



C-RAD AB (publ), Year End 2010

Key events during 2010

- 6 Sentinel systems has been ordered by the Swedish Medical Center in Seattle, USA
- IBA Dosimetry 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. was founded for distribution of C-RAD solutions in the US. A distribution agreement was signed with Aktina Medical Corporation.
- New distributors in China, India and German speaking countries
- Agreement signed with Varian Medical Systems
- The Group show positive cash flow from operating activities in Q4 2010
- Bookings of 16,55 MSEK (8,79 MSEK)
- Profit after tax of – 9 838 kSEK (-10 251 kSEK)
- Earnings per share after tax of -0,73 SEK (- 0,96 SEK)
- Operating profit of -9 420 kSEK (-9 925 kSEK)
- Equity ratio of 71 % (67 %)
- Cash of 19 376 kSEK (3 981 kSEK)
- Numbers of employees were 19 (18).

Key events after the close of the reporting 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
- 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

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

“Both bookings and sales showed heavy growth in 2010 compared to previous year with +88% and +190% respectively. We are happy to be able to show a positive cash flow from operating activities in Q4. Sales in Scandinavia where C-RAD is selling direct to the radiation therapy clinics and deliveries of diode detectors to IBA Dosimetry in Germany have developed well.

The agreement with Paracelsus Medical University at the University Clinic in Salzburg is an important milestone for C-RAD and its GEM technology. The intention is to clinically integrate the GEMini ED imaging detector on a linear accelerator from Elekta.

Bookings in the US did not meet expectations. The main reason was the C-RAD distributor who run into problems due to the financial crisis. The agreement was per 31 December 2010 terminated. C-RAD took the decision to start its own subsidiary in the US. A sales manager was hired. In parallel a new distributor agreement was signed with Aktina Medical Corporation.”

C-RAD AB (publ)

Year End Report 2010

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 annual report for the period 1 January – 31 December 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. 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 20.

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

The C-RAD solutions are especially intended for the new advanced techniques in 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 were transferred to NASDAQ OMX First North Premier. Mangold Fondkommission has been appointed as Certified Advisor of C-RAD.

Key events during the period

- Swedish Medical Center in Seattle, USA has placed the so far largest order to C-RAD of 6 Sentinel systems. The first systems will be installed in 2011. The order is a result of the cooperation with Elekta. The agreement will also include

delivery and testing of functionality for respiratory testing.

- 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 at the annual assembly meeting in 2009. 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. The agreement with Radiation Oncology Systems was per 31 December 2010 terminated. A new distributor agreement was signed with Aktina Medical Corporation. Except for support to Aktina Medical C-RAD Inc. will promote sales to the Linac vendors in the US.
- Since the cooperation with the German company LAP until further notice has been discontinued new 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 on the important Chinese market. A distribution agreement has been signed with the Austrian company IT-V to support sales in the German speaking countries.

- 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 its price book.
- The Sentinel system for surface scanning has been developed and is manufactured by C-RAD Positioning AB. The scanner is sold with different modules for networking, applications and interfaces for communication with other systems. The more modules being added to the system the higher gross profit when systems are delivered. In Q4 the C-RAD Group, for the first time, show a positive cash flow from operating activities.

Key events after the close of the reporting period

- 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.

Financial performance during January-December 2010

The Group's net sales amounted to kSEK 14 235 (4 899), an increase of 190 % compared to the same period of last year.

Gross profit reached kSEK - 9 420 (- 9 925), a improvement of 5 % from the same period of last year. Increased operating costs due to new employments, start-up of the US subsidiary, research expenditures and less capitalization of developing costs in C-RAD Positioning AB and also increasing amortizations on R&D expenses explains why gross profit are relatively low compared to the increased net sale during 2010. The amortizations on R&D expenses amounted to kSEK 3 100 (2 650).

Work performed by the Group for its own use and capitalized amounted to kSEK 7 118 (7 437) during this year. The Group's investment in capitalized development expenses totaled 37 656 (31 598) kSEK.

Operating profit during the year was - 9 838 (- 10 250) kSEK.

The Group's cash and cash equivalents at 31 December 2010 totaled kSEK 19 376 (3 981). Cash flow for the period was 15 395 (-12 368) kSEK, an increase of 224 % compared to the same period of last year. Cash flow from operating activities and from investing activities amounted during 2010 -14 787 kSEK (-16 640). An improvement of 11 %.

Financial performance during fourth quarter 2010

Net sales for the fourth quarter amounted to 5 853 (3 164) kSEK, an improvement of 85 % compared with the same period of the preceding year. Operating loss for fourth quarter amounted to -2 080 (-1 132) kSEK.

For the first time the group show positive cash flow from its operating activities.

The cash flow from the operating activities amounted 4 204 kSEK (-1 704).

The total cash flow at end of period Q4 amounted 372 kSEK (-3 235).

The Group's equity amounted to 48 117 (29 816) and the equity ratio to 71 (67) %.

Personnel

The number of employees at 31 December 2010 totaled 19 (16).

Transactions to related parties

Scandiflash AB has been appointed as the manufacturer of C-RAD Sentinel™. 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

No important changes have occurred during the reporting period concerning the risk and uncertainty factors in the Group.

