



C-RAD AB (publ), Interim report 1 January- 30 September 2011

Key events during the period

- 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
- 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
- Introduction of the Catalyst system at the ESTRO conference in London
- Introduction of the C-RAD product program in German speaking countries
- Cooperation agreement signed with Skåne University Hospital and a first order of Catalyst systems
- A great interest for the C-RAD product program at the AAPM and ASTRO meetings
- A research agreement has been signed with Elekta
- Sales of 11,2 MSEK kSEK (10,0 MSEK)
- Bookings of 10,9 MSEK
- Profit after tax of - 17 6885 kSEK (-6 618 kSEK)
- Earnings per share after tax of -1,44 SEK (- 0,54 SEK)
- Operating loss of -17 336 kSEK (-5 773 kSEK)
- Equity ratio of 62 % (78 %)
- Cash of 2 361 kSEK (19 004 kSEK)
- Numbers of employees were 21 (19).

Key events after the close of the reporting period

- A letter of intent has been signed to develop a detector based on the GEMini technology
- Six Catalyst systems have been installed
- The C-RAD new share issue with preferential rights was oversubscribed by 65%
- New convertible loans will be signed by Norrlandsfonden

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

“The financial turbulences have had a limited effect on the radiation therapy market. However many projects have been delayed until end of the year. Some ongoing projects and expected sales will first be effected in the beginning of 2012. C-RAD has a strong position with three introduced systems especially developed for use in advanced radiation therapy. Since November the so called MMI interface for communication with the C-RAD Catalyst system has been included in the Varian price list. It is an important milestone for C-RAD to be able to offer an integrated solution for auto set and respiratory gating to Varian customers. In December working interfaces will be available to CT systems of four different vendors.”

C-RAD AB (publ)

Interim report

1 January- 30 September 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 – 30 September 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 C-RAD solutions have especially been designed for use in advanced radiation therapy.

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 9 months

- The cooperation with IBA Dosimetry developed well in 2010. 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.
- 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 Q4 2011. The Salzburg University Clinic is a reference site for Elekta. Results will runningly be reported.
- 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, interactivity and newly developed algorithms for deformable registration.
- The C-RAD program was for the first time shown at the German DEGRO meeting in Wiesbaden 2-5 June. There was a great interest for the new Catalyst system. 2 Catalyst systems have been delivered and installed in Essen and Mannheim.
- A cooperation agreement has been signed with Skåne University Hospital. The cooperation is focused on validation of the Catalyst system and further development of the gating functionality. Two Catalyst systems have been ordered and installed at the hospital.
- C-RAD did participate at the annual AAPM and ASTRO meetings in North America. There was great interest for the new developed Catalyst system. After FDA approval sales is expected to start beginning of 2012.
- Elekta has entered into a research agreement with Swedish Health Services in Seattle, USA. An agreement has been signed between Elekta and C-RAD to

develop a clinical solution for respiratory gating. A first Catalyst system has been installed. FDA approval is required before the system can be clinically used.

Key events after the close of the reporting period

- A letter of intent has been signed with a leading company working in dosimetry. The intention is based on the C-RAD GEMini technology to develop a detector for use in dosimetry. After a pre study a design solution will be presented
- Mr. Martin Clay has been appointed as president of C-RAD Incorporated. He has before been holding the position as sales manager of LAP North America. Mr. Tim Thurn, President of C-RAD Positioning AB has also taken over the responsibility for marketing and sales worldwide.
- The first six Catalyst systems have been installed at clinics in Sweden, Germany and the US.
- C-RAD has successfully finished a capital increase. The capital increase was oversubscribed by 65%. Shares to a value of 32,1 MSEK were signed.
- Norrlandsfonden has after the capital increase decided to defend its position in C-RAD. At the same time conditions for previous convertible loans will be extended.
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Financial performance during January-September 2011

The Group's net sales amounted to kSEK 11 249 (9 950), during first nine months 2011, an increase with 13% compared to the same period last year. The Group's sale during third quarter 2011 amounted 3 365 kSEK (5 330).

Gross profit reached kSEK -17 685 (- 6 618), an enhancement compared to the same period last year due amortizations in C-RAD Imaging AB and extensive market investments. Operating

profit third quarter amount to -3 942 kSEK (- 710).

The subsidiary C-RAD Imaging AB has during 2011 started to make amortizations on their part of the groups capitalized developing expenditures. During first nine months 2011 the subsidiaries C-RAD Positioning AB and C-RAD Imaging AB amortizations amounted to 5 226 (1 907) kSEK.

Work performed by the Group for its own use and capitalized amounted to kSEK 4 949 (5 068) during first three quarters 2011. The Group's investment in capitalized development expenses totaled 37 933 (35 391) kSEK.

The Group's cash and cash equivalents at 30 September 2011 totaled kSEK 2 361 (19 004). Cash flow for the period was - 17 015 (15 023) kSEK. The main explanation for the negative cash flow compared to the same period last year is the capital increase, taken place during february-march 2010.

