

# RAYSEARCH LABORATORIES AB (PUBL)

INTERIM REPORT JANUARY 1 – JUNE 30, 2013

## JANUARY 1 – JUNE 30, 2013

- Net sales for the period amounted to SEK 75.4 M (65.0)
- A loss after tax of SEK 10.8 M (loss: 4.0) was reported and the loss per share was SEK 0.32 (loss: 0.04)
- The operating loss was SEK 11.1 M (loss: 3.2)
- Cash flow amounted to a negative SEK 19.3 M (pos: 21.1)
- First orders received for RayStation® from Spain and France
- RaySearch licensed technology from GSI
- Leading treatment center in Maryland selected RayStation®
- Collaboration agreement signed with IBA

## AFTER THE END OF THE PERIOD

- Partnership agreement with Brainlab announced
- RayStation® 4.0 released
- RayStation® received Chinese regulatory approval
- The first patient in Oceania treated with RayStation®
- US proton center selected RayStation®
- First RayStation® order in China

“During the first six months of the year the revenues increased by 16 percent to SEK 75 M despite a weak second quarter. RaySearch experiences large fluctuations between the various quarters due to a combination of fluctuations in partner sales and in deliveries of RayStation®. The second quarter is also traditionally a slow quarter for the whole radiation therapy industry”, says Johan Löf, President of RaySearch.

“Several strategic milestones have been reached in 2013 and RayStation® is evolving at a fast pace. Interest in the system is rising continuously but it is difficult to predict how rapidly the interest will translate into orders and deliveries. With new partners and a growing sales organization in existing and new markets, we are looking forward to the rest of 2013 with confidence”, concludes Johan Löf.

## SUMMARY OF FINANCIAL RESULTS

AMOUNTS IN SEK 000S	JAN–JUN		APR–JUN		FULL-YEAR
	2013	2012	2013	2012	2012
Net sales	75,400	65,005	27,500	26,556	182,087
Operating profit/loss	-11,122	-3,240	-19,232	-9,958	22,546
Operating margin, %	-14.7	-5.0	-69.9	-37.5	12.4
Profit/loss for the period	-10,825	-4,037	-15,999	-8,654	19,863
Earnings per share, SEK	-0.32	-0.12	-0.47	-0.25	0.58
Share price at the end of the period, SEK	26.20	21.00	26.20	21.00	20.80

The information in the interim report is such that RaySearch must disclose publicly in accordance with the Swedish Securities and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication on August 28, 2013 at 7:45 a.m.

---

## CEO COMMENTS

### GLOBAL INTEREST IN RAYSTATION

We worked intensely during the first half of the year on various activities associated with sales of our RayStation® treatment planning system throughout the world.

Asia is a highly important region for RaySearch and in July we reached a strategic milestone when we received regulatory approval for the sale of RayStation® in the Chinese market. China is one of the largest radiation therapy markets globally and is also the most rapidly growing market. We are represented in China by Kang Li Da Trading Corporation, which is responsible for marketing, sales and service of RayStation® in the Chinese market. We received an order from our first Chinese customer already in August and Kang Li Da is conducting negotiations with other potential customers, so it will be highly interesting to follow this going forward.

Although the US economy was characterized by a certain level of financial uncertainty during the period, we secured many important orders in the US through our local sales company RaySearch Americas. One example is the order from the University of Maryland, a major leading university clinic in the state of Maryland, and a few days ago we announced a new exciting order for a proton therapy system from the Provision Cancer Center in Knoxville, Tennessee.

We also conducted many activities in Europe and gained our first customers in Spain and France early in the year. We are continuing to build up our sales organization here and, for example, we recruited sales representatives in both France and the UK during the summer.

We were also successful in Oceania and have several customers in Australia and New Zealand and in the summer, the first patient treatment with RayStation® in the region was delivered at Auckland Radiation Oncology in Auckland, New Zealand.

We now have more than 50 RayStation® customers worldwide and this figure will continue to grow rapidly as the system becomes more established and our infrastructure for sales and service continues to expand.

