



C-RAD AB (publ), Interim report 1 January- 30 June 2011

Key events during first quarter

- 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
- 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
- Agreement has been signed with Christie NHS Foundation Trust in Manchester for clinical evaluation of the Sentinel system
- Introduction of the Catalyst system at the ESTRO conference in London
- Introduction of the C-RAD product program in German speaking countries
- A new president at C-RAD Positioning AB
- Cooperation agreement signed with Skåne University Hospital and a first order of Catalyst systems
- Sales increase with 71% to 7,9 MSEK (4,6 MSEK)
- Bookings of 9,2 MSEK (8,2 MSEK)
- Loss after tax of - 13 743 kSEK (- 6 785 kSEK)
- Earnings per share after tax of -1,12 SEK (- 0,48 SEK)
- Operating loss of -13 540 kSEK (-6 015 kSEK)
- Equity ratio of 68 % (77 %)
- Cash of 4 110 kSEK (11 801 kSEK)
- Numbers of employees were 21 (19).

Key events after the close of the reporting period

- A great interest for the C-RAD product program at the AAPM meeting in Vancouver
- Installation of the first two Catalyst systems
- A research agreement signed with Elekta

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

“Bookings and sales has developed as expected during the first six months of the year. The radiation therapy clinics are usually placing their orders at the end of the year. The deteriorated operating loss, despite the increased sale, is further commented upon in this report under section Financial performance.”

The most important event has been the presentation of the new Catalyst system at the physics meetings in London, Wiesbaden and Vancouver. The interest has been enormous for the C-RAD program and especially the newly developed Catalyst system with unique performances for inter activity and with algorithms, that consider the changes in the contour of the patient. The system is working in real time and can also be used for detection of optical markers.”

C-RAD AB (publ)

Interim report

1 January- 30 June 2011

The board of Directors and the Managing Director of C-RAD AB (publ) hereby present the interim report for the period 1 January – 30 June 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 21.

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 two quarters

- 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 October 2011. The Salzburg University Clinic is a reference site both for Siemens and Elekta. Results will runningly be reported to both companies.
- An agreement has been signed with the Christie Foundation Trust in Manchester to clinically evaluate the Sentinel system. Christies is one of the largest radiation therapy centers in the world. The evaluation will mainly focus on patients with lung and prostate cancer.
- A great interest was shown for the C-RAD products and especially the new system Catalyst at the ESTRO meeting In London 8 to 11 May 2011. More than 120 demonstrations were performed. Catalyst is equipped with unique features for real registration, interactivity and newly developed algorithms for deformable registration.
- The C-RAD program was shown at the German DEGRO meeting for the first time. The meeting took place in Wiesbaden 2-5 June. There was a great interest for the new Catalyst system. After the meeting some key clinics were for further discussions visited.
- Tim Thurn has entered as president of C-RAD Positioning AB in Uppsala. He is also responsible for sales to German speaking countries.

- 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 by the hospital.

Key events after the close of the reporting period

- The American physics meeting AAPM was this year combined with the Canadian meeting COMP in Vancouver. The C-RAD products were presented at three different locations. There was a great interest for the new C-RAD Catalyst system.
- One out of two ordered Catalyst systems has during summer been installed at the Skåne University Hospital in Malmö. One system has for validation also been installed at the Academic Hospital in Uppsala.
- Elekta has entered into a research agreement with Swedish Health Services in Seattle, USA. An agreement has been signed between Elekta and C-RAD, where C-RAD with the Sentinel and Catalyst systems will be part of the research project.

Financial performance January- June 2011

The Group's net sales amounted to kSEK 7 885 (4 620), during first two quarters 2011.

Gross profit reached kSEK - 13 540 (-6 015) KSEK. Despite an excessive increased sale compared to the same period last year the gross profit declined mainly due to heavy investment in marketing which enlarged with 2,4 MSEK compared with the same period last year. Also, the subsidiary C-RAD Imaging has from January 2011 stopped the capitalization of developing cost which deteriorate the loss of the period with 1, 2 MSEK compared to the same period last year. The subsidiary has also started the amortization of the capitalized development costs which further deteriorate the result with 1, 9 MSEK compared to the same period last year. Gross profit second quarter amount to -8 501 kSEK (-4 553).

The subsidiaries C-RAD Positioning AB and C-RAD Imaging AB have during this quarter made amortizations on development expenses. It amounted to kSEK 3 701 (1 712).

Work performed by the Group for its own use and capitalized amounted to kSEK 2 450 (3 732) during first two quarters 2011. The Group's investment in capitalized development expenses totaled 38 322 (34 413) kSEK.

During second quarter 2011 Work performed by the Group and capitalized amount to kSEK 1 102 (1 617).

The Group's cash and cash equivalents at 30 June 2011 totaled kSEK 4 110 (24 324). Cash flow for the period was -15 266 (20 343) kSEK. Cash flow during second quarter 2011 amount to -7 678 (12 099) kSEK.

Personnel

The average number of employees at 30 June 2011 totaled 21 (19).

Risk and uncertainty factors

The Group's capitalized development expenditures amounts to 38 MSEK, divided in the products Sentinel/Catalyst 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.

Adjustment from previous period

Adjustment from previous period has been handled according to IAS 8, which has decreased operating income, loss of the period and equity in the comparative figures Jan-June and April-June 2010 with 876 kSEK. The correction was done in September 2010 and depends to a miscalculation in capitalized development cost.

