

C- RAD AB (Publ), Half-year report 1 January - 30 June 2013

Key events during the period

- Net Sales for the period amounted to SEK 16.4 M (9.8)
- EBITDA were SEK -12.7 M (-10.1)
- Loss after tax was SEK -16.3 M (-12.7)
- Order back log amounted to SEK 20.2 M (16.7)
- Order entry was SEK 18.8 M (14.4)
- Earnings per share before dilution were SEK -0.96 (- 0.80)
- Equity ratio was 65 % (57 %)
- Cash amounted to SEK 20 812 M (10 596)
- At the end of the period the number of employees amounted to 28 (21)
- C-RAD has signed a cooperation and distribution agreement with ScandiDos for the North American Market
- Expansion of the direct sales force in DACH and US
- Sales success with new laser products in Malaysia
- Orders of Catalyst and Sentinel systems for the US Market
- C-RAD signed an agreement to acquire the Belgian company 29 percent of Cyrpa International SPRL with subsidiaries and obtained an option to acquire the remaining 71 percent
- The acquisition of Cyrpa is financed by a rights issue
- Elekta and C-RAD signed an development- and distribution agreement for respiratory gating in radiation therapy
- Agreement was signed with Cablon Medical to develop and sell an integrated solution for use in dosimetry and portal imaging. Cablon Medical is getting the right to sell integrated solutions in the BeNeLux countries.

Key events after the period

- Tim Thurn was appointed as CEO of C-RAD AB
- Successful testing of Catalyst Gating Interface
- First orders of the newly developed C-RAD/Cyrpa System
- Good clinical image quality on the chest region with GEMini detector

Comment by the CEO, Tim Thurn:

“The first half of 2013 showed a positive development of the operations. We increased the order intake by 30 percent and the revenue by 30 percent compared to the same period in the previous year. This positive trend has continued in the current quarter.

The increase in costs is mainly caused by three parameters: The investments for the acquisition of the French/Belgium Company Cyrpa, the costs connected to the change of listing to NASDAQOMX Nordic and the strategic expansion of the group.

The newly developed version of the Gemini Detector shows good results for clinical images in the chest region. The effectiveness of the implemented changes has been shown. The quality of the clinical images from the in the pelvic region however requires further refinements.

C-RAD took important steps during the current year to develop the organization for a successful future:

- With the investment in Cyrpa, C-RAD offers a broad product spectrum as well as it leads to a more efficient sales force. The first orders synergies have been presented within four months after the investment. Important for the organization are also the synergies between the two products. A common software platform has been developed to answer the customer's demand for simplification and workflow optimization. The combination of both product lines makes C-RAD an even more attractive partner for clinical end customers and OEM partners.
- The market has shown that the C-RAD product line is attractive and fully accepted by the clinics. Therefore the focus was to expand the sales presence on the core markets. C-RAD increased the sales force in the US, through new employments and the strategic partnership with ScandiDos. Now both companies together are represented with seven persons in sales and support, which allows C-RAD to be closer to the customer. Sales in the US is slowly ramping up again after a weak 2012.
- The cooperation with Elekta is developing according to the schedule. An important milestone was the successful test in Kuopio. The next step will be the joint validation. All necessary items have been planned and will be performed in close cooperation between C-RAD and Elekta. After the successful validation Catalyst and Sentinel will be listed in the Elekta price book. The gating interface from Elekta has already been released.

I am looking forward to a successful second half of the year 2013.”

C-RAD AB (publ)**Half-year report****1 January - 30 June 2013**

Figures in brackets refer to the corresponding period in 2012.

The board of Directors and the Managing Director of C-RAD AB (publ) hereby present the interim report for the period 1 January - 30 June 2013.

The company

C-RAD is developing new innovative solutions for use in radiation therapy. The group is offering products and systems for positioning, imaging and radiation therapy of the patient. End users are radiation therapy clinics all over the world.

All product development is performed by the fully owned subsidiaries C-RAD Positioning AB, C-RAD Imaging AB and C-RAD Innovation AB. C-RAD Imaging AB is located in the city of Östersund while the other companies are located in Uppsala. The group has two fully owned sales companies C-RAD Incorporated, located in Florida, with focus on the North American market and C-RAD GmbH located in Berlin focusing on the DACH region. C-RAD WOFE, in the process of being founded, has an office in Shanghai, China. No product development is performed by the foreign subsidiaries.

