

# RAYSEARCH LABORATORIES AB (PUBL)

## YEAR-END REPORT 2012

### JANUARY 1 – DECEMBER 31, 2012

- Net sales for the year amounted to SEK 182.1 M [126.1]
- Profit after tax totaled SEK 19.9 M [17.0] and the result per share was of SEK 0.58 [0.50]
- Operating profit was SEK 22.5 M [27.6]
- Cash flow amounted to SEK 33.3 M [neg: 46.2]
- The first complete version of RayStation® was released in January and an additional new version in August.
- A total of 23 orders for RayStation® were received from Australia, Austria, Belgium, Canada, Germany, Italy, New Zealand, South Korea, Switzerland and the US.
- Distribution agreement for Spain signed in May
- RaySearch licensed pioneering technology from Princess Margaret Hospital in September
- Cooperation with Siemens ended in December
- The Board of Directors proposes that no dividend be paid for 2012

### AFTER THE END OF THE PERIOD

- First orders for RayStation® from Spain and France received in January

“We had a record-breaking close to the year thanks to RayStation®. Sales rose 68.0 percent in the fourth quarter and amounted to SEK 77 M. Operating profit improved to SEK 26 M corresponding to an operating margin of 34 percent,” says Johan Löf, President of RaySearch.

“We are now past the crucial initial phase of establishing RayStation® in many markets and have already secured customers in 13 countries. While considerable work remains ahead for expanding our sales and service organization, interest in our system is rising continuously and we are involved in an increasing number of ongoing business discussions throughout the world. It is difficult to predict how rapidly the interest will translate into orders and deliveries, but we are looking forward to 2013 with great confidence,” concludes Johan Löf.

### SUMMARY OF FINANCIAL RESULTS

AMOUNTS IN SEK 000S	JAN–DEC		OCT–DEC	
	2012	2011	2012	2011
Net sales	182,087	126,103	76,879	45,772
Operating profit	22,546	27,624	26,232	14,643
Operating margin, %	12.4	21.9	34.1	32.0
Profit for the period	19,863	17,007	25,364	6,793
Earnings/loss per share, SEK	0.58	0.50	0.74	0.20
Share price at the end of the period, SEK	20.80	14.45		

The information in the 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 February 14, 2013 at 7:45 a.m.

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## CEO COMMENTS

### RECORD-BREAKING CLOSE TO THE YEAR THANKS TO RAYSTATION®

During the year, we observed rising interest in our treatment planning system RayStation®, and the year closed very strongly, with several key orders received. One major success was the order we received in October from the Austrian ion beam therapy center MedAustron, a highly advanced clinic that is under development and which will treat patients using protons and carbon ions. The order is our largest to date, with an order value in excess of EUR 3.5 M plus support revenue for the duration of the system's clinical use. During the quarter, we also received our first orders from Belgium and New Zealand, and secured several orders from the US and Germany. In total in 2012, we received orders for more than 100 RayStation® systems and signed on 23 new customers in Australia, Austria, Belgium, Canada, Germany, Italy, New Zealand, Switzerland, South Korea and the US.

In 2013, we anticipate continued strong interest from the US, our largest market, and Europe and Asia, where we are involved in numerous sales activities both independently and together with our partners. The positive trend continues. In January, we were able to present our first orders from Spain and France.

We also continued to build our sales and service organization. In Asia, we worked intensely with our distributors in South Korea, where sales are progressing at full speed, and in China, where we expect to receive regulatory approval shortly. We are also working on establishing sales offices in new markets and we are planning to recruit additional sales staff in Europe.

### COOPERATION WITH SIEMENS TERMINATED

The cooperation with Siemens was terminated in December following Siemens's decision to leave the radiation therapy field. As a result of the termination, RaySearch obtained a one-off payment of approximately EUR 1 M and certain intellectual property rights. In conjunction with the termination, a minor write-down of capitalized development expenses was recorded concerning the software that was developed specifically for Siemens and is not reusable in any other product.

### STRONG REVENUE INCREASE

Sales of partner products rose in 2012, due to sales via Philips being higher than in 2011. Revenues via Nucletron, Accuray, IBA Dosimetry and Varian remained largely unchanged.