### STRATEGIC COLLABORATION IN PROTON THERAPY

We entered into a collaboration agreement with Belgian company IBA in May. The collaboration aims at enhancing the tools in RayStation® for treatment planning of various types of proton therapy. Proton therapy is considered to be the most advanced and precise form of cancer treatment and is a key niche for RaySearch. Currently, there are only about 50 proton centers in the world, but the number is rising rapidly and the order value for each center is relatively high.

IBA is the global leader in supplying treatment machines for proton radiation therapy and has about half of the world's centers as its customers. The partnership will allow us to ensure that RayStation® is the most competitive treatment planning system for radiation therapy using IBA treatment machines, and it will create the conditions for us to capture a significant market share in the proton field. The first confirmation of the significance of this partnership was the order that we secured in August from the Provision Cancer Center in the US.

### NEW PARTNERSHIP AGREEMENT WITH BRAINLAB

In July we announced a new long-term license and development agreement with the German company Brainlab, a world-leading supplier of equipment for Neurosurgery and Stereotactic Body Radiation Therapy. Under the agreement, RaySearch will develop software modules for optimizing radiation therapy that will be licensed to Brainlab and integrated into software systems that Brainlab markets to clinics.

RaySearch and Brainlab complement each other well and there is a solid foundation for this partnership to be highly fruitful for both companies for many years to come.

### HIGHER REVENUES BUT WEAK EARNINGS

Revenues rose 16.0 percent to SEK 75.4 M (65.0) during the first six months of the year. This was the result of increased deliveries of RayStation® and also growing partner sales via Philips, Nucletron and Varian. RaySearch experiences large fluctuations between the various quarters due to a combination of fluctuations in partner sales and major fluctuations in deliveries of RayStation® from quarter to quarter. The first quarter was relatively strong, while the second quarter was weak with few deliveries of RayStation® because several installations were postponed. As a result, sales for the second quarter rose only 3.6 percent to SEK 27.5 M compared with SEK 26.6 M in the second quarter 2012.

Costs rose during the first half of 2013 compared with the year-earlier period, which was due primarily to the build-up of infrastructure for sales and marketing of RayStation®, higher development costs as a result of increased amortization of capitalized development costs and higher legal fees in the US resulting from the patent dispute with Prowess. Accordingly, half-year earnings fell to a loss of SEK 10.8 M (loss: 4.0).

### PATENT PROCESS CONTINUES

In May 2011 we were sued by the US company Prowess, which claims that we have infringed on a US patent that they license. We believe there is no infringement and, in addition, that the patent should be invalidated since there is prior art in numerous older publications describing the same methods. We have a strong defense and hope to win the case.

The process continues and we are focusing a great deal of energy on the matter to defend ourselves in the best possible manner. It remains difficult to predict how long it will take to resolve the dispute and the total costs this will entail for RaySearch. However, it is clear that we will continue to incur substantial legal costs in 2013.

### CONTINUED FOCUS ON RAYSTATION®

The year 2013 will be characterized by continued development of a global sales, marketing and support organization for RayStation®. However, we are proceeding cautiously and will build the infrastructure step by step with the goal of achieving a positive profit contribution from the direct sales effort also in the short-term but, since there are major fluctuations in deliveries, earnings fluctuate from quarter to quarter.

We released version 3.5 of RayStation® in March and a new version, RayStation® 4.0, was launched as recently as July. This means that we are maintaining a significantly higher pace of development than our competitors. The system now supports all delivery modes available with all relevant machines from the leading hardware suppliers for standard radiation therapy using photons, and RayStation® 4.0 makes it the most powerful system for all types of radiation treatments. RayStation® also includes state-of-the-art tools for treatment planning of radiation therapy with electrons and protons, complementing RayStation's extensive tools for planning and optimization of radiation therapy with photons. Treatment planning with photons is an area of growing importance for RaySearch, especially since we entered our new partnership with IBA.

In April, we also signed a license agreement with the world-leading research center GSI in Germany. The agreement gives us the right to integrate very interesting technology for treatment planning of carbon ion treatments in RayStation®. This technology has been developed and tested clinically at GSI and the partnership further strengthens our position as the leading supplier of software in the field of proton and carbon ion therapy.