The number of employees was 28 at the end of June.

C-RAD has a minority interest in the Belgian company Cyrpa International. The company has subsidiaries in France and the USA.

The activities of C-RAD AB are originating from research and development at Karolinska Institutet in Solna and KTH Royal School of

Technology in Stockholm. The spin-offs were accomplished during 2001 to 2004.

The C-RAD solutions have especially been designed for use in advanced radiation therapy.

The class B- share of the parent Company C-RAD AB was listed at Aktietorget in July 2007. On the 15th of February 2010 C-RAD was approved by NASDAQOMX First North Premier. The first day of trading of the B-share was in March 2010. Erik Penser Bankaktiebolag has from August 2012 been appointed as Certified Advisor of C-RAD.

Key events during the period

- C-RAD has signed a cooperation agreement with the company ScandiDos from Uppsala to merge sales resources for the important North American market. Both companies are working in the field of Radiation Therapy and contribute with their products to improve quality and precision of cancer treatments. The objective of this strategic partnership is to increase the presence to the customers, utilize synergies and thereby be more efficient in sales.
- C-RAD continued to invest in the direct sales force on the core markets, namely US and DACH. In the US Matt Kelly has been employed as Regional Sales Manager. Based in San Francisco he is covering Radiation Therapy centers at the West Coast for the C-RAD and ScandiDos product portfolio. Matt has a long experience in selling products for patient positioning within radiation therapy.
- For the German Speaking countries a new Sales Manager has been employed. Franco Canestri is located in the economical important southern part of Germany. He is covering the C-RAD and Cyrpa product portfolio in the Region Germany, Austria and Switzerland to clinical customers and

also to strategic partners as linac and CT vendors.

- As part of the acquisition of Cyrpa Medical Security sales forces between both companies have merged. Existing sales channels and agreements with distributors have been modified and therewith the sales network mutually been increased. As a first result C-RAD sold a Cyrpa System for Virtual Simulation in the CT room in Malaysia. Delivery and installation will take place in Q3.
- A broadening of the product program is required to be able to develop and strengthen C-RAD's sales organization. C-RAD signed an agreement to acquire the Belgian company Cyrpa International. In the first phase C-RAD acquired 29 percent of the company's shares and has an option to acquire the remaining 71 percent during 2016. The manufacturing of Cyrpa's products was moved to C-RAD's headquarters in Uppsala during the spring.

Cyrpa has developed and introduced new innovative products for virtual simulation and for radiation therapy. Cyrpa is the only company with systems that instantaneous can switch between red and green light. With its Smart Phantoms the system can be calibrated with an accuracy of 0.1 millimeter. The calibration procedure takes just a few minutes. With the competitor's existing technologies this procedure is time consuming and takes time for the staff at the radiation clinics. By integration of the C-RAD and Cyrpa programs we will as the only vendor be able to offer complete and innovative solutions for use both at the computer tomograph and at the linear accelerator.
- The acquisition of the minority share in Cyrpa was financed by a capital increase. A rights share issue was executed during March 2013. The issue together with the use of an over-subscription option and

subscription of a new convertible loan from Norrlandsfonden the company raised SEK 41.6 M after issue expenses.

- Elekta and C-RAD have signed a sales and distribution agreement. Elekta will sell C-RAD's Catalyst systems for respiratory gating in radiation therapy. Respiratory gating is frequently used when the target volume is close to the cardiac muscle and by that there is a high risk of radiation injury on the organ.
- IBA has placed a frame order for deliveries 2013 of diod detectors to a value of SEK 6.2 M. The detectors are used for in vivo dosimetry and quality assurance at the radiation clinics.
- C-RAD has developed an interface to communicate with General Electric's computer tomographs. The results are expected in the fourth quarter.
- An agreement was signed with the Dutch company Cablon Medical. C-RAD will receive a license to sell the software of Cablon Medical for use in dosimetry applications. At same time Cablon will get the right to sell the GEMini system to its customers in the BeNeLux countries.
- Elekta in China has altogether placed six orders of Sentinel systems. After SFDA clearance the Sentinel systems will as a standard be offered together with the Elekta Axxess system. The clearance is expected to be in place during the second half of 2013. Through C-RAD's activities in Shanghai two orders of Catalyst systems have been received.

