

Interim report 1 January-30 September 2012

C-RAD AB (publ)

Key events during the period

- Sales for the period were 14,4 SEK (11,2 MSEK)
- EBITA of -17,6 MSEK (-17,3 MSEK)
- Loss after tax of -17,9 MSEK (- 17,7 MSEK)
- An order back log of 15,7 (3,5) MSEK
- Bookings for the period were 18,0 MSEK (10,9 MSEK)
- Earnings per share after tax of -1,13 SEK (- 1,44 SEK)
- Equity ratio of 49 % (62 %)
- Cash of 5 393 kSEK (2 361 kSEK)
- Numbers of employees were 22 (21)
- IBA Dosimetry has for 2012 placed a frame order of 6, 1 MSEK. Due to quality problems at suppliers deliveries have been postponed until second half of the year.
- C-RAD has received FDA clearance for its new Catalyst system and Sentinel with 4DCT
- Interfaces for communication with Varian accelerators have been released
- The C-RAD Sentinel system is available with interfaces to three major CT vendors
- An agreement has been signed with Elekta within the field of respiratory gating
- A patent has in the US been approved for C-RAD inter active technology
- New sales offices and subsidiaries have been founded in Berlin and Shanghai
- An agreement has been signed with Erik Penser Bankaktiebolag
- Accumulated orders of five Sentinel systems from Elekta in China

Key events after the close of the reporting period

- Orders of eight Catalyst and two Sentinel systems from Herlev Hospital outside of Copenhagen
- A letter of intent regarding the GEMini system has been signed with Dutch company Cablon Medical.
- A distribution agreement has been signed with the British company Vertec Scientific Ltd
- The appeal court judged in favour of C-RAD in the dispute with the German company LAP

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

“Bookings and sales increased with 65% and 28% respectively, compared to last year.

The C-RAD investment in a direct sales force is creating an increasing interest for the Sentinel, Catalyst and GEMini systems.

We see a strong growth in bookings, sales and cash-flow during last quarter of 2012. The positive trend is expected to continue next year”

C-RAD AB (publ)**Interim report****1 January- 30 September 2012**

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 1 January – 30 September 2012.

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 Inc. in the US is a sales company with focus on the North American market. C-RAD GmbH in Berlin is responsible for sales to German speaking countries. The C-RAD WOFE, in the process of being founded, is located in Shanghai; China. The number of employees at present is 22.

The activities of C-RAD AB are originating from research at Karolinska Institute and the Royal School of Technology in Stockholm.

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, first at Aktietorget, but since March 2010 C-RAD AB is a listed company at NASDAQ OMX First North Premier. Erik Penser Bankaktiebolag has

from August 2012 been appointed as Certified Advisor for C-RAD AB.

Key events during the period

- IBA has placed a frame order for deliveries in 2012 of 1835 detectors to a value of 6,1 MSEK. After a longer stop due to material problems the production is since August running on full capacity. Deliveries until end of the year will be close to budget.
- The new C-RAD Catalyst system has received clearance by Food and Drug Administration in the US for use in positioning, motion detection and respiratory gating. Sales activities on the important US market have been started. The C-RAD Sentinel system has received FDA clearance for its 4DCT functionality
- After validation with the Varian MMI interface communication with the C-RAD Catalyst system has been approved and released. The Catalyst system can now to Varian customers be offered with full functionality for auto set up and respiratory gating.
- C-RAD has developed an interface for communication with Toshiba CT systems and Sentinel. Since before interfaces to Philips and Siemens are available. The Sentinel system can be used for so called 4DCT applications where the respiratory motions are being monitored during the data acquisition by the computer tomograph.
- An agreement has been signed with Elekta regarding the C-RAD Catalyst system. Catalyst will as a standard be offered to Elekta customer for the application respiratory gating based on free breathing.
- C-RAD has filed a patent in the US for its unique interactive technology. Positioning errors will in real time be shown on the patient. The C-RAD Catalyst system has as the first system been equipped with the interactive technology.
- New companies with sales offices have been started in Berlin, Germany and Shanghai,

China. The company in China is in the process of being founded.

- Erik Penser Bankaktiebolag has from 9 August 2012 been appointed as the C-RAD certified advisor.
- Altogether five orders of the Sentinel system have been booked from Elekta in China. After SFDA clearance of the system Sentinel will as a standard be offered together with the Elekta Axess system. Clearance is expected to be in place in April 2013.