The sharply increasing sales of RayStation® combined with sales of partner products entailed a 44.4-percent rise in revenues to SEK 182.1 M (126.1). Profit for the period increased slower than the revenues, to SEK 19.9 M (17.0). This was primarily due to the build-up of infrastructure for selling and marketing RayStation® leading to higher costs than in 2011, and to higher legal fees in the US resulting from the patent dispute with Prowess. It is also worth mentioning that cash flow rose to SEK 33.3 M (neg: 46.2).

## **PATENT PROCESS CONTINUES**

In May 2011 we were sued by the US company Prowess, which claims that we have infringed on a US patent that they license. We believe there is no infringement and in addition, that the patent should be invalidated since there is prior art in numerous older publications describing the same methods. We have a strong defense and hope to win the case.

The process continues and we are focusing a great deal of energy on the matter to defend ourselves in the best possible manner. It is still difficult to predict how long it will take to resolve the dispute and the total costs this will entail for RaySearch. However, it is clear that we will continue to incur substantial legal costs in 2013.

## **CONTINUED FOCUS ON RAYSTATION®**

The year 2013 will be characterized by continued development of a global sales, marketing and support organization for RayStation®. 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 but since there are major fluctuations in deliveries the earnings may also fluctuate from quarter to quarter.

The first version of RayStation® for general use was released in January 2012; in August, we released the next version and we are releasing an additional version any day now. This means that we are maintaining a significantly higher pace of development than our competitors and this development work will continue. RayStation® is already a fantastic product but there is still much we wish to add and we incorporate many improvements suggested by our customers that use the system in a clinical setting. In September, we also signed a license agreement with the world-leading clinic, Princess Margaret Cancer Centre, which entitles us to incorporate very interesting technology for automatic treatment planning into RayStation®. This technology has been developed and tested clinically at Princess Margaret and has major potential to simplify work to develop treatment plans for breast-cancer patients. We will continue to collaborate with our remaining partners parallel to these activities. For example, we are in the process of completing a new version of the quality-assurance system, COMPASS®, jointly with IBA Dosimetry.

We are now past the crucial initial phase of establishing RayStation® in many markets and have already secured customers in 13 countries. While considerable work remains ahead for expanding our sales and service organization, interest in our system is rising continuously and we are involved in an increasing number of ongoing business discussions throughout the world. It is difficult to predict how rapidly the interest will translate into orders and deliveries, but we are looking forward to 2013 with great confidence.

Stockholm, February 14, 2013

Johan Löf  
President and CEO of RaySearch Laboratories AB (publ)

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# SIGNIFICANT EVENTS

## EVENTS DURING THE FOURTH QUARTER OF 2012

### *A total of nine RayStation® orders were received from Austria, Belgium, Germany, New Zealand and the US*

In October, RaySearch received an order for RayStation® from MedAustron in Wiener Neustadt, Austria. MedAustron is an Austrian national interdisciplinary center focused on the treatment of cancer using ion therapy. RayStation® will be used at MedAustron for treatment planning of all radiation treatments, including treatments with protons or carbon ions and also standard radiation treatments. The order was the first for RayStation® in Austria and the first in the field of radiation therapy with carbon ions. The order value exceeded EUR 3.5 M, out of which approximately half was invoiced during the fourth quarter. This makes it the largest order received by RaySearch to date. During the quarter, an order was also received from Europe Hospitals in Brussels, which will thus become the first Belgian customer to use RayStation®. Europe Hospitals will initially use RayStation® for treatment planning of VMAT with Siemens linear accelerators. RaySearch also received its first order in New Zealand, from the private radiation therapy facility, Auckland Radiation Oncology (ARO) in Auckland. ARO has purchased RayStation® as a replacement for the clinic's existing treatment planning system and will use it for all forms of radiation therapy from conventional 3D-CRT to more advanced techniques such as VMAT and adaptive radiation therapy. In addition, RaySearch received orders from a total of six clinics in Germany and the US.

### *Cooperation with Siemens terminated*

In May 2009 RaySearch entered into a long-term development and licensing agreement with Siemens Healthcare. Under the agreement RaySearch provided a number of treatment planning modules for integration in Siemens' *syngo*® Suite for Oncology, which is Siemens' integrated workflow solution for radiation therapy. In December 2012 RaySearch and Siemens agreed to terminate the development and licensing agreement and end the partnership. Under the termination agreement, Siemens paid RaySearch a onetime fee of approximately one million Euros and provided certain IP rights to RaySearch.

