



C-RAD AB (publ), Interim report 1 January- 30 September 2010

Key events during first quarter

- 6 Sentinel systems has been ordered by the Swedish Medical Center in Seattle, USA
- IBA Dosimetry has ordered 1400 diode detectors to a value of 4,3 MSEK
- The new share issue was oversubscribed by 35 %
- Since March 2010 the C-RAD B-share is listed at NASDAQ OMX First North Premier
- A subsidiary called C-RAD Inc. has been founded for distribution of C-RAD solutions in the US
- New distributors in China, India and German speaking nations
- GEMini ED and Sentinel with new functionality have been exhibited at major conferences in the US and Europe
- Sales of 10,0 MSEK (1,7 MSEK)
- Profit after tax of - 6 618 kSEK (-9 085 kSEK)
- Earnings per share after tax of -0,54 SEK (- 0,95 SEK)
- Operating profit of -5 773 kSEK (-8 792 kSEK)
- Equity ratio of 78 % (77 %)
- Cash of 19 004 kSEK (7 215 kSEK)
- Numbers of employees were 19 (18).

Key events after the close of the reporting period

- An agreement has been signed with Varian Medical Systems
- C-RAD is developing the organization in the US. The agreement with Radiation Oncology Systems has been cancelled
- The German company LAP has been sued by the subsidiary C-RAD Positioning AB due to breach of contract
- A clinical cooperation agreement has been signed with the University Hospital in Mannheim

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

“So far the company has during last quarter generated the largest sales volume ever. This is due to major investments in R/D and a build up of quality systems to fulfil the high requirements in the field of radiation therapy.

C-RAD is establishing direct sales channels to key markets. The company has appointed sales managers in Scandinavia and in the US. The agreements with Elekta, IBA and Varian will in coming years be of great importance.”

C-RAD AB (publ)

Interim report

1 January- 30 September 2010

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 2010.

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. Number of employees at present are 19.

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 9 months

- Swedish Medical Center in Seattle, USA has placed the so far largest order of 6 Sentinel systems. The systems will be installed during second half of 2010 and in 2011. The order is a result of the cooperation with Elekta.
- Since January 2010 C- RAD Imaging AB is responsible for the manufacturing and the further development of the IBA diode detector program. For 2010 orders of 1400 diode detectors to a value of 4,3 MSEK was placed by IBA.

- In March 2010 a new share issue was carried out. The interest was great and the new share issue was oversubscribed by 35 %. The board decided to fully use the authorization decided by the annual assembly. Shares to a value of 30, 2 MSEK were subscribed, thereof 12, 4 MSEK as a new share issue with preferential rights and 17,8 MSEK as a directed share issue. In addition Norrlandsfonden took the decision to defend its position by signing a convertible of 1, 8 MSEK.
- Since 8 March 2010 the C-RAD B-share is traded at NASDAQ OMX First North Premier. This segment is intended for companies with accounting according to IFRS and with the objective to be listed on the main list.
- To strengthen sales in the US a C-RAD sales manager has been employed. The fully owned subsidiary C-RAD Inc. has been founded. The head quarter is located in Chicago, IL.
- Since the cooperation with the German company LAP until further notice has been discontinued agreements have been signed with distributors for the fast growing markets in India and China. Rosalina, a company specialized in radiation therapy, will promote the C-RAD program in India. Kanglida with head quarter in Beijing will promote the C-RAD activities in all parts of China. A distribution agreement has been signed with the Austrian company IT-V to support sales in German speaking countries
- C-RAD exhibited at the major conferences ESTRO in Barcelona, AAPM in Philadelphia and ASTRO in San Diego. At the US conferences the Sentinel system was also exhibited by Elekta and the US distributor Acceletronics/ ROS. Partners, distributors and customers showed great interest for C-RAD solutions.

Key events after the close of the reporting period

- The agreement with Varian will make it possible to gate the beam of Clinac

Systems via Varian's *Motion Management Interface* with the Sentinel system when doing so called respiratory gating. The Sentinel system offers unique capabilities to monitor both thoracic and abdominal movements.

The agreement also includes support for the existing connection to the Varian *Auxillary Device Interface* to be used for auto set up of patients.