Key events after the close of the reporting period

- The Herlev Hospital in Denmark has ordered eight Catalyst and two Sentinel systems. This is the largest order ever to C-RAD. The systems will be installed in 2012 and 2013. A clinical cooperation agreement has been signed with the hospital.
- A letter of intent has been signed with the Dutch company Cablon Medical. Cablon Medical will be offered a non-exclusive right to sell the GEMini system to its customers in the BeNeLux countries. C-RAD will receive a licence to sell the software of Cablon Medical for use in dosimetry applications.
- A distribution agreement for the British market has been signed with Vertec Scientific Ltd. The company with 23 employees has a long experience in sales of medical electronics. The company has the competence to sell the high tech C-RAD solutions and to get clinical co operations established.
- The appeal court of Skåne/ Blekinge has confirmed verdict of the district court in the dispute between C-RAD and the German company LAP. LAP will except for costs of trial have to pay damages to C-RAD.

Financial performance during January-September 2012

The Group's net sales amounted to kSEK 14 392 (11 249), during first three quarters 2012. An increase with 28 % compared with the same period last year.

Gross profit reached kSEK - 17 574(- 17 336) and the operating loss during first three quarters amounted - 17 927 kSEK (- 17 685). Despite increased sales, operating loss decreases compared to the same period last year due mainly to a decrease in capitalization of work for its own use.

Work performed by the Group for its own use and capitalized amounted to kSEK 543 (4 949) during first three quarters 2012. The Group's investment in capitalized development expenses totaled 15 266 (37 933) kSEK.

The group has during first three quarters made amortizations on R&D expenses amounting to kSEK 3 394 (5 226).

The Group's cash and cash equivalents at 30 September 2012 totaled kSEK 5 393 (2 361). Cash flow for the period was -19 207 (- 17 015) kSEK.

Financial performance during third quarter 2012

Net sales for the third quarter amounted to 4 633 (3 365) kSEK. An increase, compared to the same period last year, with 38 %. As an effect of the groups decreased capitalization on work for its own use the operating loss falls compared to the same period last year. The operating loss for the first three quarter amounted to -5 132 (-3 796) kSEK.

The cash flow during third quarter amounted -5 203 kSEK (-1 749).

The Group's equity amounted to 17 725 (30 384) and the equity ratio to 49 (62) %.

Personnel

The number of employees at 30 September 2012 totaled 22 (21).

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 amount to 15 MSEK. 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.

Consolidated Income statements

(Amount in kSEK)	2012	2011	2012	2011	2011	2010
	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec	Jan-Dec
Operating income						
Net sales	14 392	11 249	4 633	3 365	14 910	14 235
Work performed by the company for its own use and capitalized	543	4 949	239	2 500	5 825	7 118
Other operating incomes	154	0	0	149	3	91
Operating expenses						
Raw materials and consumables	-7 422	-6 443	-1 820	-1 782	- 8 042	- 6 003
Other external costs	-9 237	-9 033	-3 470	-2 616	- 12 101	- 7 837
Personnel costs	-12 714	-12 083	-3 800	-3 532	-16 808	-13 843
Depreciations	-3 290	-5 617	- 977	-1 880	-25 584	-3 103
Other operating expenses	0	-358	0	0	-307	-78
Operating loss	-17 574	-17 336	-5 132	-3 796	-42 104	-9 420
Financial items	-353	-349	-95	-146	-503	-418
Loss after financial items	-17 927	-17 685	-5 227	-3 942	-42 607	-9 838
Tax on profit of the year	-	-	-	-	-	-
NET PROFIT/LOSS OF THE PERIOD	-17 927	-17 685	-5 227	-3 942	-42 607	-9 838
Other comprehensive income	0	0	0	0	0	0
Comprehensive income for the period	-17 927	-17 685	-5 227	-3 942	-42 607	-9 838

