

# RAYSEARCH LABORATORIES AB (PUBL)

INTERIM REPORT JANUARY 1 – JUNE 30, 2012

## JANUARY 1 – JUNE 30, 2012

- Net sales for the period amounted to SEK 65.0 M (47.6)
- Loss after tax of SEK 4.0 M (profit: 1.3) was reported and loss per share was SEK 0.12 (earnings: 0.04)
- Operating loss was SEK 3.2 M (profit: 2.0)
- Cash flow amounted to SEK 21.1 M (deficit: 27.0)
- The first complete version of RayStation® was released in January
- A total of eleven orders were received for RayStation® from Italy, Canada, South Korea, Switzerland, Germany and the US
- Distribution agreement was signed for the Spanish market

”We are now in the middle of a phase of rapid expansion of our infrastructure for global sales and support of RayStation®. So even though the revenues increased significantly, these extensive investments contributed to a loss for the period”, says Johan Löf, CEO of RaySearch.

” We have already secured several key orders for RayStation® and market interest in the system keeps increasing. It is difficult to predict how rapidly this interest will be converted into orders and deliveries, but considering the number of exciting discussions in progress with clinics, my view of the remainder of the year is very positive”, concludes Johan Löf.

## SUMMARY OF FINANCIAL RESULTS

AMOUNTS IN SEK 000S	JAN–JUN		APR–JUN		FULL-YEAR
	2012	2011	2012	2011	2011
Net sales	65,005	47,570	26,556	24,523	126,103
Operating profit/loss	-3,240	1,964	-9,958	-119	27,624
Operating margin, %	-5.0	4.1	-37.5	-0.5	21.9
Profit/loss for the period	-4,037	1,265	-8,654	-332	17,007
Earnings/loss per share, SEK	-0.12	0.04	-0.25	0.00	0.50
Share price at the end of the period, SEK	21.00	24.00			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 August 28, 2012 at 7:45 a.m.

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## CEO COMMENTS

### RAYSTATION® CONTINUES TO GAIN GROUND

The first half year was an exciting period with several key orders secured for our proprietary RayStation® treatment planning system. The order from Princess Margaret Hospital (PMH) in Canada was a major breakthrough. PMH is known internationally as one of the leading institutions in the battle against cancer and a pioneer in image-guided and adaptive radiation therapy. Another highly positive development was the receipt in April of our first two RayStation® orders from Asia, the most important growth region for radiation therapy. One of the orders was for treatment planning of proton therapy from Samsung Medical Center and the other order for treatment planning for conventional radiation therapy from Hallym University Medical Center. Both clinics are located in Seoul, South Korea. We also secured several key orders in Europe and the US, giving us a total of 11 orders from Italy, Canada, Switzerland, South Korea, Germany and the US.

We also continued to build up our sales and service organization. In May, we signed a distribution agreement with a renowned Spanish distributor and RaySearch's management group was expanded in the summer when our new Sales and Marketing Manager, Peter Kemlin, joined the company. He has extensive experience from various sales positions in the field of radiation therapy as well as in other sectors. Peter Kemlin will have global responsibility for coordinating our sales activities, which is a major assignment since we have a large number of ongoing discussions with customers and are involved in numerous marketing activities. In early August, we returned from the annual AAPM radiation therapy meeting in Charlotte, South Carolina, where we participated as exhibitors. We conducted more demonstrations than ever at the exhibition and interest in RayStation® remained very high in the US market. Accordingly, the potential to continue securing orders for the remainder of the year remains favorable.

### STRONG REVENUE GROWTH BUT EARNINGS DECLINED TO A LOSS

Sales of partner products rose somewhat during the first half of the year. Sales via Philips, Nucletron and IBA Dosimetry were slightly higher, year-on-year. Revenues via Accuray and Varian largely unchanged. The cooperation with Siemens is being terminated following Siemens' decision to leave the radiation therapy field. It is currently difficult to say what this will entail, but regardless of the direction chosen by Siemens, RaySearch is guaranteed revenues from this cooperation for several more years.

Combined with the sharply increasing sales of RayStation®, this entailed that revenues rose 36.7 percent to SEK 65.0 M (47.6). However, earnings for the period declined to a loss of SEK 4.0 M, primarily due to the development of sales and marketing for RayStation® generating higher costs than a year earlier. Second-quarter revenues from RayStation® were lower than in the first quarter. RayStation® shipments vary considerably from quarter to quarter and a major delivery was made in Canada during the first quarter. In the second quarter few systems were delivered, and the revenues were consequently lower, as certain deliveries were postponed to the third quarter. It is also important to note that despite the loss recorded for the period, the cash flow increased to SEK 21.1 M (neg. 27.0).