## EVENTS AFTER THE END OF THE PERIOD

### *First RayStation® orders from Spain and France received in January*

In January, RaySearch received the first Spanish order for RayStation® from Consorcio Hospitalario Provincial de Castellón (CHPC) in Castellón, Spain. CHPC is a hospital responsible for cancer treatments in the province of Castellón, with 540,000 inhabitants. The hospital's oncological unit treats more than 1,200 patients annually with all forms of external radiation therapy and brachytherapy.

In January, the first French RayStation® order was also received from Institut de Cancérologie Lucien Neuwirth (ICLN) in Saint Priest en Jarez, France. ICLN is a hospital specialized in cancer treatment and is part of the Saint Etienne University. The clinic offers treatments using advanced radiation therapy and cytotoxins and treats 1,900 patients yearly. ICLN will primarily use RayStation® as a complement to the existing treatment planning system to perform advanced techniques such as adaptive radiation therapy or planning of IMRT treatments using multi-criteria optimization.

## FINANCIAL INFORMATION

### SALES AND EARNINGS FOR THE FOURTH QUARTER OF 2012

During the fourth quarter of 2012, sales rose 68.0 percent year-on-year and amounted to SEK 76.9 M (45.8). Operating profit improved during the quarter to SEK 26.2 M (14.6), corresponding to an operating margin of 34.1 percent (32.0). Profit after tax totaled SEK 25.4 M (6.8) during the quarter. Earnings were positively impacted by strongly increasing revenues from RayStation® and the settlement with Siemens, but negatively impacted by higher costs for the development, marketing and expansion of sales and service for RayStation®, as well as legal costs in the US resulting from the patent dispute with Prowess.

### SALES AND EARNINGS FOR FULL-YEAR 2012

#### *Revenues and currency effects*

Total sales for full-year 2012 increased 44.4 percent year-on-year and amounted to SEK 182.1 M (126.1). Sales consist of license revenues via partners and direct sales, as well as support revenues. The total number of licenses sold via partners and direct sales amounted to 1,435 (1,014) and license revenues in 2012 totaled SEK 159.2 M (105.1). The increase in license revenues resulted from a substantial rise in revenues from direct sales of RayStation® and higher sales of products from the partnership with Philips together with the settlement with Siemens. Support revenues in 2012 rose to SEK 22.9 M (21.0).

The company is dependent on exchange-rate trends in the USD and EUR against the SEK, since invoicing is denominated in USD and EUR, while most of the costs are in SEK. During 2012, revenues in USD were recognized at an average exchange rate of SEK 6.69, compared with SEK 6.55 in 2011. During 2012, revenues in EUR were recognized at an average exchange rate of SEK 8.60, compared with SEK 9.05 in 2011. Accordingly, currency effects had a negative impact on sales. At unchanged exchange rates, sales would have increased 45.1 percent compared with 2011. A sensitivity analysis of currency exposure indicates that the impact of a  $\pm 10$  percent change in the average USD exchange rate on operating profit in 2012 was  $\pm$  SEK 8.9 M and that the corresponding effect of a  $\pm 10$  percent change in the average EUR exchange rate was  $\pm$  SEK 6.4 M. The company pursues the currency policy established by the Board of Directors.

#### *Expenses and profit*

Operating profit in 2012 amounted to SEK 22.5 M (27.6), corresponding to an operating margin of 12.4 percent (21.9). Operating expenses, excluding exchange-rate gains and losses, increased SEK 56.0 M compared with the year-earlier period to SEK 154.2 M. Other operating revenues and other operating expenses refer to exchange-rate gains and losses, with the net of these for 2012 amounting to an expense of SEK 2.3 M (income: 0.1). The increase in operating expenses derived mainly from higher marketing and personnel costs for sales and service due to activities related to direct sales of RayStation®, higher amortization of capitalized development costs pertaining to RayStation® and to higher legal costs resulting from the patent dispute with Prowess.

At December 31, 2012, 70 (68) 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 83.6 M (84.9). During 2012, capitalized development costs amounted to SEK 53.4 M (61.5). Amortization of capitalized development costs in 2012 totaled SEK 48.5 M (34.2) including a write-down of SEK 3.3 M as a result of the termination of the Siemens collaboration. After adjustments for capitalization and amortization of development costs, research and development costs totaled SEK 78.7 M (57.6).