Consolidated balance sheets

(Amounts in kSEK)	2012	2011	2011	2010
	30 Sept	30 Sept	31 Dec	31 Dec
Assets				
Intangible assets	15 266	37 933	18 116	37 656
Tangible assets	1 863	571	815	693
Financial assets	109	109	109	106
Inventories	5 184	3 729	4 031	2 488
Current receivables	8 154	4 735	6 532	7 501
Cash and bank balances	5 393	2 361	24 600	19 376
Total assets	35 969	49 438	54 203	67 820
Equity and liabilities				
Equity	17 725	30 384	36 015	48 117
Long-term liabilities	10 042	8 685	9 859	8 545
Current liabilities	8 202	10 369	8 329	11 158
Total equity and liabilities	35 969	49 438	54 203	67 820
Key ratio				
	2012	2011	2011	2010
	30 Sept	30 Sept	31 Dec	31 Dec
Number of shares	15 868 820	12 298 091	15 868 820	12 298 091
Average number of shares	15 868 820	12 298 091	15 868 820	12 298 091
Average number of shares after dilution	17 473 028	13 501 360	16 986 428	13 501 360
Number of outstanding warrants	1 604 208	1 055 269	1 117 608	1 055 269
Equity ratio	49 %	62 %	66 %	71 %
Basic earnings per share (average numbers of shares) (SEK)	-1,13	-1,44	-2,68	-0,80

Diluted earnings per share	-1,03	-1,31	-2,51	-0,73
Equity per share (SEK)	1,12	2,47	2,27	3,91
Diluted equity per share	1,01	2,25	2,12	3,56
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 kSEK)

	Jan-Sept 2012	Jan-Sept 2011	July-Sept 2012	July-Sept 2011	2011	2010
<u>Revenue by segment</u>						
Positioning	10 564	6 688	3 531	2 213	8 067	9 385
Imaging	3 828	4 228	1 102	1 152	6 509	4 850
Innovation	0	333	0	0	333	0
	14 392	11 249	4 633	3 365	14 909	14 235
<u>Gross profit by segment</u>						
Positioning	6 908	3 410	2 355	1 438	4 566	5 521
Imaging	2 219	2 568	631	552	4 777	2 802
Innovation	0	333	0	0	333	0
<u>Trade receivables by segment</u>						
Positioning	3 209	1 690	3 209	1 690	1 851	4 882
Imaging	1 735	251	1 735	251	2 210	952
Innovation	0	0	0	0	0	0
<u>Revenue by geographical market</u>						
<u>Sales</u>						
Scandinavia	4 363	3 085	911	2 213	3 093	3 821
Europe	9 072	5 035	3 525	1 152	9 086	7 934
USA	197	2 461	197	0	2 461	255
Asia	760	668	0	0	269	2 225
	14 392	11 249	4 633	3 365	14 909	14 235

Consolidated Cash flow statements

(Amount in kSEK)	2012	2011	2012	2011	2011	2010
	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec	Jan-Dec
<u>Operating activities</u>						
Operating profit/loss	-17 574	-17 336	-5 132	-3 796	-42 104	-9 420
Adjustments for non-cash items, etc	3 290	5 616	977	1 880	25 583	3 103
Interest received	-	-	-	-	-	32
Interest paid	-353	-349	-289	-146	-503	-450
Cash flow from operating activities before working capital changes	-14 637	-12 069	-4 444	-2 062	-17 024	-6 735
Working capital changes	-3 083	-2 883	- 590	-2 028	-3 403	1 721
Cash flow from operating activities	-17 720	-14 952	-5 034	-4 090	-20 427	-5 014
Cash flow from investing activities	-1 487	-5 735	-169	-1 331	-6 078	-9 273
Cash flow from financing activities	0	3 672	0	3 672	31 729	29 682
Cash flow at end of period	-19 207	-17 015	-5 203	- 1 749	5 224	15 395
Cash and cash equivalents at beginning of period	24 600	19 376	10 596	4 110	19 376	3 981
Cash and cash equivalents at end of period	5 393	2 361	5 393	2 361	24 600	19 376

Consolidated statements of changes in equity

(Amount in kSEK)	2012	2011	2012	2011	2011	2010
	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec	Jan-Dec
At beginning of period	36 015	48 117	23 195	34 280	48 117	29 816
New share issue	-	-	-	-	32 136	30 187
Issue expenses	-	-	-	-	-1 993	-2 117
Warrants in C-RAD AB	-	-	-	-	184	-
Equity on convertible loan	-183	-140	-61	-46	87	69
Loss for the period	-17 926	-17 685	-5 527	- 3 942	-42 606	-9 838
Translation gains/losses on consolidation	-181	-92	-118	-92	90	
At end of period	17 725	34 280	17 725	30 384	36 015	48 117

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 2011 annual report.

Financial calendar

The Year End Report will be published February 26th 2013

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 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, 28 November 2012

Börje Bengtsson

Board Chairman

Erik Hedlund

Managing Director

Board member

Mats Thorén

Board member

Anders Brahme

Board member

Bengt Lind

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