In parallel, we are continuing to cooperate with our partners. We recently commenced a development project with our new partner Brainlab and are also working on other development projects together with existing partners. Accordingly, even though we are investing considerable resources in RayStation®, the partner model is and will remain a key component of our operations.

Several strategic milestones have been reached to date this year and RayStation® is evolving at a fast pace. While considerable work remains ahead for expanding our sales and service organization, interest in the system is rising continuously and we are involved in an ever higher number of business discussions throughout the world. It is difficult to predict how rapidly the interest will translate into orders and deliveries, but with our new collaborations and a growing sales organization in existing and new markets, we are looking forward to the rest of 2013 with confidence.

Stockholm, August 28, 2013

Johan Löf  
President and CEO of RaySearch Laboratories AB (publ)

---

# SIGNIFICANT EVENTS

## EVENTS DURING THE PERIOD JANUARY 1- JUNE 30, 2013

### ***First RayStation® orders from Spain and France***

In January RaySearch received the first Spanish order for RayStation® from Consorcio Hospitalario Provincial de Castellón (CHPC) in Castellón, Spain. In January, the first French RayStation® order was also received from Institut de Cancérologie Lucien Neuwirth (ICLN) in Saint Priest en Jarez, France.

### ***RaySearch licensed technology from GSI***

RaySearch entered into a license agreement with GSI Helmholtzzentrum für Schwerionenforschung in Darmstadt, Germany (GSI) regarding techniques for calculating radiobiological effective dose in ion beam treatments. The Biological Modeling research team at GSI has, for a long time developed and refined the Local Effect Model (LEM) for calculating the relative biological effectiveness during irradiation with therapeutic carbon ion beams. The new agreement gives RaySearch the right to integrate algorithms and know-how from GSI related to the LEM in RaySearch's RayStation® treatment planning system.

### ***Major treatment center in Maryland selected RayStation®***

In April, the University of Maryland Marlene and Stewart Greenebaum Cancer Center in Baltimore, Maryland, announced that they are implementing RayStation® to customize radiation therapy for cancer patients over the course of their treatment. The new system will be in full operation at the Greenebaum Cancer Center and at several other hospitals in the University of Maryland Medical System later in the year.

### ***Partnership agreement signed with IBA***

In May, RaySearch signed a partnership agreement with the Belgian company IBA, a world-leading supplier of equipment for proton therapy. The aim of the collaboration is to further enhance the tools in RayStation® for the various treatment modalities of proton therapy. It will allow clinics throughout the world to make better use of the strength of IBA's treatment machines for a large amount of clinical indications and IBA will add RayStation® to its offering to customers.

## EVENTS AFTER THE END OF THE REPORT PERIOD

### ***Partnership agreement with Brainlab announced***

A new long-term license and development agreement with the German company Brainlab, a world-leading supplier of equipment for Neurosurgery and Stereotactic Body Radiation Therapy, was announced in July. Under the agreement, RaySearch will develop software modules for optimizing radiation treatments, which will be licensed to Brainlab and integrated into the software system that Brainlab markets to clinics. Development work began immediately and integrated products will be launched in late 2013.

### ***RayStation® 4.0 released***

RayStation® 3.5 was released in March and the version later received US regulatory clearance in May. As recently as July, it was announced that the next new version, RayStation® 4.0, had been released and was available for clinical use in several European countries, the US, Japan, Australia and New Zealand, with launch also planned for Canada, China and South Korea. The new version includes a large number of new features and improvements.

### ***RayStation® received Chinese regulatory approval***

In July, RaySearch received regulatory market approval from the Chinese regulatory agency CFDA for RayStation®. As a result of the approval, RayStation® can now be sold in the Chinese market. Since November 2011, RaySearch has been represented in the Chinese market by the distributor Kang Li Da Trading Corporation that is now responsible for marketing, sales and service for RayStation® in the entire Chinese market. China is one of the largest radiation therapy markets globally with approximately 1,300 radiation therapy clinics.

### ***First patient in Oceania treated with RayStation®***

It was announced in August that the first patient in Oceania had been treated with a treatment plan created with RayStation®. The system has been used clinically in North America and Europe for some time and this was the first treatment carried out in Oceania. The treatment took place at Auckland Radiation Oncology in Auckland, New Zealand.

