



C-RAD AB (publ), Year End 2011

Key events during 2011

- IBA Dosimetry placed a frame order of 4,8 MSEK to C-RAD Imaging AB for deliveries of 1 600 diode detectors in 2011 with an outcome of 6,0 MSEK.
- Cooperation agreement signed with Skåne University Hospital and orders of seven Catalyst systems
- A research agreement has been signed with Elekta
- A new share issue with preferential rights of 32,6 MSEK, oversubscribed by 65%
- New convertible loans signed with Norrlandsfonden
- Six Catalyst systems have been installed
- A letter of intent has been signed with a dosimetry company
- A first order of a GEMini ED detector
- Impairment loss of development GEMini
- Sales of 14,9 MSEK (14,2 kSEK)
- Bookings of 23,9 MSEK (16,6 MSEK)
- Loss after tax of -42 607 kSEK (- 9 838 kSEK)
- EBITA of -16,5 MSEK (-6,3 MSEK)
- Earnings per share after tax of -2,68 SEK (- 0,80 SEK)
- Equity ratio of 66 % (71 %)
- Cash of 24 600 kSEK (19 376 kSEK)
- Numbers of employees were 19 (21)

Key events after the close of the reporting period

- Two orders of C-RAD Sentinel from Elekta in China
- A new frame agreement for 2012 signed with IBA Dosimetry to a value of 6,1 MSEK
- A new cooperation agreement signed with Uppsala Akademiska Sjukhus

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

“Bookings during fourth quarter showed a strong growth. For 2011 orders to a value of 23, 9 MSEK were booked. An increase +45 % compared to 2010. Sales were in the same order as the year before. Most orders were booked end of the year and after first deliveries of the Catalyst system. A major part of bookings will be invoiced in 2012. Back log increased to 12, 8 MSEK.

To secure a strong growth in 2012 C-RAD has invested heavily in product development and in sales and marketing. These investments have had a temporarily negative effect on profit.

The cooperation with the university hospital in Salzburg has developed well. The performance of the GEMini system has been improved. A new plan for developments in 2012 has been agreed upon. Due this cooperation and investments in the field of

dosimetry earlier investments at the subsidiary C-RAD Imaging AB have been questioned. After accomplished impairments tests C-RAD has decided to write-down capitalized developments at C-RAD Imaging AB. As a result C-RAD is showing a loss of -42,6 MSEK compared to a loss of -9,8 MSEK 2010. With a strong and innovative program introduced to the market, an improved market and sales organization and working technical and commercial relationships with the larger vendors in radiation therapy expectations in 2012 are high. Sales activities will be focused on key markets in Europe, North America and East Asia.”

C-RAD AB (publ)

Year End Report 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 annual report 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 20.

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, first at Aktietorget, but since March 2010 C-RAD AB is a listed company at NASDAQ OMX First North Premier. Mangold Fondkommission has been appointed as Certified Advisor of C-RAD.

Key events during the 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.
- 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. Five more Catalyst systems have been ordered.
- 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 clinically be used.
- 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.
- The first six Catalyst systems have been installed at clinics in Sweden, Germany and the US.

- 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
- An agreement was beginning of 2011 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 successful and the performance of the system has been improved.
- A first GEMini ED system has been ordered and installed
- After implemented impairment tests the group decides to write-down capitalised development costs of 18,1 MSEK in C-RAD Imaging AB. This write-down has no effect on cash and bank balances. GEMini is being further developed in collaboration with the University Clinic in Salzburg. A program for 2012 and 2013 is under preparation. Furthermore, development started for the use of the GEMini in a whole new area , namely dosimetry.

Key events after the close of the reporting period

- C.RAD has from Elekta in China received orders of two Sentinel systems. The Sentinel systems will be delivered together with the Elekta Axesse system and deliver correction data to the Elekta Hexapod Evo couch. After approval Elekta China has decided to include the Sentinel system as a standard product.
- IBA has placed a frame order for deliveries in 2012 of 1835 detectors to a value of 6,1 MSEK. Compared to the frame order of 2011 this means an increase of +27 %.

