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## C-RAD AB (publ), Interim report 1 January- 31 March 2011

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### ***Key events during first quarter***

- IBA Dosimetry has placed a frame order of 4,8 MSEK to C-RAD Imaging AB for deliveries of 1 600 diode detectors in 2011
- The first service agreements has been signed
- An agreement has been signed with Paracelsus Medical University at the University Clinic Salzburg, Austria to clinically integrate the C-RAD GEMini ED imaging detector
- Agreement to sell Aktina Medical products on the Scandinavian market
- Sale of 5 656 kSEK (2 779 kSEK)
- Bookings of 6,1 MSEK (6,0 MSEK)
- Profit after tax of - 5 157 kSEK (-1 608 kSEK)
- Earnings per share after tax of -0,42 SEK (- 0,16 SEK)
- Operating loss of -5 038 kSEK (-1 462 kSEK)
- Equity ratio of 72 % (72 %)
- Cash of 11 801 kSEK (12 225 kSEK)
- Numbers of employees were 21 (19).

### ***Key events after the close of the reporting period***

- Agreement has been signed with Christie NHS Foundation Trust in Manchester for clinical evaluation of the Sentinel system
- Participation at the Nordic oncology meeting ACTA/NACP in Uppsala, Sweden
- A new CEO at C-RAD Positioning AB
- Introduction of the Catalyst system at the ESTRO conference in London

### **Comments by Erik Hedlund, president of C-RAD AB.**

*“Bookings during first quarter were according to expectations and at the same time the sale doubled. The largest order of 4,8 MSEK came from IBA Dosimetry. C-RAD Imaging will in 2011 manufacture and deliver 1600 diode detectors for use mainly in vivo dosimetry. Compared to operating profit of Q1 2010 the loss was higher. There are two reasons behind. C-RAD has started depreciation of the GEMini project. This has an effect on profit of 1,2 MSEK. In addition there have been large investments made in the marketing organisation and for the Catalyst system.*”

*We are very happy about the positive response at the ESTRO meeting for the Catalyst system. We are in 2011 expecting a further good development of the company.”*

## **C-RAD AB (publ)**

### **Interim report**

#### **1 January- 31 March 2011**

Figures in brackets refer to the same period of last year.

The board of Directors and the Managing Director of C-RAD AB (publ) hereby present the interim report for the period 1 January – 31 March 2011.

### **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.

The product developments are taking place in 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. The other companies are located in Uppsala. The fully owned subsidiary C-RAD Incorporated, located in Chicago IL, is a sales company with focus mainly on the North American market. No product development is being performed in the American subsidiary. The number of employees at present is 21.

The activities of C-RAD AB are originating from developments at Karolinska Institute and the Royal School of Technology in Stockholm. They were outsourced from 2001 to 2004.

The class B shares of the Parent Company C-RAD AB have since July 2007 been traded at Aktietorget. 8 March 2010 trade of the C-RAD B- shares have been moved to NASDAQ OMX First North Premier. Mangold Fondkommission has been appointed as Certified Advisor of C-RAD.

### **Key events during first quarter**

- The cooperation with IBA Dosimetry has in 2010 developed well. In spite of transfer of the production to new facilities and implementation of new systems for logistics the detectors could be delivered according to agreements. A

new frame agreement for deliveries in 2011 of 4, 8 MSEK has been signed.

- In 2011 service contracts will always be offered with the Sentinel systems. The first service contracts have been signed with customers in the US and Sweden. Included is both service of the hardware and upgrading of the software.
- An agreement has been signed with Paracelsus Medical University at the University Clinic in Salzburg to clinically evaluate and integrate the GEMini ED system on a linear accelerator from Elekta. The cooperation has been planned in different phases. The first phase will be finished in summer 2011. The Salzburg University Clinic is a reference site both for Siemens and Elekta. Results will runningly be reported to both companies.
- Aktina Medical Corporation is a designer and manufacturer of treatment systems and accessories for use in radiation therapy. C-RAD will represent the Aktina product program in Scandinavia. The C-RAD and Aktina programs are complementary. As a result we are expecting a closer corporation between the two companies.

### **Key events after the close of the reporting period**

- An agreement has been signed with the Christie Foundation Trust in Manchester to clinically evaluate the Sentinel system. Christies is one of the largest radiation therapy centers in the world. The evaluation will mainly focus on patients with lung and prostate cancer.
- 13-15 April 2011 C-RAD exhibited at the Nordic Oncology Conference in Uppsala, Sweden. As projects for the new optical system Catalyst has been started in Sweden, a first presentation was made.
- Tim Thurn has been appointed as president of C-RAD Positioning AB, located in Uppsala, Sweden. He will also be responsible for sales to German speaking countries. Before he used to

work for the German company LAP, located in the city of Lüneburg. Since 2009 he has been in charge for sales in Europe, Middle East and Africa.