Key events after the period

- Tim Thurn has been appointed as CEO for C-RAD AB. Tim Thurn has joined the C-RAD group in May 2011. Since then he has been responsible for the operations and strategy within C-RAD Positioning AB. Prior to his assignment at C-RAD

Positioning AB he was heading the sales activities in the EMEA region for the German company LAP. During the last six years he has been working in the field of radiotherapy with a focus on patient positioning.

- C-RAD got important orders for the US market. Delivery and installation for these projects is scheduled for Q3 and Q4.
- Erling Tomasson has been appointed as CFO. Erling Tomasson worked at Deloitte from 2000 to 2012. In 2007 Erling became partner at Deloitte Iceland. He has broad knowledge within accounting and finance and during his time at Deloitte he led both IFRS Service Line and Transaction Service Line within the Financial Advisory. Erling joined C-RAD in August.
- Successful testing of Catalyst Gating Interface. The interface to Elekta Gating has been implemented in the Catalyst System. The first setup of C-RAD Catalyst together with an Elekta Linac in Europe was installed at the University Hospital in Kuopio Finland. C-RAD performed successfully the tests of their implementation of the Elekta Gating interface.
- The first system of the unique product combination for 4D Imaging and Virtual Simulation based on the C-RAD Software Platform has been sold by TecnoSan to a hospital in Bolzano. The same customer bought a Catalyst System as well for the treatment room. Installation has taken place in August.
- New tests with the GEMini Detector have successfully been performed in Salzburg. Clinical images show that the hardware changes which have been implemented are leading to an improved image quality. Here we can show competitive image quality. Images from the pelvic region however require further modification of the detector. The required changes are defined and will be implemented und

validated thereafter in Salzburg. The results are expected mid Q4.

Financial performance January – June 2013

The Group's net sales amounted to SEK 16.4 M (9.8) during the first quarter, which is an improvement of approximately 68 percent compared to the corresponding period previous year.

Operating loss amounted to SEK -15.8 M (-12.4) and the net loss of the period to SEK -16.3 M (-12.7). Other external costs increased by SEK 4.4 M compared to previous year mainly due to the investments of the acquisition of Cyrpa International SPRL, costs connected to the change of listing to NASDAQOMX Nordic and the strategic expansion of the group.

The Group's cash amounted to SEK 20,812 k (10,596) on the 30th of June and the cash flow for the period was SEK 12,851 k (-14,004). The settlement of the rights share issue and the convertible loan from Norrlandsfonden amounted to SEK 41.6 M after issue costs. The acquisition of a minority share of Cyrpa resulted in a in a cash flow from investing activities of SEK - 9 M.

The company had during the period depreciations of Work by the Group for its own use and capitalized of SEK 2,264 k (2 313). The investments in capitalized development amounted to SEK 80 k (204). The Group's total investment in capitalized development expenses was SEK 10,990 k (16,204).

The Group's equity was SEK 39,082 k (23,195) and the equity ratio amounted to 65 (57) percent.

Financial performance during the second quarter

The Group's net sales amounted to SEK 7,764 k (7,232) during the first quarter, which is an improvement of 7 percent compared to the corresponding period previous year. Operating loss amounted to SEK -9,953 k (-5,405). The cash flow was SEK 17,508 k (-5,215).

Risk and uncertainty factors

The Group's capitalized development expenditures amount to SEK 11.0 M, whereof SEK 10.0 M is related to Sentinel and Catalyst. Remaining SEK 1 M are patent costs in C-RAD Innovation AB.

Should C-RAD fail to put Sentinel and Catalyst on the market the company may be forced to recognize an impairment loss on all or parts of the projects.

Personnel

The number of employees in the group amounted to 28 (21) on the 30th of June.

Transactions to related parties

Scandiflash AB manufactures and final assembles the C-Rad systems Sentinel and Catalyst. Erik Hedlund, Board member of C-RAD AB, holds 30 % of the shares of Scandiflash AB.