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 SEK 000s)	2011	2010	2011	2010	2010	2009
	Jan-June	Jan-June	April-June	April-June	Jan-Dec	Jan-Dec
Operating income						
Net sales	7 885	4 620	2 229	1 840	14 234	4 899
Work performed by the company for its own use and capitalized	2 450	3 732	1 102	1 617	7 118	7 473
Other operating incomes	-	89	-	1	91	494
Operating expenses						
Raw materials and consumables	-4 662	-1 806	-1 391	-1 044	-6 002	-2 943
Other external costs	-6 815	-3 448	-4 231	-1 789	-7 837	-4 479
Personnel costs	-8 551	-7 380	-4 325	-4 058	-13 843	-12 705
Depriciations	-3 737	-1 822	-1 866	-1 120	-3 103	-13
Other operating expenses	-110	-	-19	-	-78	
Operating loss	-13 540	-6 015	-8 501	-4 553	-9 420	-9 925
Financial items	-204	-770	-85	-625	-418	-326
Loss after financial items	-13 743	-6 785	-8 586	-5 178	- 9 838	-10 251
Tax on profit of the year						

NET PROFIT/LOSS OF THE PERIOD	-13 743	-6 785	-8 586	-5 178	-9 838	-10 251
<u>Other comprehensive income</u>	0	0	0	0	0	0
Comprehensive income for the period	-13 743	-6 785	-8 586	-5 178	-9 838	-10 251

Consolidated balance sheets

(Amount in SEK 000s)	2011	2010	2010	2009
	30 June	30 June	31 Dec	31 Dec
Intangible assets	38 322	34 413	37 656	31 598
Tangible assets	681	587	693	580
Financial assets	109	106	106	106
Inventories	2 774	2 031	2 488	2 293
Current receivables	4 781	5 482	7 501	6 279
Cash and bank balances	4 110	24 324	19 376	3 981
Total assets	50 777	66 943	67 820	44 837
Equity	34 280	51 763	48 117	29 816
Long-term liabilities	8 638	9 607	8 545	7 002
Current liabilities	7 859	5 573	11 158	8 019
Total equity and liabilities	50 777	66 943	67 820	44 837

Key ratio	2011	2010	2010	2009
	30 June	30 June	31 Dec	31 Dec
Class A shares	1 225 810	1 302 810	1 302 810	1 302 810
Class B shares	11 072 281	10 995 376	10 995 281	8 673 190
Average number of shares	12 298 091	12 298 091	12 298 091	9 633 534
Average number of shares after dilution	13 501 360	13 501 360	13 501 360	10 668 803
Equity ratio	68 %	77 %	71 %	67 %
Basic earnings per share (average numbers of shares) (SEK)	-1,12	-0,48	-0,80	-1,06
Diluted earnings per share	-1,02	-0,44	-0,73	-0,96
Equity per share (SEK)	2,79	4,28	3,91	2,99
Diluted earnings per share	2,54	3,90	3,56	2,79
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-June		April-June		2010	2009
	2011	2010	2011	2010		
Revenue by segment						
Positioning	4 718	2 694	1 330	1 025	9 385	4 899
Imaging	2 834	1 926	899	815	4 850	0
Innovation	333	0	0	0	0	0
	7 885	4 620	2 229	1 840	14 235	4 899
Gross profit by segment						
Positioning	2 359	1 989	657	702	5 521	3 634

Imaging	1 260	825	377	472	2 803	0
Innovation	333	0	0	0	0	0

**Trade receivables
by segment**

Positioning	2 385	3 109	2 176	0	4 882	3 713
Imaging	33	584	33	0	925	0
Innovation	0	0	0	0	0	0

**Revenue by
geographical
market**

Sales

Scandinavia	571	1 371	327	1 025	3 821	941
Europe	3 386	1 582	899	815	7 935	2 202
USA	3 259	0	1 003	0	254	1 756
Asia	668	1 667	0	0	2 225	0
	7 884	4 620	2 229	1 840	14 235	4 899

Consolidated Cash flow statements

(Amount in SEK 000s)	2011	2010	2011	2010	2010
	Jan- June	Jan-June	April-June	April-June	Jan-Dec
<u>Operating activities</u>					
Operating profit/loss	-13 539	-6 514	-8 501	-5 052	- 9 924
Adjustments for non-cash items, etc	3 737	1 821	1 866	1 119	2 651
Interest received					-
Interest paid	-204	-270	-85	-124	-326
Cash flow from operating activities before working capital changes	-9 599	-4 963	-6 720	-4 057	- 7 599
Working capital changes	-1 019	-1 389	1 117	1 022	-1 127
Cash flow from operating activities	-10 618	-6 352	-5 603	-3 035	-8 726

Cash flow from investing activities	-4 391	-4 643	-2 076	-2 285	- 7 914
Cash flow from financing activities	-257	31 338	-	17 419	4 272
Cash flow at end of period	15 266	20 343	-7 678	12 099	- 12 368
Cash and cash equivalents at beginning of period	19 376	3 981	11 801	12 225	16 349
Cash and cash equivalents at end of period	4 110	24 324	4 110	24 324	3 981

Consolidated statements of changes in equity

(Amount in SEK 000s)	2011	2010	2010	2009
	Jan-June	Jan-June	Jan-Dec	Jan-Dec
At beginning of period	48 117	29 816	29 816	35 049
New share issue		30 187	30 187	5 000
Issue expenses		-1 617	-2 117	-23
Equity on convertible loan	-94	162	69	41
Loss for the period	-13 743	-6 785	-9 838	-10 251
At end of period	34 280	51 763	48 117	29 816
(whereof adjustment from previous period)		(876)		

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 2010 annual report.

Financial calendar

Next interim report will be published November 25th 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 August 2011

Börje Bengtsson

Board Chairman

Erik Hedlund

Managing Director

Board member

Mats Thorén

Board member

Anders Brahme

Board member

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