Amortization of intangible fixed assets in 2012 amounted to SEK 48.6 M (34.4) and depreciation of tangible fixed assets totaled SEK 1.0 M (0.7). Total amortization and depreciation during 2012 amounted to SEK 49.6 M (35.1). Amortization and depreciation pertained primarily to capitalized development costs.

Profit after tax during 2012 was SEK 19.9 M [17.0], corresponding to a profit per share before and after dilution of SEK 0.58 [0.50]

#### *Geographic distribution of license revenues*

License revenues in 2012 were distributed as follows: North America 32 percent [36], Asia 28 percent [27] and Europe and the rest of the world 40 percent [37].

### **LIQUIDITY AND FINANCING**

Cash flow from operating activities during 2012 rose to SEK 87.5 M [33.9], as a result of improved profit before amortization and a reduction in working capital. Cash flow from investing activities improved to a negative SEK 54.2 M [neg: 63.1].

Cash flow for the year amounted to SEK 33.3 M [neg: 46.2]. At December 31, 2012, cash and cash equivalents amounted to SEK 61.9 M, compared with SEK 28.7 M on December 31, 2011. At the same date, current receivables totaled SEK 61.5 M, compared with SEK 68.0 M on December 31, 2011. The receivables primarily comprised accounts receivables. RaySearch has no interest-bearing liabilities. In September, available credit facilities were increased from SEK 5 M to SEK 20 M.

### **INVESTMENTS**

Fixed assets primarily comprised capitalized development costs. Investments in intangible fixed assets in 2012 amounted to SEK 53.4 M [60.5] and investments in tangible fixed assets to SEK 1.7 M [2.5].

### **EMPLOYEES**

At the end of the fourth quarter, the number of employees in RaySearch was 98 [87]. The average number of employees during 2012 was 92 [78].

### **PARENT COMPANY**

Since in all material respects the financial reporting of the Parent Company matches the financial reporting of the Group, the comments for the Group are also largely relevant for the Parent Company. Capitalization of development costs is recognized in the Group, but not in the Parent Company. In 2012 a write-down was performed of the book value of the subsidiary RaySearch Americas which had a negative impact of SEK 9.2 M on the profit for the parent company.

### **ANNUAL GENERAL MEETING**

The next Annual General Meeting will be held at Grönwaldsalen in the Stockholm Concert Hall, Hötorget 8, Stockholm, on May 22, 2013 at 6:00 p.m. The Annual Report for 2012 will be available at RaySearch's office at Sveavägen 25 in Stockholm, approximately one month prior to the Annual General Meeting.

#### *Proposed dividend*

Since RaySearch is in the midst of an expansive and capital-intensive phase, the Board of Directors proposes that the Annual General Meeting resolve that no dividend be paid for 2012. No dividend was paid for 2011.

**CONSOLIDATED INCOME STATEMENT IN SUMMARY**

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2012	2011	2012	2011
Net sales	182,087	126,103	76,879	45,772
Cost of goods sold	-3,029	-442	-2,667	-60
<b>Gross profit</b>	<b>179,058</b>	<b>125,661</b>	<b>74,212</b>	<b>45,712</b>
Other operating income	2,655	1,067	773	-
Selling expenses	-36,267	-19,215	-13,170	-8,204
Administrative expenses	-39,279	-21,369	-13,644	-6,793
Research and development costs	-78,657	-57,575	-21,939	-15,265
Other operating expenses	-4,964	-945	-	-807
<b>Operating profit</b>	<b>22,546</b>	<b>27,624</b>	<b>26,232</b>	<b>14,643</b>
Result from financial items	1,018	1,078	676	190
<b>Profit before tax</b>	<b>23,564</b>	<b>28,702</b>	<b>26,908</b>	<b>14,833</b>
Tax	-3,701	-11,695	-1,544	-8,040
<b>Profit/loss for the period<sup>1)</sup></b>	<b>19,863</b>	<b>17,007</b>	<b>25,364</b>	<b>6,793</b>
Earnings/loss per share before dilution (SEK)	0.58	0.50	0.74	0.20
Earnings/loss per share after dilution (SEK)	0.58	0.50	0.74	0.20