### 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, together with our lawyers, 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 incur substantial legal costs in 2012.

### **CONTINUED FOCUS ON RAYSTATION®**

The remainder of 2012 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 and as early as during the coming weeks we will be releasing the next version. This means that we are maintaining a significantly higher development pace 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 will also work on proposals for improvements from our customers that use the system clinically. In parallel, we continue the development programs together with our partners. For example, we are in the process of completing a new version of the quality assurance system COMPASS® jointly with IBA Dosimetry. The new version will be launched in 2012.

We have already secured many key orders for RayStation® and market interest in the system keeps increasing. It is difficult to predict how rapidly this interest will be converted into orders and deliveries, but considering the number of exciting discussions in progress with clinics, my view of the remainder of the year is very positive.

Stockholm, August 28, 2012

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

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## SIGNIFICANT EVENTS

### EVENTS DURING THE SECOND QUARTER OF 2012

#### *A total of five orders for RayStation® received from Italy, South Korea and the US*

In April, RaySearch announced that it had received the first two orders for RayStation® on the Asian market from Samsung Medical Center (SMC) and Hallym University Medical Center in Seoul, South Korea. SMC has a large cancer center that offers a number of advanced treatment solutions based on radiation therapy and the center is also building a new unit for proton therapy. Proton therapy is the most refined form of radiation therapy and facilitates even higher precision than IMRT with photons. SMC has ordered RaySearch's RayStation® treatment planning system for planning of all proton treatments. Hallym University Medical Center is one of the largest medical institutions in South Korea. It has ordered RayStation® for both conventional 3D-CRT treatments and for more advanced treatments such as IMRT and VMAT. During the quarter, RaySearch also received orders from The Carol and Ray Neag Comprehensive Cancer Center in Storrs, Connecticut, USA, The Helen F. Graham Cancer Center in Newark, Delaware, USA, and from an Italian clinic.

#### *Distribution agreement signed for Spain*

In May, RaySearch signed an exclusive distribution agreement with the Spanish distributor Bioterra, based in Madrid. The agreement entails that Bioterra will be responsible for marketing, sales and service of RayStation® in the Spanish market. Spain is one of the largest markets for radiation therapy in Europe, with more than 120 clinics. Bioterra is a leading distributor of radiation therapy equipment in Spain and represents a spectrum of international radiation therapy companies in various areas.

### EVENTS AFTER THE END OF THE PERIOD

No significant events occurred after the end of the period.

## FINANCIAL INFORMATION

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

During the second quarter of 2012, sales rose 8.6 percent year-on-year to SEK 26.6 M [24.5]. The operating result declined during the quarter to a loss of SEK 10.0 M (loss: 0.1), corresponding to a negative operating margin of 37.5 percent (neg: 0.3). The loss after tax for the quarter was SEK 8.7 M (loss: 0.5). The earnings decline was due primarily to higher costs for the development, marketing and expansion of sales and service for RayStation®.

### SALES AND EARNINGS FOR THE FIRST HALF OF 2012

#### *Revenues and currency effects*

During the first half of 2012, sales rose 36.7 percent year-on-year to SEK 65.0 M [47.6]. 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 640 [421] and license revenues during the first half of 2012 totaled SEK 54.7 M [38.8]. The increase in license revenues resulted from a rise in revenues from direct sales of RayStation®. Support revenues in the first half of 2012 rose to SEK 10.3 M [8.8].

The company is dependent on exchange-rate developments 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 the first half of 2012, revenues in USD were recognized at an average exchange rate of SEK 6.77, compared with SEK 6.27 in the year-earlier period. During the first half of 2012, revenues in EUR were recognized at an average exchange rate of SEK 8.87, compared with SEK 8.93 in the year-earlier period. Accordingly, currency effects had a positive impact on sales. At unchanged exchange rates, sales would have increased 29.9 percent year-on-year. 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 the first half of 2012 was  $\pm$  SEK 4.6 M and that the corresponding effect of a  $\pm 10$  percent change in the average EUR exchange rate was  $\pm$  SEK 1.0 M. The company pursues the currency policy established by the Board of Directors.