The Group's capitalized development expenditures amounts to 37 MSEK, divided mainly 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.

Proposed appropriation of profits

The following funds in the Parent Company are at the disposal of the Annual Meeting:

Retained loss:	-7 166 773
Share premium reserve:	78 790 971
Loss for the year:	- 4 554 808
Together amounting to:	67 069 210

The Board of Directors and the President propose that the company's retained profits of 67 069 kSEK be carried forward to new account.

Consolidated Income statements

(Amount in SEK 000s)	2010	2009	2010	2009
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating income				
Net sales	5 853	3 164	14 235	4 899
Work performed by the company for its own use and capitalized	2 050	1 888	7 118	7 473
Other operating incomes	-	440	91	494
Operating expenses				
Raw materials and consumables	-2 781	-1 567	-6 003	-2 943
Other external costs	-2 690	-1 164	-7 837	-4 479
Personnel costs	-3 723	-3 166	-13 843	-12 705
Depriciations	- 718	-727	-3 103	-2 651
Other operating expenses	- 70	-	-78	- 13
Operating loss	-2 080	-1 132	-9 420	-9 925
Financial items	- 73	- 32	-418	-326
Loss after financial items	-2 152	-1 164	-9 838	-10 251
Tax on profit of the year				
Net profit/loss of the period	-2 152	-1 164	-9 838	-10 251
Other comprehensive income	0	0	0	0
Comprehensive income for the period	-2 152	-1 164	-9 838	-10 251

Earnings per share	2010	2009	2010	2009
	Oct-Dec	Oct-Dec	31 Dec	31 Dec
Numbers of shares	12 298 091	9 976 000	12 298 091	9 976 000
Average numbers of shares	12 298 091	9 633 534	12 298 091	9 633 534
Average number of shares after dilution	13 501 360	10 688 803	13 501 360	10 668 803
Number of outstanding warrants	1 055 269	1 055 269	1 055 269	1 055 269
Equity ratio	-	-	71 %	67 %
Basic earnings per share	-0,17	-0,12	-0,80	-1,06
Diluted earnings per share	-0,16	-0,11	-0,73	-0,96
Equity per share	-	-	3,91	2,99
Dilutes equity per share	-	-	3,56	2,79

Consolidated balance sheets

(Amount in SEK 000s)	2010	2009
	31 Dec	31 Dec
Intangible assets	37 656	31 598
Tangible assets	693	580
Financial assets	106	106
Inventories	2 488	2 293
Current receivables	7 501	6 279
Cash and bank balances	19 376	3 981
Total assets	67 820	44 837
Equity	48 117	29 816
Long-term liabilities	8 545	7 002
Current liabilities	11 158	8 019
Total equity and liabilities	67 820	44 837

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)		
	2010	2009
<u>Revenue by segment</u>		
Positioning	9 385	4 899
Imaging	4 850	0
Innovation	0	0
	14 235	4 899
<u>Gross profit by segment</u>		
Positioning	5 521	3 634
Imaging	2 802	0
Innovation	0	0
<u>Trade receivables by segment</u>		
Positioning	4 882	3 713
Imaging	952	0
Innovation	0	0
<u>Revenue by geographical market</u>		
<u>Sales</u>		
Scandinavia	3 821	941
Europe	7 934	2 202
USA	255	881
Asia	2 225	875
	14 235	4 899

Consolidated Cash flow statements

(Amount in SEK 000s)	2010	2009	2010	2009
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<u>Operating activities</u>				
Operating profit/loss	-2 080	-1 132	- 9 420	- 9 924
Adjustments for non-cash items, etc	718	727	3 103	2 651
Interest received	18	-	32	-
Interest paid	-90	-32	-450	-326
Cash flow from operating activities before working capital changes	-1 434	-438	- 6 735	- 7 599
Working capital changes	5 638	-1 267	1 721	- 1 127
Cash flow from operating activities	4 204	-1 704	-5 014	-8 726
Cash flow from investing activities	-3 575	-1 976	-9 273	- 7 914
Cash flow from financing activities	-257	446	29 682	4 272
Cash flow at end of period	372	- 3 235	15 395	-12 368
Cash and cash equivalents at beginning of period	19 004	7 216	3 981	16 349
Cash and cash equivalents at end of period	19 376	3 981	19 376	3 981

Consolidated statements of changes in equity

(Amount in SEK 000s)	2010	2009	2010	2009
	Okt-dec	Oct-dec	Jan-Dec	Jan-Dec
At beginning of period	50 315	31 038	29 816	35 049
New share issue	-	-	30 187	5 000
Issue expenses	-	-23	-2 117	-23
Dissolved negativ goodwill	-	-	-	-
Warrants in C-RAD AB	-	-	-	-
Eguity on convertible loan	-46	-34	69	41
Loss for the period	-2 152	-1 165	-9 838	-10 251
At end of period	48 117	29 816	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 2009 annual report.

Financial calendar

The 2010 annual report will be held available from May 11th 2011 and can be ordered by telephone +46 18-666930 or by e-mail to info@c-rad.se

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 been reviewed by the group auditor.

Uppsala, 11 February 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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