After validation and approvals, Varian will inform its sales force of the interoperability between the Sentinel system and the Varian system.

Depending on customer and market acceptance, Varian may subsequently choose to include the Sentinel system in their price book.

- The distribution agreement for the US market with Radiation Oncology Systems has been cancelled. Acceletronics will continue to offer technical service for the Sentinel systems. From 1 January 2011 C-RAD Inc. will be fully responsible for sales in the US. Agreements will also be signed with local dealers.
- In November 2009 the German company LAP was violating the agreement with C-RAD Positioning AB by discontinuation of the cooperation. LAP had not reached expected sales targets. C-RAD has required compensation for costs of development and lost income. It has not been possible to reach an agreement with the company. In accordance with the contract LAP has been sued for damages at the Court of Malmö, Sweden.
- A clinical cooperation agreement has been signed with the University clinic in Mannheim. In parallel with installation of transport systems developed by the Uppsala based company Oncolog two Sentinel systems was installed by C-RAD. During first three months Sentinel and the Oncolog transport system will, in cooperation with the clinic and Elekta, be tested. Thereafter will the two Sentinel systems be installed in separate treatment rooms for evaluation of different functionalities and new developed deformable algorithms. Results will be published.

Financial performance January- September 2010

The Group's net sales amounted to kSEK 9 950 (1 735), during first three quarters 2010. An increase with kSEK 8 215 due to enhanced orders received compared with the same period last year. The Group's net sales during third quarter 2010 amounted kSEK 5 330 (0).

The improved net sales boost operational profit as well as gross profit. Operational profit during first three quarters reached kSEK - 5 773 (- 8 791). Gross profit during third quarter amount to -710 kSEK (-3 614).

The Group's cash and cash equivalents at 30 September 2010 totaled kSEK 19 004 (7 215). Cash flow for the period was 15 023 (-9 134) kSEK. The main explanation for the positive cash flow is the new share issue during first quarter 2010. The negative cash flow during third quarter 2010, which amount to -5 320 (-1 908) kSE, is explained by an increase in working capital due to the enhanced net sales.

The subsidiary C-RAD Positioning AB has during three quarters made amortizations on development expenses. It amounted to kSEK 1 907 (1 113).

Work performed by the Group for its own use and capitalized amounted to kSEK 5 068 (5 585) during first three quarters 2010. The Group's investment in capitalized development expenses totaled 35 391 (30 322) kSEK.

Personnel

The average number of employees at 30 September 2010 totaled 19 (19).

Risk and uncertainty factors

The Group's capitalized development expenditures amounts to 30 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)	2010	2009	2010	2009	2009	2008
	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec	Jan-Dec
Operating income						
Net sales	9 950	1 735	5 330	0	4 899	1 291
Work performed by the company for its own use and capitalized	5 068	5 585	460	705	7 473	9 594
Other operating incomes	150	55	3	-60	494	126
Operating expenses						
Raw materials and consumables	-3 221	-1 375	-1 416	-554	-2 943	-1 251
Other external costs	-5 147	-3 313	-1 699	-612	-4 479	-5 700
Personnel costs	-10 120	-9 543	-2 740	-2 310	-12 705	-13 309
Depriciations	-2 384	-1 924	-563	-676	-2 651	-1 364
Other operating expenses	- 68	-11	-10	-1	-13	-14
Operating loss	-5 773	-8 791	-635	-3 508	-9 925	-10 627
Financial items	-845	-294	-75	-106	-326	-95
Loss after financial items	-6 618	-9 085	-710	-3 614	-10 251	-10 722
Tax on profit of the year						
NET PROFIT/LOSS OF THE	-6 618	-9 085	-710	-3 614	-10 251	-10 722

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<u>Other comprehensive income</u>	0	0		0	0	0
Comprehensive income for the period	-6 618	-9 085	-710	-3 614	-10 251	-10 722

Consolidated balance sheets

(Amount in SEK 000s)	2010	2009	2009	2008
	30 Sept	30 Sept	31 Dec	31 Dec
Intangible assets	35 391	30 322	31 598	25 851
Tangible assets	752	607	580	407
Financial assets	106	106	106	764
Inventories	1 409	170	2 293	1 194
Current receivables	9 559	2 044	6 279	3 819
Cash and bank balances	19 004	7 215	3 981	16 349
Total assets	66 221	40 464	44 837	48 383
Equity	51 883	31 039	29 816	35 049
Long-term liabilities	9 529	6 497	7 002	4 273
Current liabilities	4 809	2 928	8 019	9 061
Total equity and liabilities	66 221	40 464	44 837	48 383