### ***US proton center selected RayStation®***

In August RaySearch received an order for its RayStation® treatment planning system from Provision Center for Proton Therapy. This partnership with Provision represented a milestone since it was the first proton center to select RayStation® since RaySearch and IBA initiated a collaboration in the field of proton therapy earlier this year.

### ***First RayStation® order in China***

RaySearch received the first RayStation® order on the Chinese market in August. The order was received from Ganzhou People's Hospital in Ganzhou, Jiangxi Province, China.

## FINANCIAL INFORMATION

### SALES AND EARNINGS FOR THE SECOND QUARTER OF 2013

During the second quarter of 2013, sales rose 3.6 percent year-on-year to SEK 27.5 M [26.6]. The operating result declined during the quarter to a loss of SEK 19.2 M (loss: 10.0), corresponding to a negative operating margin of 69.9 percent (neg: 37.5). The loss after tax for the quarter was SEK 15.9 M (loss: 8.7). The earnings decline was due primarily to higher costs for the development, marketing and expansion of sales and service for RayStation®.

### SALES AND EARNINGS FOR THE FIRST HALF OF 2013

#### *Revenues*

During the first half of 2013, sales rose 16.0 percent year-on-year to SEK 75.4 M [65.0]. Sales consist of license revenues via partners and direct sales, as well as support revenues. The total number of licenses sold via partners and direct sales amounted to 777 [640] and license revenues during the first half of 2013 totaled SEK 62.8 M [54.7]. The increase in license revenues resulted from a rise in revenues from direct sales of RayStation®, as well as higher sales of products from partnerships with Philips, Nucletron and Varian. Support revenues in the first half of 2013 rose to SEK 12.6 M [10.3].

The company is dependent on exchange-rate trends for the SEK in relation to the USD and EUR, since invoicing is denominated in USD and EUR, while most of the costs are in SEK. During the first half of 2013, revenues in USD were recognized at an average exchange rate of SEK 6.53, compared with SEK 6.77 in the year-earlier period. During the first half of 2013, revenues in EUR were recognized at an average exchange rate of SEK 8.52, compared with SEK 8.87 in the year-earlier period. Accordingly, currency effects had a negative impact on sales. At unchanged exchange rates, sales would have increased 20.3 percent year-on-year. A sensitivity analysis of currency exposure indicates that the impact of a  $\pm 10$  percent change in the average USD exchange rate on operating profit in the first half of 2013 was  $\pm$  SEK 2.9 M and that the corresponding effect of a  $\pm 10$  percent change in the average EUR exchange rate was  $\pm$  SEK 1.9 M. The company pursues the currency policy established by the Board of Directors.

#### *Expenses and profit*

An operating loss of SEK 11.1 M (loss: 3.2) was reported in the first half of 2013, corresponding to a negative operating margin of 14.7 percent (neg: 5.0). Operating expenses, excluding exchange-rate gains and losses, increased SEK 17.9 M to SEK 86.0 M, compared with the year-earlier period. Other operating revenues and other operating expenses refer to exchange-rate gains and losses, with the net of these for the first half of 2013 amounting to income of SEK 1.5 M (0.1). The increase in operating expenses derived mainly from higher marketing and personnel costs for sales and service due to activities related to direct sales of RayStation®, higher amortization of capitalized development costs pertaining to RayStation® and higher legal costs resulting from the patent dispute with Prowess.

At June 30, 2013, 73 [68] employees were engaged in research and development. Research and development costs include payroll costs, consulting fees, computer equipment and premises. Before capitalization and amortization of development costs, research and development costs totaled SEK 48.0 M [42.7].

During the first half of 2013, capitalized development costs totaled SEK 30.2 M [26.9]. Amortization of capitalized development costs in the first half of 2013 amounted to SEK 25.6 M [21.6]. After adjustments for capitalization and amortization of development costs, research and development costs totaled SEK 43.4 M [37.4].