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2012	2011	2012	2011
Profit for the period	19,863	17,007	25,364	6,793
Translation difference for the period	993	-81	235	141
<b>Profit for the period<sup>1)</sup></b>	<b>20,856</b>	<b>16,926</b>	<b>25,599</b>	<b>6,934</b>

<sup>1)</sup> 100% attributable to shareholders in the Parent Company.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

AMOUNTS IN SEK 000S	DEC 31, 2012	DEC 31, 2011
<b>ASSETS</b>		
Intangible fixed assets	165,926	161,096
Tangible fixed assets	3,711	3,978
<b>Total fixed assets</b>	<b>169,637</b>	<b>165,074</b>
Current receivables	61,515	68,006
Cash and cash equivalents	61,875	28,704
<b>Total current assets</b>	<b>123,390</b>	<b>96,710</b>
<b>TOTAL ASSETS</b>	<b>293,027</b>	<b>261,784</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	217,553	196,697
Deferred tax liabilities	40,966	46,372
Other long-term liabilities	-	642
Accounts payable	11,717	6,582
Other current liabilities	22,791	11,491
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>293,027</b>	<b>261,784</b>
Pledged assets	37,500 <sup>1)</sup>	5,000
Contingent liabilities	See Note	None

**CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY**

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2012	2011	2012	2011
Profit before tax	23,564	28,702	26,908	14,833
Adjusted for non-cash items <sup>2)</sup>	50,551	35,153	15,550	9,556
Taxes paid	-3,010	-3,639	-4,444	-1,416
<b>Cash flow from operating activities before changes in working capital</b>	<b>71,105</b>	<b>60,216</b>	<b>38,014</b>	<b>22,973</b>
Cash flow from changes in working capital	16,346	-26,364	-3,915	-21,540
<b>Cash flow from operating activities</b>	<b>87,451</b>	<b>33,852</b>	<b>34,099</b>	<b>1,433</b>
Cash flow from investing activities <sup>3)</sup>	-54,165	-63,092	-15,689	-16,886
Cash flow from financing activities	-	-16,991	-	-
<b>Cash flow for the period</b>	<b>33,286</b>	<b>-46,231</b>	<b>18,410</b>	<b>-15,453</b>
Cash and cash equivalents at the beginning of the period	28,704	75,016	43,238	44,016
Exchange-rate difference in cash and cash equivalents	-115	-81	227	141
<b>Cash and cash equivalents at the end of the period</b>	<b>61,875</b>	<b>28,704</b>	<b>61,875</b>	<b>28,704</b>

<sup>1)</sup> In September pledged assets were increased to SEK 20 M as collateral for an increase of the committed line of credit to the same amount. In November RaySearch issued a bank guarantee of EUR1.8 M to the Austrian customer MedAustron. Due to this, cash of an equivalent amount has been blocked.

<sup>2)</sup> These amounts include amortization of capitalized development costs.

<sup>3)</sup> These amounts include capitalized development costs

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY**

AMOUNTS IN SEK 000S	JAN-DEC	
	2012	2011
Opening balance	196,697	196,762
Profit for the period	19,863	17,007
Translation difference for the period	993	-81
Dividend paid	-	-16,991
Closing balance	217,553	196,697

**CHANGES IN NUMBER OF SHARES**

	JAN-DEC	
	2012	2011
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		
	2012	2011	2010	2012	2011	2010
Net sales	182,087	126,103	117,728	76,879	45,772	34,758
Operating profit	22,546	27,624	39,873	26,232	14,643	15,371
Operating margin, %	12.4	21.9	33.9	34.1	32.0	44.2
Profit margin, %	12.9	22.8	34.1	35.0	32.4	44.9
Profit for the period	19,863	17,007	28,895	25,364	6,793	11,354
Earnings/loss per share, SEK	0.58	0.50	0.84	0.74	0.20	0.33
Return on capital employed, %	11.4	14.6	21.0			
Return on equity, %	9.6	8.6	15.1			
Equity/assets ratio, %	74.2	75.4	76.9			
Adjusted equity per share at the end of the period, SEK	6.35	5.74	5.74			
Share price at the end of the period, SEK	20.80	14.45	38.0			
Dividend per share	-	-	0.50			