- A great interest was shown for the C-RAD products and especially the new system Catalyst at the ESTRO meeting In London 8 to 11 May 2011. More than 120 demonstrations were performed. Catalyst is equipped with unique features for real registration, inter activity and newly developed algorithms for deformable registration.

### **Financial performance during January-March 2011**

The Group's net sales amounted to kSEK 5 656 (2 779), during first quarter 2011.

Gross profit reached kSEK -5 038 (- 1 462), an impairment compared to the same period last year due amortizations in C-RAD Imaging AB and extensive market investments. Operating profit first quarter amount to -5 157 kSEK (- 1 608).

The subsidiary C-RAD Imaging AB has during 2011 started to make amortizations on their part of the groups capitalized developing expenditures. During first quarter 2011 the subsidiary's amortization amounted to 1 141 (0) kSEK. The subsidiary C-RAD Positioning AB has during this quarter made amortizations on R&D expenses amounting to kSEK 710 (624).

Work performed by the Group for its own use and capitalized amounted to kSEK 1 347 (2 115)

during first quarter 2011. The Group's investment in capitalized development expenses totaled 38 063 (33 257) kSEK.

The Group's cash and cash equivalents at 31 March 2011 totaled kSEK 11 801 (12 225). Cash flow for the period was - 7 574 (8 244) kSEK. The main explanation for the negative cash flow compared to the same period last year is the capital increase, taken place during feb-march 2011.

### **Personnel**

The number of employees at 31 March 2011 totaled 21 (19).

### **Transactions to related parties**

Scandiflash AB has been appointed as the manufacturer of C-RAD Sentinel™ and LAP Galaxy. ScandiFlash AB is fulfilling the high quality requirements to manufacture the hardware of the systems. Erik Hedlund, President of C-RAD AB, is holding 30 % of the shares of ScandiFlash AB.

### **Risk and uncertainty factors**

The Group's capitalized development expenditures amounts to 38 MSEK, divided in the two products Sentinel and GEMini. Should these investments fail in part or in full, C-RAD may be forced to recognize an impairment loss on all or parts of the projects.

### **Future outlooks**

The Group have started to introduce and launch the products on markets worldwide and are expecting fluctuating sale figures from quarter to quarter.

## Consolidated Income statements

(Amount in SEK 000s)	2011	2010	2010	2009
	Jan-March	Jan-March	Jan-Dec	Jan-Dec
	(3 mon)	(3 mon)	(12 mon)	(12 mon)
<b>Operating income</b>				
Net sales	5 656	2 779	14 235	4 899
Work performed by the company for its own use and capitalized	1 347	2 115	7 118	7 473
Other operating incomes	0	90	91	494
<b>Operating expenses</b>				
Raw materials and consumables	-3 270	-761	- 6 003	-2 943
Other external costs	-2 575	-1 661	- 7 837	-4 479
Personnel costs	-4 226	-3 322	-13 843	-12 705
Depriciations	-1 871	-702	-3 103	-2 651
Other operating expenses	-99	-	-78	-13
Operating loss	-5 038	-1 462	-9 420	-9 925
Financial items	-119	-146	-418	-326
Loss after financial items	-5 157	- 1 608	-9 838	-10 251
Tax on profit of the year				
<b>NET PROFIT/LOSS OF THE PERIOD</b>	<b>-5 157</b>	<b>-1 608</b>	<b>-9 838</b>	<b>-10 251</b>
<b><u>Other comprehensive income</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income for the period</b>	<b>-5 157</b>	<b>-1 608</b>	<b>-9 838</b>	<b>-10 251</b>

## Consolidated balance sheets

(Amount in SEK 000s)	2011	2010	2010	2009
	31 March	31 March	31 Dec	31 Dec
Intangible assets	38 063	33 257	37 656	31 598
Tangible assets	730	578	693	580
Financial assets	109	106	106	106
Inventories	2 114	2 237	2 488	2 293
Current receivables	7 196	5 325	7 501	6 279
Cash and bank balances	11 801	12 225	19 376	3 981
<b>Total assets</b>	<b>60 013</b>	<b>53 728</b>	<b>67 820</b>	<b>44 837</b>
Equity	42 913	38 593	48 117	29 816
Long-term liabilities	8 592	8 036	8 545	7 002
Current liabilities	8 508	7 099	11 158	8 019
<b>Total equity and liabilities</b>	<b>60 013</b>	<b>53 728</b>	<b>67 820</b>	<b>44 837</b>