Personnel

The number of employees at 30 September 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 kSEK)	2011	2010	2010	2010	2010	2009
	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec	Jan-Dec
Operating income						
Net sales	11 249	9 950	3 365	5 330	14 234	4 899
Work performed by the company for its own use and capitalized	4 949	5 068	2 500	460	7 118	7 473
Other operating incomes	-	150	149	3	91	494
Operating expenses						
Raw materials and consumables	-6 443	-3 221	-1 782	-1 416	-6 002	-2 943
Other external costs	-9 033	-5 147	-2 616	-1 699	-7 837	-4 479
Personnel costs	-12 083	-10 120	-3 532	-2 740	-13 843	-12 705
Depriciations	-5 617	-2 384	-1 880	-563	-3 103	-2 651
Other operating expenses	- 358	- 68	-	-10	-78	-13
Operating loss	-17 336	-5 773	-3 796	-635	-9 420	-9 925
Financial items	-349	-845	-146	-75	-418	-326
Loss after financial items	-17 685	-6 618	-3 942	-710	-9 838	-10 251
Tax on profit of the year						
NET PROFIT/LOSS OF THE	-17 685	-6 618	-3 942	-710	-9 838	-10 251

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<u>Other comprehensive income</u>	0	0	0	0	0	0
Comprehensive income for the period	-17 685	-6 618	-3 942	-710	-9 838	-10 251

Consolidated balance sheets

(Amount in SEK 000s)	2011	2010	2010	2009
	30 Sept	30 Sept	31 Dec	31 Dec
Intangible assets	37 933	35 391	37 656	31 598
Tangible assets	571	752	693	580
Financial assets	109	106	106	106
Inventories	3 729	1 409	2 488	2 293
Current receivables	4 735	9 559	7 501	6 279
Cash and bank balances	2 361	19 004	19 376	3 981
Total assets	49 438	66 221	67 820	44 837
Equity	30 384	51 883	48 117	29 816
Long-term liabilities	8 685	9 529	8 545	7 002
Current liabilities	10 369	4 809	11 158	8 019
Total equity and liabilities	49 438	66 221	67 820	44 837

Key ratio	2011	2010	2010	2009
	30 Sept	30 Sept	31 Dec	31 Dec
Class A shares	1 255 810	1 302 810	1 302 810	1 302 810
Class B shares	11 042 281	10 453 376	10 995 281	8 673 190
Average number of shares	12 298 091	12 298 091	12 298 091	9 633 534
Average number of shares after dilution	13 501 360	13 469 360	13 501 360	10 668 803
Eguity ratio	62 %	78 %	71 %	67 %
Basic earnings per share (average numbers of shares) (SEK)	-1,44	-0,54	-0,80	-1,06
Diluted earnings per share	-1,31	-0,49	-0,73	-0,96
Eguity per share (SEK)	2,47	4,22	3,91	2,99
Diluted earnings per share	2,25	3,84	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-Sept 2011	Jan-Sept 2010	July-Sept 2011	July-Sept 2010	2010	2009
Revenue by segment						
Positioning	6 688	5 650	2 213	2 955	9 385	4 899
Imaging	4 228	4 300	1 152	2 375	4 850	0
Innovation	333	0	0	0	0	0
	11 249	9 950	3 365	5 330	14 235	4 899
Gross profit by segment						
Positioning	3 410	4 513	1 438	2 157	5 521	3 634
Imaging	2 568	2214	552	1 163	2 803	0
Innovation	333	0	0	0	0	0

Trade receivables by segment

Positioning	1 690	5 386	1 690	0	4 882	3 713
Imaging	251	1 806	251	0	952	0
Innovation	0	0	0	0	0	0

Revenue by geographical market

Sales

Scandinavia	3 085	2 282	2 213	911	3 821	941
Europe	5 035	3 733	1 152	2 151	7 935	2 202
USA	2 461	1 568	0	1 568	254	1 756
Asia	668	2 367	0	700	2 225	0
	11 249	9 950	3 365	5 330	14 235	4 899

Consolidated Cash flow statements

(Amount in SEK 000s)	2011	2010	2011	2010	2010	2009
	Jan- Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec	Jan-Dec

Operating activities

Operating profit/loss	-17 336	-5 772	-3 796	-635	-9 420	- 9 924
Adjustments for non-cash items, etc	5 616	2 384	1 880	563	3 102	2 651

Interest received			-	14	32	-
Interest paid	-349	-345	-146	-90	-450	-326

Cash flow from operating activities before working capital changes	-12 069	-3 734	-2 062	-148	-6 735	- 7 599
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Working capital changes	-2 883	-5 607	-2 028	-4 217	1 721	-1 127
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Cash flow from operating activities	-14 952	-9 341	-4 090	-4 365	-5 014	-8 726
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Cash flow from investing activities	-5 735	-6 849	-1 331	-830	-9 273	- 7 914
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Cash flow from financing activities	3 672	31 213	3 672	-125	29 682	4 272
Cash flow at end of period	-17 015	15 023	-1 749	-5 320	15 394	- 12 368
Cash and cash equivalents at beginning of period	19 376	3 981	4 110	24 324	3 981	16 349
Cash and cash equivalents at end of period	2 361	19 004	2 361	19 004	19 376	3 981

Consolidated statements of changes in equity

(Amount in SEK 000s)	2011	2010	2011	2010	2010	2009
	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec	Jan-Dec
At beginning of period	48 117	29 816	34 280	52 639	29 816	35 049
New share issue		30 187			30 187	5 000
Issue expenses		-1 617			-2 117	-23
Equity on convertible loan	-140	115	-46	-46	69	41
Loss for the period	-17 685	-6 618	-3 942	-710	-9 838	-10 251
Translations gains/Losses on consolidation	-92		-92			
At end of period	30 384	51 883	30 384	51 883	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 applies the same accounting and valuation principles as in the 2010 annual report.

Financial calendar

Year End report will be published February 24th 2012

The General Meeting will be held 1th June 2012

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, 25 November 2011

Börje Bengtsson

Board Chairman

Erik Hedlund

Managing Director

Board member

Mats Thorén

Board member

Anders Brahme

Board member

Bengt Lind

Board member

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