**PARENT COMPANY INCOME STATEMENT IN SUMMARY**

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2012	2011	2012	2011
Net sales	181,289	131,827	77,660	51,130
Cost of goods sold	-265	-442	-151	-60
<b>Gross profit</b>	<b>181,024</b>	<b>131,385</b>	<b>77,509</b>	<b>51,070</b>
Other operating income	1,032	1,067	922	-
Selling expenses	-19,366	-10,564	-7,691	-4,418
Administrative expenses	-38,673	-21,346	-13,051	-6,786
Research and development costs	-83,559	-84,886	-22,159	-22,682
Other operating expenses	-3,341	-945	-149	-807
<b>Operating profit</b>	<b>37,117</b>	<b>14,711</b>	<b>35,381</b>	<b>16,377</b>
Result from financial items	-8,889	940	-9,215	181
<b>Profit after financial items</b>	<b>28,228</b>	<b>15,651</b>	<b>26,166</b>	<b>16,558</b>
Appropriations	-4,985	9,800	-4,985	1,373
<b>Profit before tax</b>	<b>23,243</b>	<b>25,451</b>	<b>21,181</b>	<b>17,931</b>
Tax	-9,035	-7,077	-8,139	-6,450
<b>Profit for the period</b>	<b>14,208</b>	<b>18,374</b>	<b>13,042</b>	<b>11 481</b>

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME**

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2012	2011	2012	2011
Profit for the period	14,208	18,374	13,042	11,481
Translation difference for the period	-	-	-	-
<b>Comprehensive income for the period</b>	<b>14,208</b>	<b>18,374</b>	<b>13,042</b>	<b>11 481</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

AMOUNTS IN SEK 000S	DEC 31, 2012	DEC 31, 2011
<b>ASSETS</b>		
Intangible fixed assets	44	117
Tangible fixed assets	3,124	3,978
Financial fixed assets	2,171	11,420
<b>Total fixed assets</b>	<b>5,339</b>	<b>15,515</b>
Current receivables	84,140	73,539
Cash and cash equivalents	56,682	25,399
<b>Total current assets</b>	<b>140,822</b>	<b>98,938</b>
<b>TOTAL ASSETS</b>	<b>146,161</b>	<b>114,453</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	95,400	81,193
Untaxed reserves	20,326	15,341
Accounts payable	10,047	6,497
Other current liabilities	20,388	11,422
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>146,161</b>	<b>114,453</b>
Pledged assets	37,500	5,000
Contingent liabilities	See Note	None

**NOTE**

In May 2011, the US company Prowess filed a lawsuit against RaySearch at a court in Baltimore, Maryland, USA. Prowess claims that RaySearch has infringed on a US patent for which Prowess has the license. RaySearch believes that there is no infringement and in addition, that the patent should be invalidated since there is prior art in numerous older publications describing the same methods. The court process is continuing and it is difficult to predict how long it will take to resolve the dispute and the total costs this will entail for RaySearch. However, it is clear that RaySearch will be forced to continue paying substantial legal costs in 2013 to defend the company in the best possible manner.

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## OTHER INFORMATION

### ACCOUNTING POLICIES IN ACCORDANCE WITH IAS/IFRS

This year-end 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 bases 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 2012 did not affect RaySearch during the year and no known changes are expected to affect RaySearch in 2013.

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 and Accuray. 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 78 of the 2011 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 recognized amounts of 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 those used in the most recent Annual Report.

### REVIEW

This year-end report has not been reviewed by the company's auditors.

Stockholm, February 14, 2012

Erik Hedlund  
*Chairman of the Board*

Johan Löf  
*President and Board member*

Carl Filip Bergendal  
*Board member*

Hans Wigzell  
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**FINANCIAL REPORTING**

Interim report for the first quarter	May 16, 2013
Annual General Meeting	May 22, 2013
	The Annual General Meeting will be held at Stockholm Concert Hall, Grünewaldsalen, Hötorget 8, Stockholm
Interim report for the first six months	August, 2013

**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 primarily via license agreements with such leading partners as Philips, Nucletron, IBA Dosimetry, Varian and Accuray. To date, 15 products have been launched via partners and RaySearch's software is used by more than 2,000 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.

More information about RaySearch is available at [www.raysearchlabs.com](http://www.raysearchlabs.com).