
Closing balance	196,697	196,762

Dividend of SEK 0.50 per share paid out with a record day of May 30.

CHANGES IN NUMBER OF SHARES

	JAN-DEC	
	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-DEC			OCT-DEC		
	2011	2010	2009	2011	2010	2009
Net sales	126,103	117,728	83,687	45,772	34,758	36,365
Operating profit	27,624	39,873	40,862	14,643	15,371	23,812
Operating margin, %	21.9	33.9	48.8	32.0	44.2	65.5
Profit margin, %	22.8	34.1	49.3	32.4	44.9	65.5
Profit for the period	17,007	28,895	30,146	6,793	11,354	17,526
Earnings per share, SEK	0.50	0.84	0.88	0.20	0.33	0.51
Return on capital employed, %	14.6	21.0	24.6			
Return on equity, %	8.6	15.1	18.0			
Equity/assets ratio, %	75.4	76.9	79.3			
Adjusted equity per share at the end of the period, SEK	5.74	5.74	5.39			
Share price at the end of the period, SEK	14.45	38.0	29.5			
Dividend per share	0	0.50	0.50			

PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2011	2010	2011	2010
Net sales	131,827	117,728	51,130	34,758
Cost of goods sold	-442	-92	-60	-2
Gross profit	131,385	117,636	51,070	34,756
Other operating income	1,067	0	0	0
Selling expenses	-10,564	-4,687	-4,418	-1,186
Administrative expenses	-21,346	-17,728	-6,786	-3,995
Research and development costs	-84,886	-75,482	-22,682	-22,363
Other operating expenses	-945	-1,820	-807	-337
Operating profit	14,711	17,919	16,377	6,835
Result from financial items	940	5,038	181	5,023
Profit after financial items	15,651	22,957	16,558	11,858
Appropriations	9,800	-3,941	1,373	-3,941
Profit before tax	25,451	19,016	17,931	7,917
Tax	-7,077	-4,374	-6,450	-967
Profit for the period	18,374	14,642	11,481	6,950

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2011	2010	2011	2010
Profit for the period	18,374	14,642	11,481	6,950
Translation differences for the period	-	-	-	-
Comprehensive income for the period	18,374	14,642	11,481	6,950

PARENT COMPANY BALANCE SHEET IN SUMMARY

AMOUNTS IN SEK 000S	DEC 31, 2011	DEC 31, 2010
ASSETS		
Intangible fixed assets	117	312
Tangible fixed assets	3,978	3,157
Financial fixed assets	11,420	2,160
Deferred tax assets	0	3,842
Total fixed assets	15,515	9,471
Current receivables	72,753	44,727
Cash and cash equivalents	25,399	67,610
Total current assets	98,152	112,337
TOTAL ASSETS	113,667	121,808
EQUITY AND LIABILITIES		
Equity	81,193	79,960
Untaxed reserves	15,341	25,140
Accounts payable	6,497	5,743
Other current liabilities	10,636	10,965
TOTAL EQUITY AND LIABILITIES	113,667	121,808
Pledged assets	5,000	5,000
Contingent liabilities	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 2012.

Since RaySearch has only one segment, 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 year-end 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 year-end report was subject to review by the company's auditor. The review report is presented on page 15.

Stockholm, February 16, 2012

Erik Hedlund
Chairman of the Board

Johan Löf
President and Board member

Carl Filip Bergendal
Board member

Hans Wigzell
Board member

REVIEW REPORT

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

Introduction

I have reviewed the enclosed year-end report for RaySearch Laboratories AB (publ) for 2011. The Board of Directors and the President are responsible for the preparation of this year-end report in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express a conclusion on the year-end report based on my review.

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, February 16, 2012

Anders Linér
Authorized Public Accountant
KPMG

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FINANCIAL REPORTING

Interim report for the first quarter	May 23, 2012
Annual General Meeting	May 30, 2012, 2, at 6:00 p.m. The Annual General Meeting will be held at Spårvagnshallarna Conference Centre, Birger Jarlsgatan 57 A, Stockholm, Sweden
Interim report for the first six months	August, 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.