Key ratio	2011	2010	2010	2009
	31 March	31 March	31 Dec	31 Dec
Class A shares	1 302 810	1 302 810	1 302 810	1 302 810
Class B shares	10 995 281	9 624 399	10 995 281	8 673 190
Average number of shares	12 298 091	10 031 170	12 298 091	9 948 727
Average number of shares after dilution	13 501 360	11 066 439	13 501 360	10 668 803
Equity ratio	72 %	72 %	71 %	67 %

Basic earnings per share (average numbers of shares) (SEK)	-0,42	-0,16	-0,80	-1,06
Diluted earnings per share	-0,38	-0,15	-0,73	-0,96
Equity per share (SEK)	3,49	3,53	3,91	2,99
Diluted equity per share	3,18	3,49	3,56	2,79
Profit margin	Neg.	Neg.	Neg.	Neg.

### Segment reporting

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.

(Amounts in SEK 000s)

	Jan-March 2011	Jan-March 2010	2010	2009
<b><u>Revenue by segment</u></b>				
Positioning	3 387	1 667	9 385	4 899
Imaging	1 936	1 112	4 850	0
Innovation	333	0	0	0
	<b>5 656</b>	<b>2 779</b>	<b>14 235</b>	<b>4 899</b>
<b><u>Gross profit by segment</u></b>				
Positioning	1 012	1 284	5 521	3 634
Imaging	915	792	2 802	0
Innovation	333	0	0	0
<b><u>Trade receivables by segment</u></b>				
Positioning	4 198	2 753	4 882	3 713
Imaging	541	459	952	0
Innovation	0	0	0	0
<b><u>Revenue by geographical market</u></b>				
<u>Sales</u>				
Scandinavia	161	76	3 821	941
Europe	2 576	1 036	7 934	2 202
USA	2 244	0	255	1 756
Asia	675	1 667	2 225	0
	<b>5 656</b>	<b>2 779</b>	<b>14 235</b>	<b>4 899</b>

## Consolidated Cash flow statements

(Amount in SEK 000s)	2011	2010	2010	2009
	Jan- March	Jan-March	Jan-Dec	Jan-Dec
<b><u>Operating activities</u></b>				
Operating profit/loss	-5 038	-1 462	-9 420	-9 924
Adjustments for non-cash items, etc	1 871	702	3 103	2 651
Interest received	-	-	32	-
Interest paid	-119	-146	-450	-326
Cash flow from operating activities before working capital changes	-3 286	-906	-6 735	-7 599
Working capital changes	-1 972	-2 411	1 721	- 1 127
Cash flow from operating activities	-5 259	-3 317	-5 014	-8 726
Cash flow from investing activities	-2 315	-2 358	-9 273	-7 914
Cash flow from financing activities	0	13 919	29 682	4 272
<b>Cash flow at end of period</b>	<b>-7 574</b>	<b>8 244</b>	<b>15 395</b>	<b>-12 368</b>
Cash and cash equivalents at beginning of period	19 376	3 981	3 981	16 349
<b>Cash and cash equivalents at end of period</b>	<b>11 801</b>	<b>12 225</b>	<b>19 376</b>	<b>3 981</b>

## Consolidated statements of changes in equity

(Amount in SEK 000s)	2011	2010	2010	2009
	Jan-March	Jan-March	Jan-Dec	Jan-Dec
	(3 mon)	(3 mon)	(12 mon)	(12 mon)
<b>At beginning of period</b>	48 117	29 816	29 816	35 049
New share issue	-	12 366	30 187	5 000
Issue expenses	-	-1 947	-2 117	-23
Dissolved negativ goodwill				
Warrants in C-RAD AB	-	-	-	-
Eguity on convertible loan	-47	-34	69	41
Loss for the period	-5 157	-1 608	-9 838	-10 251
<b>At end of period</b>	42 913	38 593	48 117	29 816

### 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.

The Group apply the same accounting and valuation principles as in the 2010 annual report.

### Financial calendar

Next interim report will be published August 26 2011

**This interim 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 are 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, 24 May 2011

**Börje Bengtsson**

**Board Chairman**

**Erik Hedlund**

**Managing Director**

**Board member**

**Mats Thorén**

**Board member**

**Anders Brahme**

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**Bengt Lind**

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