A new detector chip with improved technical data has been developed. Deliveries with the new chip will start in Q2 2012.

- A new cooperation agreement has been signed with Uppsala Akademiska Sjukhuset. All the C-RAD product areas will be part of the agreement. Clinical evaluation and testing will be a major part of the cooperation. New functionalities will be developed together with Akademiska Sjukhuset.

Financial performance during January-December 2011

The Group's net sales amounted to kSEK 14 909 (14 235), a minor increase compared to the same period of last year.

After impairment tests according to IFRS the group have decided to write-down capitalized developments costs in C-RAD Imaging by 18 MSEK. This impairment loss combined with major market investments, less capitalization of developing costs in C-RAD Positioning AB and increased amortizations explains this year's gross profit. Gross profit reached kSEK -42 104 (- 9 420).

The amortizations on R&D expenses amounted to kSEK 7 451 (3 100).

Work performed by the Group for its own use and capitalized amounted to kSEK 5 825 (7 118) during this year. The Group's investment in capitalized development expenses totaled 18 116 (37 656) kSEK.

Operating profit during the year was – 42 606 (- 9 838) kSEK.

The Group's cash and cash equivalents at 31 December 2011 totaled kSEK 24 600 (19 376). Cash flow for the period was 5 137 (15 395). Cash flow from operating activities and from investing activities amounted during 2011 -26 593 kSEK (-14 287).

Financial performance during fourth quarter 2011

Net sales for the fourth quarter amounted to 3 660 (5 853) kSEK. Operating loss for fourth quarter amounted to -24 768 (-2 080) kSEK.

Earnings before interest, tax and amortizations amount to -4 802 kSEK (-1 362).

The cash flow from the operating activities amounted -5 422 kSEK (4 204).

The capital increase in Q4 strengthen the cash and the total cash flow at end of period Q4 amounted 22 241 kSEK (372).

After the impairment loss the Group's equity amounted to 36 015 (48 117) and the equity ratio to 66 (71) %.

Personnel

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

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 18 MSEK, divided mainly in the two products Sentinel and Catalyst. 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

With a complete range of products for positioning, motion control and respiratory-guided radiation therapy and also interface to Varian accelerators and enhanced marketing and sales network is the expectation of increased sales and invoicing high. Sales activities will be concentrated in Europe, North America and East Asia.

Proposed appropriation of profits

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

Retained loss:	- 11 634 308
Share premium reserve:	109 093 391
Loss for the year:	- 39 629 575
Together amounting to:	57 832 508

The Board of Directors and the President propose that the company's retained profits of 57 833 kSEK be carried forward to new account.

Consolidated Income statements

(Amount in SEK 000s)	2011	2010	2011	2010
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating income				
Net sales	3 660	5 853	14 910	14 235
Work performed by the company for its own use and capitalized	875	2 050	5 825	7 118
Other operating incomes	61	-	3	91
Operating expenses				
Raw materials and consumables	-1 598	-2 781	-8 042	-6 003
Other external costs	-3 068	-2 690	-12 101	-7 837
Personnel costs	-4 725	-3 723	-16 808	-13 843
Depriciations	-19 966	- 718	-25 584	-3 103
Other operating expenses	- 7	- 70	-307	-78
Operating loss	-24 768	-2 080	-42 104	-9 420
Financial items	- 153	- 73	-503	-418
Loss after financial items	-24 921	-2 152	-42 607	-9 838
Tax on profit of the year				
Net profit/loss of the period	-24 921	-2 152	-42 607	-9 838
<u>Other comprehensive income</u>	0	0	0	0
Comprehansive income for the period	-24 921	-2 152	-42 607	-9 838