#### *Operating expenses and revenues*

An operating loss of SEK 3.2 M (profit: 2.0) was reported in the first half of 2012, corresponding to a negative operating margin of 5.0 percent (pos: 4.1). Operating expenses, excluding exchange-rate gains and losses, increased SEK 23.2 M to SEK 68.1 M, compared with the year-earlier period. Other operating revenues and other operating expenses refer to exchange-rate gains and losses, with the net of these for the first half of 2012 amounting to income of SEK 0.1 M (expense: 0.4). 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®, and to higher costs resulting from the patent dispute with Prowess.

As of June 30, 2012, 68 [64] 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 42.7 M [43.3]. During the first half of 2012, capitalized development costs amounted to SEK 26.9 M [30.1]. Amortization of capitalized development costs in the first half of 2012 amounted to SEK 21.6 M [16.1]. After adjustments for capitalization and amortization of development costs, research and development costs totaled SEK 37.4 M [29.2].

Amortization of intangible fixed assets in the first half of 2012 amounted to SEK 21.6 M (16.1) and depreciation of tangible fixed assets totaled SEK 0.6 M (0.3). Overall, amortization and depreciation during the first half of 2012 totaled SEK 22.2 M (16.4). Amortization and depreciation pertained primarily from capitalized development costs.

The loss after tax for the first half of 2012 was SEK 4.0 M (profit: 1.3), corresponding to loss per share of SEK 0.12 (earnings: 0.04).

#### ***Geographic distribution of license revenues***

License revenues in the first half of 2012 were distributed as follows: North America 40 percent (31), Asia 32 percent (32), Europe and the rest of the world 28 percent (37).

### **LIQUIDITY AND FINANCING**

Cash flow from operating activities during the first half of 2012 rose to SEK 49.0 M (21.2), which was primarily attributable to a reduction in working capital. Cash flow from investing activities improved to a negative SEK 27.9 M (neg: 31.2).

Cash flow for the period amounted to SEK 21.1 M (neg: 27.0). At June 30, 2012, cash and cash equivalents amounted to SEK 49.8 M, compared with SEK 47.9 M on June 30, 2011. At June 30, 2012, current receivables totaled SEK 39.8 M, compared with SEK 37.7 M on June 30, 2011. The current receivables primarily comprised accounts receivables. RaySearch has no interest-bearing liabilities.

### **INVESTMENTS**

Fixed assets primarily comprised capitalized development costs. Investments in intangible fixed assets in the first half of 2012 amounted to SEK 26.9 M (30.1) and investments in tangible fixed assets to SEK 1.6 M (1.7).

### **EMPLOYEES**

At the end of the first half of 2012, the number of employees in RaySearch was 91 (77). The average number of employees during the January – June, 2012 period was 88 (73).

### **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.

## CONSOLIDATED INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000S	JAN–JUNI		APR–JUN		FULL-YEAR
	2012	2011	2012	2011	2011
Net sales	65,005	47,570	26,556	24,523	126,103
Cost of goods sold	-249	-346	-213	-56	-442
<b>Gross profit</b>	<b>64,756</b>	<b>47,224</b>	<b>26,343</b>	<b>24,467</b>	<b>125,661</b>
Other operating income	1,882	318	1,882	318	1,067
Selling expenses	-15,305	-6,098	-9,565	-4,181	-19,215
Administrative expenses	-15,444	-9,545	-8,564	-5,020	-21,369
Research and development costs	-37,357	-29,241	-20,054	-15,703	-57,575
Other operating expenses	-1,772	-694	-	-	-945
<b>Operating profit/loss</b>	<b>-3,240</b>	<b>1,964</b>	<b>-9,958</b>	<b>-119</b>	<b>27,624</b>
Result from financial items	239	609	114	360	1,078
<b>Profit/loss before tax</b>	<b>-3,001</b>	<b>2,573</b>	<b>-9,844</b>	<b>241</b>	<b>28,702</b>
Tax	-1,036	-1,308	1,190	-573	-11,695
<b>Profit/loss for the period<sup>1)</sup></b>	<b>-4,037</b>	<b>1,265</b>	<b>-8,654</b>	<b>-332</b>	<b>17,007</b>
Earnings/loss per share before dilution (SEK)	-0.12	0.04	-0.25	0.00	0.50
Earnings/loss per share after dilution (SEK)	-0.12	0.04	-0.25	0.00	0.50