Statement of consolidated comprehensive loss, the group

(Amount in kSEK)	2013	2012	2013	2012	2012	2011
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jan-Dec	Jan-Dec
Operating income						
Net sales	16 374	9 760	7 764	7 232	25 776	14 910
Work performed by the company for its own use and capitalized	80	204	0	32	591	5 825
Other operating income	0	247	0	230	2 393	3
Operating expenses						
Raw material and consumables	-7 784	-5 501	-3 984	-3 703	-11 444	-8 042
Other external costs	-10 230	-5 830	-5 757	-3 429	-13 196	-12 101
Personnel costs	-11 025	-8 915	-6 332	-4 581	-17 622	-16 808
Depreciations	-3 034	-2 313	-1573	-1 132	-5 415	-25 584
Other operating expenses	-157	-94	-71	-54	-133	-307
Operating loss	-15 776	-12 442	-9 953	-5 405	-19 050	-42 104
Result from participation in associated companies	-42	-	-42	-	-	-
Financial items	-436	-258	-340	-123	-339	-503
Loss after financial items	-16 254	-12 700	-10 335	-5 528	-19 389	-42 607
Tax on profit of the year	-	-	-	-	-	-
NET LOSS OF THE PERIOD	-16 254	-12 700	-10 335	-5 528	-19 389	-42 607
Other comprehensive income						
Translation differences in the foreign operations	-212	2	-123	78	-119	91
COMPREHENSIVE INCOME FOR THE PERIOD	-16 466	-12 698	-10 458	-5 450	-19 508	-42 516

Consolidated balance sheets

(Amounts in kSEK)	2013	2012	2012	2011
	30 Jun	30 Jun	31 Dec	31 Dec
Assets				
Intangible assets	10 990	16 204	13 492	18 116
Tangible assets	3 254	1 733	2 756	815
Financial assets ¹	9 050	109	106	109
Inventories	5 995	4 698	3 139	4 031
Current receivables	9 551	7 541	10 670	6 532
Cash and bank balances	20 812	10 596	7 961	24 600
Total assets	59 652	40 881	38 124	54 203
Equity and liabilities				
Equity	39 082	23 195	16 262	36 015
Long-term liabilities	12 162	9 963	9 295	9 859
Current liabilities	8 408	7 723	12 567	8 329
Total equity and liabilities	59 652	40 881	38 124	54 203

¹Financial assets include participation in associated companies, SEK 8.9 M. The holding is 29 percent in the Belgian company Cyrpa International acquired by C-RAD in March 2013. A preliminary acquisition analysis has been made as a basis for the presentation in the report for the first quarter and a final analysis will be established during 2013 after a closer analysis of the acquisition.

Key Ratio	2013 30 Jun	2012 30 Jun	2012 31 Dec	2011 31 Dec
Number of shares	19 363 623	15 868 820	15 868 820	15 868 820
Average number of shares	16 897 845	15 868 820	15 868 820	15 868 820
Average number of shares after dilution	18 502 053	17 473 028	17 473 028	16 986 428
Number of outstanding warrants	1 604 208	1 604 208	1 604 208	1 117 608
Equity ratio	65 %	57 %	43 %	66 %
Basic earnings per share (average number of shares) SEK	-0,96	-0,80	-1,22	-2,68
Diluted earnings per share	-0,88	-0,73	-1,11	-2,51
Equity per share (SEK)	2,31	1,46	1,02	2,27
Diluted equity per share (SEK)	2,11	1,33	0,93	2,12
Profit margin	Neg.	Neg.	Neg.	Neg.