Key ratio	2010	2009	2009	2008
	30 Sept	30 Sept	31 Dec	31 Dec
Class A shares	1 844 715	1 302 810	1 302 810	1 302 810
Class B shares	10 453 376	8 218 644	8 673 190	8 218 644
Average number of shares	12 298 091	9 521 454	9 633 534	8 370 781
Average number of shares after dilution	13 469 360	10 577 737	10 668 803	9 130 450
Number of outstanding warrants	1 214 987	1 056 283	1 061 383	780 683
Average number of outstanding warrants with a dilutive effect	13 513 078	10 577 737	11 037 383	10 302 137
Equity ratio	78 %	77 %	67 %	72 %
Basic earnings per share (average numbers of shares) (SEK)	-0,54	-0,95	-1,06	-1,28
Diluted earnings per share	-0,49	-0,86	-0,96	-1,17
Equity per share (SEK)	4,22	3,26	2,99	3,68
Diluted earnings per share	3,84	2,93	2,79	3,85
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 2010	July-Sept 2010	2009	2008
Revenue by segment				
Positioning	5 650	2 955	4 899	1 291
Imaging	4 300	2 375	0	0
Innovation	0	0	0	0
	9 950	5 330	4 899	1 291

Gross profit by segment

Positioning	4 513	2 157	3 634	954
Imaging	2 214	1 163	0	0
Innovation	0	0	0	0

Trade receivables by segment

Positioning	5 386	0	3 713	1 159
Imaging	1 806	0	0	0
Innovation	0	0	0	0

Revenue by geographical market

Sales

Scandinavia	2 282	911	941	887
Europe	3 733	2 151	2 202	0
USA	1 568	1 568	1 756	404
Asia	2 367	700	0	0

9 950 5 330 4 899 1 291

Consolidated Cash flow statements

(Amount in SEK 000s)

	2010	2009	2010	2009	2009
	Jan- Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec

Operating activities

Operating profit/loss	-5 772	-8 792	-635	-3 508	- 9 924
Adjustments for non-cash items, etc	2 384	1 924	563	675	2 651

Interest received			14		-
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Interest paid	-345	-294	-90	-106	-326
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Cash flow from operating activities before working capital changes	-3 734	-7 162	-148	-2 939	- 7 599
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Working capital changes	-5 607	350	-4 217	-23	-1 127
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Cash flow from operating activities	-9 341	-6 812	-4 365	-2 962	-8 726
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Cash flow from investing activities	-6 849	-5 938	-830	-1 060	- 7 914
Cash flow from financing activities	31 213	3 616	-125	5 930	4 272
Cash flow at end of period	15 023	-9 134	-5 320	1 908	- 12 368
Cash and cash equivalents at beginning of period	3 981	16 349	24 324	5 307	16 349
Cash and cash equivalents at end of period	19 004	7 215	19 004	7 215	3 981

Consolidated statements of changes in equity

(Amount in SEK 000s)	2010	2009	2010	2009	2009	2008
	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec	Jan-Dec
At beginning of period	29 816	35 049	52 639	29 687	35 049	31 659
New share issue	30 187	5 000		5 000	5 000	14 722
Issue expenses	-1 617				-23	-777
Dissolved negativ goodwill						
Warrants in C-RAD AB					-	270
Equity on convertible loan	115	75	-46	-35	41	-102
Loss for the period	-6 618	-9 086	-710	-3 614	-10 251	-10 723
At end of period	51 883	31 038	51 883	31 038	29 816	35 049

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 2009 annual report.

Financial calendar

Year End report will be published February 11th 2011

Interim report 1 January-30 March 2011 first quarter 2011 will be published 24th May 2011

The General Meeting will be held 25th May 2011

Interim report 1 January-30 June 2011 will be published 26th August 2011

Interim report 1 January-30 September 2011 will be published 25th November 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, 26 November 2010

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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