Amortization of intangible fixed assets in the first half of 2013 amounted to SEK 25.6 M [21.6] and depreciation of tangible fixed assets to SEK 0.5 M [0.6]. Total amortization and depreciation during the first half of 2013 totaled SEK 26.1 M [22.2]. Amortization and depreciation pertained primarily to capitalized development costs.

The loss after tax for the first half of 2013 was SEK 10.8 M [loss: 4.0], corresponding to a loss per share before and after dilution of SEK 0.32 [loss: 0.12]

#### ***Geographic distribution of license revenues***

License revenues in the first half of 2013 were distributed as follows: North America 32 percent [40], Asia 28 percent [32], Europe and the rest of the world 40 percent [28].

### **LIQUIDITY AND FINANCING**

Cash flow from operating activities during the first half of 2013 fell to SEK 11.5 M [49.0], primarily due to working capital rising slightly in the first half of 2013 but declining sharply in the year-earlier period due to a sharp decrease in accounts receivable. Cash flow from investing activities declined to a negative SEK 30.8 M [neg: 27.9].

Cash flow for the period amounted to negative SEK 19.3 M [pos: 21.1] At June 30, 2013, cash and cash equivalents totaled SEK 42.6 M, compared with SEK 49.8 M on June 30, 2012. At June 30, 2013, current receivables totaled SEK 64.5 M, compared with SEK 39.8 M on June 30, 2012. The receivables primarily comprised accounts receivables. RaySearch has no interest-bearing liabilities.

### **FINANCIAL INSTRUMENTS**

RaySearch's financial assets and liabilities comprise accounts receivables, cash and cash equivalents, accrued income, accrued expenses and accounts payable. Financial assets and liabilities have short terms. Accordingly, the fair values of all financial instruments are deemed to approximately match the carrying amounts. RaySearch has not offset any financial assets and liabilities and have no agreements that allow set-off.

### **INVESTMENTS**

Fixed assets primarily comprised capitalized development costs. Investments in intangible fixed assets in the first half of 2013 amounted to SEK 30.2 M [26.9] and investments in tangible fixed assets to SEK 0.7 M [1.6].

### **EMPLOYEES**

At the end of the first half of the year, the number of employees in RaySearch was 106 [91]. The average number of employees during the January-June 2013 period was 107 [88].

### **PARENT COMPANY**

Since in all material respects the financial reporting of the Parent Company matches the financial reporting of the Group, the comments for the Group are also largely relevant for the Parent Company. Capitalization of development costs is recognized in the Group, but not in the Parent Company.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000S	JAN–JUN		APR–JUN		FULL-YEAR
	2013	2012	2013	2012	2012
Net sales	75,400	65,005	27,500	26,556	182,087
Cost of goods sold	-2,043	-249	-1,749	-213	-3,029
<b>Gross profit</b>	<b>73,357</b>	<b>64,756</b>	<b>25,751</b>	<b>26,343</b>	<b>179,058</b>
Other operating income	2,084	1,882	2,084	1,882	1,032
Selling expenses	-20,824	-15,305	-12,575	-9,565	-36,267
Administrative expenses	-21,739	-15,444	-11,061	-8,564	-39,279
Research and development costs	-43,451	-37,357	-23,431	-20,054	-78,657
Other operating expenses	-549	-1,772	-	-	-3,341
<b>Operating profit/loss</b>	<b>-11,122</b>	<b>-3,240</b>	<b>-19,232</b>	<b>-9,958</b>	<b>22,546</b>
Result from financial items	370	239	126	114	1,018
<b>Profit/loss before tax</b>	<b>-10,752</b>	<b>-3,001</b>	<b>-19,106</b>	<b>-9,844</b>	<b>23,564</b>
Tax	-73	-1,036	3,107	1,190	-3,701
<b>Profit/loss for the period<sup>1)</sup></b>	<b>-10,825</b>	<b>-4,037</b>	<b>-15,999</b>	<b>-8,654</b>	<b>19,863</b>
<b>Other comprehensive income</b>					
<b>Items to be reclassified to profit or loss</b>					
Translation difference of foreign operations for the period	-899	2	-873	-255	993
<b>Items not to be reclassified to profit or loss</b>					
	-	-	-	-	-
<b>Profit/loss for the period<sup>1)</sup></b>	<b>-11,724</b>	<b>-4,035</b>	<b>-16,872</b>	<b>-8,909</b>	<b>19,863</b>
Earnings per share before and after dilution (SEK)	-0.32	-0.12	-0.47	-0.25	0.58