Earnings per share	2010	2010	2011	2010
	Oct-Dec	Oct-Dec	31 Dec	31 Dec
Numbers of shares	15 868 820	12 298 091	15 868 820	12 298 091
Average numbers of shares	15 868 820	12 298 091	15 868 820	12 298 091
Average number of shares after dilution	16 986 428	13 501 360	16 986 428	13 501 360
Number of outstanding warrants	1 117 608	1 055 269	1 117 608	1 055 269
Equity ratio	66 %	71 %	66 %	71 %
Basic earnings per share	-1,57	-0,17	-2,68	-0,80
Diluted earnings per share	-1,47	-0,16	-2,51	-0,73
Equity per share	2,27	3,91	2,27	3,91
Dilutes equity per share	2,12	3,56	2,12	3,56

Consolidated balance sheets

(Amount in SEK 000s)	2011	2010
	31 Dec	31 Dec
Intangible assets	18 116	37 656
Tangible assets	815	693
Financial assets	109	106
Inventories	4 031	2 488
Current receivables	6 532	7 501
Cash and bank balances	24 600	19 376
Total assets	54 203	67 820
Equity	36 015	48 117
Long-term liabilities	9 859	8 545
Current liabilities	8 329	11 158
Total equity and liabilities	54 203	67 820

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)				
	okt-dec 2011	okt-dec 2010	2011	2010
<u>Revenue by segment</u>				
Positioning	1 379	3 660	8 067	9 385
Imaging	2 281	2 193	6 509	4 850
Innovation	0	0	333	0
	3 660	5 853	14 909	14 235
<u>Gross profit by segment</u>				
Positioning	758	2 064	4 566	5 521
Imaging	1 305	1 008	4 777	2 802
Innovation	0	0	333	0
<u>Trade receivables by segment</u>				
Positioning	1 851	4 882	1 851	4 882
Imaging	2 210	952	2 210	952
Innovation	0	0	0	0
<u>Revenue by geographical market</u>				
<u>Sales</u>				
Scandinavia	8	2 704	3 093	3 821
Europe	4 051	2 894	9 086	7 934
USA	0	255	2 461	255
Asia	-399	0	269	2 225
	3 660	5 853	14 909	14 235

Consolidated Cash flow statements

(Amount in SEK 000s)	2011	2010	2011	2010
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<u>Operating activities</u>				
Operating profit/loss	-24 768	-2 080	-42 104	- 9 420
Adjustments for non-cash items, etc	19 967	718	25 583	3 103
Interest received	-	18	-	32
Interest paid	-153	-90	-503	-450
Cash flow from operating activities before working capital changes	-4 954	-1 434	-17 023	- 6 735
Working capital changes	-470	5 638	- 3 404	1 721
Cash flow from operating activities	-5 424	4 204	-20 427	-5 014
Cash flow from investing activities	-394	-3 575	-6 166	-9 273
Cash flow from financing activities	28 057	-257	31 729	29 682
Cash flow at end of period	22 239	372	5 137	15 395
Cash and cash equivalents at beginning of period	2 361	19 004	19 376	3 981
Cash and cash equivalents at end of period	24 600	19 376	24 600	19 376

Consolidated statements of changes in equity

(Amount in SEK 000s)	2011	2010	2010	2010
	Oct-dec	Oct-dec	Jan-Dec	Jan-Dec
At beginning of period	30 384	50 315	48 117	29 816
New share issue	32 136	-	32 136	30 187
Issue expenses	-1 993	-	-1 993	-2 117
Dissolved negativ goodwill	-	-	-	-
Warrants in C-RAD AB	184	-	184	-
Equity on convertible loan	227	-46	87	69
Loss for the period	-24 921	-2 152	-42 606	-9 838
Translation gains/losses on consolidation	-2		90	
At end of period	36 015	48 117	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 applies the same accounting and valuation principles as in the 2010 annual report.

Financial calendar

The 2011 annual report will be held available from May 18th 2012 and can be ordered by telephone +46 18-666930 or by e-mail to info@c-rad.se

Interim report 1 January-30 March 2012 will be published 24th May 2012

The General Meeting will be held 1th June 2012

Interim report 1 January-30 June 2012 will be published 30th August 2012

Interim report 1 January-30 September 2012 will be published 28th November 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 been reviewed by the group auditor.

Uppsala, 24 February 2012

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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