Segment reporting –the Group

Starting on 1 January 2009, the Group has implemented IFRS 8 Operating Segments. The Group Management has analyzed the Group's internal reporting and established that the Group's operations are managed and evaluated based on the following segments:

- **Positioning:** A Laser scanner for positioning of patients during radiation therapy.
- **Imaging:** A detection plate for location of a cancer tumor before treatment. Diode detectors for use in the field of dosimetry.
- **Innovation:** A system for external radiation therapy

(Amount in kSEK)

	Jan-Jun 2013	Jan-Jun 2012	Apr-Jun 2013	Apr-Jun 2012	2012	2011
Revenue by segment						
Positioning	13 518	7 008	6 403	5 478	18 970	8 068
Imaging	2 856	2 752	1 361	1 754	6 806	6 509
Innovation	0	0	0	0	0	333
Total	16 374	9 760	7 764	7 232	25 776	14 910
Gross profit by segment						
Positioning	6 289	3 798	2 582	2 465	9 496	4 566
Imaging	2 381	1 588	1 198	771	2 613	4 777
Innovation	0	0	0	0	0	333
Total	8 670	5 386	3 780	3 416	12 109	9 676
Trade receivables by segment						
Positioning	5 311	3 160	5 311	3 160	5 107	1 851
Imaging	1 324	1 554	1 324	1 554	1 759	2 210
Innovation	0	0	0	0	0	0
Total	6 635	4 714	6 635	4 714	6 866	4 061
Revenue by geographical market						
Scandinavia	11 312	3 452	4 074	2 444	10 745	3 093
Europa	3 175	5 547	1 960	4 027	13 051	9 086
USA	612	0	455	0	1 154	2 462
Asia	1 275	761	1 275	761	826	269
Total	16 374	9 760	7 764	7 232	25 776	14 910

Consolidated cash flow statements

(Amount in kSEK)	2013	2012	2013	2012	2012	2011
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jan-Dec	Jan-Dec
Operating activities						
Operating profit/loss	-15 776	-12 442	-9 953	-5 405	-19 020	-42 104
Adjustment for non-cash items, etc.	3 369	2 313	2 377	1 132	5 566	25 583
Interest received	-	-	-	-	-	-
Interest paid	-437	-258	-341	-123	-339	-503
Cash flow from operating activities before working capital changes	-12 844	-10 387	-7 917	-4 396	-13 793	-17 024
Working capital changes	-5 956	-2 298	-10 854	-1 779	692	-3 403
Cash flow from operating activities	-18 800	-12 685	-18 771	-6 175	-13 101	-20 427
Cash flow from investing activities	-9 910	-1 319	-282	960	-2 729	-6 078
Cash flow from financing activities	41 561	0	36 561	0	-809	31 729
Cash flow at end of period	12 851	-14 004	17 508	-5 215	-16 639	5 224
Cash and equivalents at beginning of period	7 961	24 600	3 304	15 811	24 600	19 376
Cash and equivalents at end of period	20 812	10 596	20 812	10 596	7 961	24 600

Consolidated statements of changes in equity

(Amount in kSEK)	2013	2012	2013	2012	2012	2011
	Jan-Jun	Jan-Jun	Apr-Jun	Apr-Jun	Jan-Dec	Jan-Dec
At beginning of period	16 262	36 015	10 215	28 706	36 015	48 117
New share issue	41 938	-	41 938	-		32 136
Issue expenses	-3 030	-	-2 735	-		-1 993
Warrants in C-RAD AB	-	-	-	-		184
Equity on convertible loan	122	-120	122	-61	-244	87
Correction of loss brought forward	256					
Total transactions with owners	39 286	-120	39 325	-61	-244	30 414
Comprehensive income for the period	-16 466	-12 700	-10 458	-5 450	-19 509	-42 516
At end of period	39 082	23 195	39 082	23 195	16 262	36 015

Accounting policies

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) that have been endorsed by the European Commission for application in the EU.

This interim report has been prepared for the Group in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act.

New accounting policies

The Group apply the same accounting and valuation principles as in the 2012 annual report, except some smaller changes in existing standards and new interpretations, which has been entered into force the 1st of January 2013. These changes are assessed not to have any essential effect on the result, financial position or disclosures.

Financial calendar

The interim report January – September will be published November 28 2013.

This half-year report provides a true and fair picture of the business activities, financial position and results of operation of the Group, and describes the significant risks and uncertainties to which the Group is exposed. If there should be deviations between the reports in English and Swedish, the Swedish version is valid. The Swedish report has not been reviewed by the group auditor.

Uppsala, 30 August 2013

Börje Bengtsson

Board Chairman

Tim Thurn

Managing Director

Erik Hedlund

Board member

Anders Brahme

Board member

Bengt Lind

Board member

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