<sup>1)</sup> 100% attributable to shareholders in the Parent Company.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY**

AMOUNTS IN SEK 000S	JUN 30, 2013	JUN 30, 2012	DEC 31, 2012
<b>ASSETS</b>			
Intangible fixed assets	170,485	166,361	165,926
Tangible fixed assets	3,867	4,482	3,711
<b>Total fixed assets</b>	<b>174,352</b>	<b>170,843</b>	<b>169,637</b>
Current receivables	64,537	39,758	61,515
Cash and cash equivalents	42,615	49,771	61,875
<b>Total current assets</b>	<b>107,152</b>	<b>89,529</b>	<b>123,390</b>
<b>TOTAL ASSETS</b>	<b>281,504</b>	<b>260,372</b>	<b>293,027</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	205,830	192,662	217,553
Deferred tax liabilities	41,976	47,768	40,966
Other long-term liabilities	-	642	-
Accounts payable	5,139	5,248	11,717
Other current liabilities	28,559	14,052	22,791
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>281,504</b>	<b>260,372</b>	<b>293,027</b>
Pledged assets	37,500 <sup>1)</sup>	5,000	37,500 <sup>1)</sup>
Contingent liabilities	See Note	See Note	See Note

**CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY**

AMOUNTS IN SEK 000S	JAN–JUN		APR–JUN		FULL-YEAR
	2013	2012	2013	2012	2012
Profit/loss before tax	-10,752	-3,001	-19,106	-9,844	23,564
Adjusted for non-cash items <sup>2)</sup>	24,984	22,093	11,740	10,109	50,551
Taxes paid	-1,772	1,925	-975	-913	-3,010
<b>Cash flow from operating activities before changes in working capital</b>	<b>12,460</b>	<b>21,017</b>	<b>-8,341</b>	<b>-648</b>	<b>71,105</b>
Cash flow from changes in working capital	-927	28,003	3,652	25,157	16,346
<b>Cash flow from operating activities</b>	<b>11,533</b>	<b>49,020</b>	<b>-4,689</b>	<b>24,509</b>	<b>87,451</b>
Cash flow from investing activities <sup>3)</sup>	-30,851	-27,942	-15,202	-14,373	-54,165
Cash flow from financing activities	-	-	-	-	-
<b>Cash flow for the period</b>	<b>-19,318</b>	<b>21,078</b>	<b>-19,891</b>	<b>10,136</b>	<b>33,286</b>
Cash and cash equivalents at the beginning of the period	61,875	28,704	62,291	39,572	28,704
Exchange-rate difference in cash and cash equivalents	58	-11	215	63	-115
<b>Cash and cash equivalents at the end of the period</b>	<b>42,615</b>	<b>49,771</b>	<b>42,615</b>	<b>49,771</b>	<b>61,875</b>

<sup>1)</sup> In September 2012, pledged assets were increased to SEK 20 M as collateral for an increase in the committed line of credit to the same amount. In November, RaySearch issued a bank guarantee of EUR1.8 M to the Austrian customer MedAustron. Due to this, cash amounting to SEK 17.5 M has been blocked.

<sup>2)</sup> These amounts include amortization of capitalized development costs.

<sup>3)</sup> These amounts include capitalized development costs.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000S	JAN–JUN		FULL-YEAR
	2013	2012	2012
Opening balance	217,553	196,697	196,697
Profit/loss for the period	-10,824	-4,037	19,863
Translation difference for the period	-899	2	993
Closing balance	205,830	192,662	217,553

## CHANGES IN NUMBER OF SHARES

	JAN–JUN	FULL-YEAR
	2013	2012
Total number of shares (opening and closing balance)	34,282,773	34,282,773
Holding of treasury shares, opening balance	299,628	299,628
Holding of treasury shares, closing balance	299,628	299,628
Average number of treasury shares	299,628	299,628