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000S	JAN–JUNI		APR–JUN		FULL-YEAR
	2012	2011	2012	2011	2011
Profit/loss for the period	-4,037	1,265	-8,654	-332	17,007
Translation difference for the period	2	-92	-255	2	-81
<b>Comprehensive income/loss for the period<sup>1)</sup></b>	<b>-4,035</b>	<b>1,173</b>	<b>-8,909</b>	<b>-330</b>	<b>16,926</b>

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000S	JUN 30, 2012	JUN 30, 2011	DEC 31, 2011
<b>ASSETS</b>			
Intangible fixed assets	166,361	147,878	161,096
Tangible fixed assets	4,482	4,097	3,978
Deferred tax assets	-	3,842	-
<b>Total fixed assets</b>	<b>170,843</b>	<b>155,817</b>	<b>165,074</b>
Current receivables	39,758	37,665	67,220
Cash and cash equivalents	49,771	47,904	28,704
<b>Total current assets</b>	<b>89,529</b>	<b>85,569</b>	<b>95,924</b>
<b>TOTAL ASSETS</b>	<b>260,372</b>	<b>241,386</b>	<b>260,998</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	192,662	180,944	196,697
Deferred tax liabilities	47,768	43,240	46,372
Other long-term liabilities	642	642	642
Accounts payable	5,248	4,939	6,582
Other current liabilities	14,052	11,621	10,705
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>260,372</b>	<b>241,386</b>	<b>260,998</b>
Pledged assets	5,000	5,000	5,000
Contingent liabilities	See Note	None	None

## CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000S	JAN–JUNI		APR–JUN		FULL-YEAR
	2012	2011	2012	2011	2011
Profit/loss before tax	-3,001	2,573	-9,844	241	28,702
Adjusted for non-cash items <sup>1)</sup>	22,093	16,357	10,109	8,483	35,153
Taxes paid	1,925	-1,717	-913	-1,203	-3,639
<b>Cash flow from operating activities before changes in working capital</b>	<b>21,017</b>	<b>17,213</b>	<b>-648</b>	<b>7,521</b>	<b>60,216</b>
Cash flow from changes in working capital	28,003	3,952	25,157	2,807	-26,364
<b>Cash flow from operating activities</b>	<b>49,020</b>	<b>21,165</b>	<b>24,509</b>	<b>10,328</b>	<b>33,852</b>
Cash flow from investing activities <sup>2)</sup>	-27,942	-31,194	-14,373	-17,099	-63,092
Cash flow from financing activities	-	-16,991	-	-16,991	-16,991
<b>Cash flow for the period</b>	<b>21,078</b>	<b>-27,020</b>	<b>10,136</b>	<b>-23,762</b>	<b>-46,231</b>
Cash and cash equivalents at the beginning of the period	28,704	75,016	39,572	71,664	75,016
Exchange-rate difference in cash and cash equivalents	-11	-92	63	-2	-81
<b>Cash and cash equivalents at the end of the period</b>	<b>49,771</b>	<b>47,904</b>	<b>49,771</b>	<b>47,904</b>	<b>28,704</b>

<sup>1)</sup> These amounts include amortization of capitalized development costs.

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000S	JAN–JUN		FULL-YEAR
	2012	2011	2011
Opening balance	196,697	196,762	196,762
Profit/loss for the period	-4,037	1,265	17,007
Translation difference for the period	2	-92	-81
Dividend paid	-	-16,991	-16,991
Closing balance	192,662	180,944	196,697

Dividend of SEK 0.50 per share was paid out with a record day of May 30, 2011.

## CHANGES IN NUMBER OF SHARES

	JAN–JUN	FULL-YEAR
	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–JUN			FULL-YEAR
	2012	2011	2010	2011
Net sales	65,005	47,570	60,908	126,103
Operating profit/loss	-3,240	1,964	23,764	27,624
Operating margin, %	-5.0	4.1	39.0	21.9
Profit/loss margin, %	-4.6	2.7	39.0	22.8
Profit/loss for the period	-4,037	1,265	17,354	17,007
Earnings/loss per share, SEK	-0.12	0.04	0.51	0.50
Return on capital employed, %	neg	10.3	27.6	14.6
Return on equity, %	neg	7.0	20.3	8.6
Equity/assets ratio, %	74.0	75.0	76.3	75.4
Adjusted equity per share at the end of the period, SEK	5.62	5.28	5.40	5.74
Share price at the end of the period, SEK	21.00	24.00	32.80	14.45

## PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000S	JAN–JUN		APR–JUN		FULL-YEAR
	2012	2011	2012	2011	2011
Net sales	63,282	47,570	26,556	24,523	131,827
Cost for goods sold	-77	-346	-41	-56	-442
<b>Gross profit</b>	<b>63,205</b>	<b>47,224</b>	<b>26,515</b>	<b>24,467</b>	<b>131,385</b>
Other operating income	110	-	1,882	318	1,067
Selling expenses	-7,543	-3,174	-4,866	-2,426	-10,564
Administrative expenses	-15,447	-9,535	-8,570	-5,013	-21,346
Research and development costs	-42,662	-43,272	-22,981	-23,174	-84,886
Other operating expenses	-	-376	-	-	-945
<b>Operating profit/loss</b>	<b>-2,337</b>	<b>-9,133</b>	<b>-8,020</b>	<b>-5,828</b>	<b>14,711</b>
Result from financial items	239	489	121	173	940
<b>Profit/loss after financial items</b>	<b>-2,098</b>	<b>-8,644</b>	<b>-7,899</b>	<b>-5,655</b>	<b>15,651</b>
Appropriations	-	8,427	-	8,427	9,800
<b>Profit/loss before tax</b>	<b>-2,098</b>	<b>-217</b>	<b>-7,899</b>	<b>2,772</b>	<b>25,451</b>
Taxes	360	179	1,936	-819	-7,077
<b>Profit/loss for the period</b>	<b>-1,738</b>	<b>-38</b>	<b>-5,963</b>	<b>1,953</b>	<b>18,374</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000S	JAN–JUN		APR–JUN		FULL-YEAR
	2012	2011	2012	2011	2011
Profit/loss for the period	-1,738	-38	-5,963	1,953	18,374
Translation difference for the period	-	-	-	-	-
<b>Comprehensive income/expense for the period</b>	<b>-1,738</b>	<b>-38</b>	<b>-5,963</b>	<b>1,953</b>	<b>18,374</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

AMOUNTS IN SEK 000S	JUN 30, 2012	JUN 30, 2011	DEC 31, 2011
<b>ASSETS</b>			
Intangible fixed assets	76	179	117
Tangible fixed assets	4,004	4,097	3,978
Financial fixed assets	12,813	5,249	11,420
Deferred tax assets	-	3,842	-
<b>Total fixed assets</b>	<b>16,893</b>	<b>13,367</b>	<b>15,515</b>
Current receivables	62,754	37,609	72,753
Cash and cash equivalents	33,433	44,802	25,399
<b>Total current assets</b>	<b>96,187</b>	<b>82,411</b>	<b>98,152</b>
<b>TOTAL ASSETS</b>	<b>113,080</b>	<b>95,778</b>	<b>113,667</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	79,454	62,781	81,193
Untaxed reserves	15,341	16,713	15,341
Accounts payable	5,173	4,887	6,497
Other current liabilities	13,112	11,397	10,636
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>113,080</b>	<b>95,778</b>	<b>113,667</b>
Pledged assets	5,000	5,000	5,000
Contingent liabilities	See Note	None	None

**NOTE**

In May 2011 the US company Prowess sued RaySearch in a court in Baltimore, Maryland, USA. Prowess claims that RaySearch has infringed on a US patent that Prowess licenses. RaySearch believes 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 continues and it is 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 RaySearch will have to continue to bear substantial legal costs in 2012 to mount a proper defense.

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## 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 2012 have not affected RaySearch during the period and no known changes are expected to affect RaySearch in 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 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 interim report requires that company management makes estimates that affect the reported 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 in the most recent Annual Report.

### REVIEW

This interim report has not been reviewed by the Auditor of the Company.

The Board of Directors and President give their assurance that the six-month report provides a true and fair view of the Group and Parent Company's operation, position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, August 28, 2012

Erik Hedlund  
*Chairman*

Johan Löf  
*President and Board member*

Carl Filip Bergendal  
*Board member*

Hans Wigzell  
*Board member*

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**FINANCIAL REPORTING**

Interim report for the third quarter  
Year-end report

November 16, 2012  
February 14, 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 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 over 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).