## KEY DATA AND FINANCIAL INFORMATION IN SUMMARY

AMOUNTS IN SEK 000S	JAN–JUN			FULL-YEAR
	2013	2012	2011	2012
Net sales	75,400	65,005	47,570	182,087
Operating profit/loss	-11,122	-3,240	1,964	22,546
Operating margin, %	neg	-5.0	4.1	12.4
Profit margin, %	neg	-4.6	2.7	12.9
Profit/loss for the period	-10,824	-4,037	1,265	19,863
Earnings per share, SEK	-0.32	-0.12	0.04	0.58
Return on capital employed, %	8.0	neg	10.3	11.4
Return on equity, %	6.6	neg	7.0	9.6
Equity/assets ratio, %	73.1	74.0	75.0	74.2
Adjusted equity per share at the end of the period, SEK	6.00	5.62	5.28	6.35
Share price at the end of the period, SEK	26.20	21.00	24.00	20.80

For definitions of key ratios see inside of cover of the 2013 Annual Report.

## PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000S	JAN–JUN		APR–JUN		FULL-YEAR
	2013	2012	2013	2012	2012
Net sales	74,696	63,282	25,054	26,556	181,289
Cost of goods sold	-42	-77	-1	-41	-265
<b>Gross profit</b>	<b>74,654</b>	<b>63,205</b>	<b>25,053</b>	<b>26,515</b>	<b>181,024</b>
Other operating income	2,084	110	2,084	1,882	1,032
Selling expenses	-12,251	-7,543	-7,809	-4,866	-19,366
Administrative expenses	-21,726	-15,447	-11,053	-8,570	-38,673
Research and development costs	-48,041	-42,662	-25,869	-22,981	-83,559
Other operating expenses	-549	-	-	-	-3,341
<b>Operating profit/loss</b>	<b>-5,829</b>	<b>-2,337</b>	<b>-17,594</b>	<b>-8,020</b>	<b>37,117</b>
Result from financial items	377	239	133	121	-8,889
<b>Profit/loss after financial items</b>	<b>-5,452</b>	<b>-2,098</b>	<b>-17,461</b>	<b>-7,899</b>	<b>28,228</b>
Appropriations	-	-	-	-	-4,985
<b>Profit/loss before tax</b>	<b>-5,452</b>	<b>-2,098</b>	<b>-17,460</b>	<b>-7,899</b>	<b>23,243</b>
Tax	1,012	360	3,712	1,936	-9,035
<b>Profit/loss for the period</b>	<b>-4,440</b>	<b>-1,738</b>	<b>-13,749</b>	<b>-5,963</b>	<b>14,208</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000S	JAN–JUN		APR–JUN		FULL-YEAR
	2013	2012	2013	2012	2012
Profit/loss for the period	-4,440	-1,738	-13,749	-5,963	14,208
Translation difference for the period	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-4,440</b>	<b>-1,738</b>	<b>-13,749</b>	<b>-5,963</b>	<b>14,208</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

AMOUNTS IN SEK 000S	JUN 30, 2013	JUN 30, 2012	DEC 31, 2012
<b>ASSETS</b>			
Intangible fixed assets	13	76	44
Tangible fixed assets	2,936	4,004	3,124
Financial fixed assets	2,171	12,813	2,171
<b>Total fixed assets</b>	<b>5,120</b>	<b>16,893</b>	<b>5,339</b>
Current receivables	101,463	62,754	84,140
Cash and cash equivalents	37,714	33,433	56,682
<b>Total current assets</b>	<b>139,177</b>	<b>96,187</b>	<b>140,822</b>
<b>TOTAL ASSETS</b>	<b>144,297</b>	<b>113,080</b>	<b>146,161</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	90,961	79,454	95,400
Untaxed reserves	20,326	15,341	20,326
Accounts payable	5,089	5,173	10,047
Other current liabilities	27,921	13,112	20,388
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>144,297</b>	<b>113,080</b>	<b>146,161</b>
Pledged assets	37,500	5,000	37,500
Contingent liabilities	See Note	See Note	See Note

**NOTE**

In May 2011, the US company Prowess filed a lawsuit against RaySearch at the court in Baltimore, Maryland, USA. Prowess claims that RaySearch infringed on a US patent for which Prowess has the license. RaySearch believes that there is no infringement and, in addition, that the patent should be invalidated since there is prior art in numerous older publications describing the same methods. The court process is continuing and it is difficult to predict how long it will take to resolve the dispute and the total costs this will entail for RaySearch. However, it is clear that RaySearch will be forced to continue paying substantial legal costs in 2013 to defend the company in the best possible manner.

## OTHER INFORMATION

### ACCOUNTING POLICIES IN ACCORDANCE WITH IFRS

This condensed interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Swedish Annual Accounts Act. The Parent Company's financial statements were prepared pursuant to Chapter 9 of the Swedish Annual Accounts Act, Interim Financial Reporting. The same accounting policies and basis of computation that were applied in the most recent Annual Report were used to prepare the Group and Parent Company accounts. New or revised IFRS standards during 2013 have not affected RaySearch during the period and no known changes are expected to affect RaySearch in 2013.

Since RaySearch has only one segment, no segment reporting was prepared.

### RISKS AND UNCERTAINTIES IN THE GROUP AND THE PARENT COMPANY

#### *Financial risk management*

RaySearch's financial policy governing the management of financial risks was established by the Board of Directors and represents a framework of guidelines and rules in the form of risk mandates and limits for financial activities. RaySearch is affected primarily by exchange-rate risk. All of RaySearch's net sales are denominated in USD and EUR. In accordance with the established financial policy, no currency hedging is employed. The financial policy is updated at least once annually.

#### *Operational risks*

As a result of its activities, RaySearch is exposed to various operational risks, including the following: dependence on key persons, competition and strategic partnerships. RaySearch currently has partnerships with Philips, Nucletron, IBA Dosimetry, Varian, and Accuray. RaySearch also has several research partnerships. If RaySearch were to lose one or more of these partners, this could have a major impact on the company's sales, profit and financial position. This risk decreases as the percentage of direct sales increases.

For more detailed information about RaySearch's financial risk management and operational risks, refer to page 75 of the 2012 Annual Report.

### RELATED-PARTY TRANSACTIONS

No transactions between RaySearch and related parties materially affected the company's position and earnings.

### ESTIMATES

Preparation of the interim report requires that company management makes estimates that affect the carrying amounts of assets, liabilities, revenues and expenses. The actual outcome could deviate from these estimates. The critical sources of uncertainty in the estimates are the same as those in the most recent Annual Report.

### REVIEW

This interim report has not been reviewed by the company's auditors.

INTERIM REPORT JANUARY 1 – JUNE 30, 2013

The Board of Directors and President give their assurance that the six-month report provides a true and fair view of the Group and Parent Company's operation, position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, August 28, 2013

Erik Hedlund  
*Chairman of the Board*

Johan Löf  
*President and Board member*

Carl Filip Bergendal  
*Board member*

Hans Wigzell  
*Board member*

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

Johan Löf, President  
Tel: +46 (0)8-545 061 30  
johan.lof@raysearchlabs.com

RaySearch Laboratories AB (publ)  
Corporate Registration Number 556322-6157  
Sveavägen 25  
SE-111 34 Stockholm, Sweden

**FINANCIAL REPORTING**

Interim report for the third quarter	November 27, 2013
Year-end Report	February 13, 2014

**ABOUT RAYSEARCH**

RaySearch Laboratories is a medical technology company that develops advanced software solutions for improved radiation therapy of cancer. RaySearch's products are sold primarily via license agreements with such leading partners as Philips, Nucletron, IBA, Varian, Accuray and Brainlab. To date, 15 products have been launched via partners and Research's software is used by more than 2,000 clinics in more than 30 countries. In addition, RaySearch offers the proprietary treatment planning system RayStation® directly to clinics. RaySearch was founded in 2000 as a spin-off from Karolinska Institutet in Stockholm and the company is listed in the Small Cap segment on NASDAQ OMX Stockholm.

More information about RaySearch is available at [www.raysearchlabs.com](http://www.raysearchlabs.com).