

C-RAD AB – Consolidated interim report Jan - Sept 2014

Press release, November 7, 2014



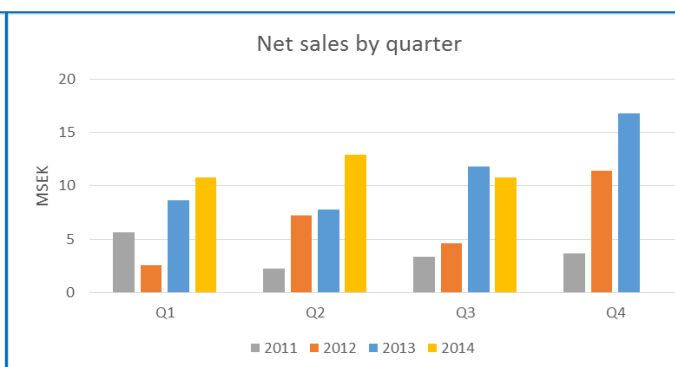
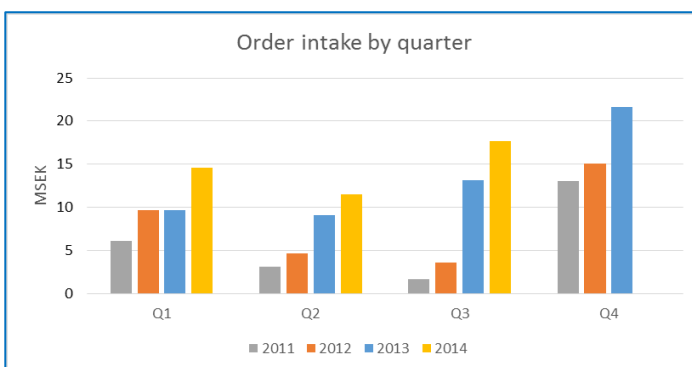
Order intake on positioning products up 59% from previous year

Key events in the period January-September 2014

- Net sales:
 - Jan-Sept 34.6 (28.2) MSEK, +23%
 - July-Sept 10.5 (11.8) MSEK, -11%
 - Order intake:
 - Jan-Sept 43.8 (31.9) MSEK, +37%
 - July-Sept 17.7 (13.1) MSEK, +35%
 - Operating loss:
 - Jan-Sept -8.3 (-15.4) MSEK
 - July-Sept -2.7 (-1,8) MSEK
 - Net results per share
 - Jan-Sept -0.09 (-0.96)
 - July-Sept -0.13 (-0.12)
- In Q3:
 - C-RAD has been chosen by Skandionkliniken, the first clinic for proton therapy in Scandinav
 - Nine systems ordered in Germany
 - First Catalyst order from an important university hospital in UK
 - Successful C-RAD presentation at ASTRO meeting
 - In Q1-Q2:
 - Order of three systems for Mälarsjukhuset in Eskilstuna
 - Order of four systems from US customers in June
 - A new sales manager was recruited and an expansion of the product portfolio in the Nordic region is in progress
 - Production of diode detectors for IBA Dosimetry will cease in Q4
 - The Chinese Food and Drug Administration has approved the Sentinel system

Comparison by quarter

Summary, consolidated financial results



Amounts in SEK (thousands)	Jan-Sept		12 m
	2014	2013	2013
Net sales	34 619	28 240	45 036
Operating loss	-8 275	-17 617	-20 318
Net results after tax	-1 715	-18 316	-20 995
Cash	4 568	7 348	10 262
Share price 1)	15,0	16,5	19,9
Order intake	43 809	31 900	50 315
Order backlog	29 357	22 612	21 423

1) in SEK, end of period

Comments from Tim Thurn, CEO:



“We continued to make good progress towards our 2014 targets in the third quarter. On the financial side, order intake for the first three quarters was in line with our expectations, with an increase of 37% over the same period last year. The main driver was the sales activities of our positioning products, which increased by 59%. As a result the gross profit has been increased from 54% during 2013 to 62% in 2014. Our expectations are high for the 4th quarter, which is usually the strongest quarter in the year.

Revenue was below expectations for the first three quarters of the year at 34.6 MSEK, up 23% over the previous year. This was due primarily to weaker order performance than expected in Q2 and, in particular, delays in three projects in the German-speaking region. Additionally an important Catalyst HD project which was scheduled in Q3 was not delivered due to outstanding product registration. These two items affected the Q3 revenues and cash flow. Cash flow is otherwise in line with expectations, with most customers having been invoiced at end of Q3.

Order Intake from the service business, which constituted 10% of total order intake in Q3, is expected to continue growing. Our international service organization has been further strengthened. Our Asian distributor network’s service organization has now been fully trained, and can provide technical service at the same level as our central service organization. This service contracts will be sold in this region from the beginning of next year.

The German-speaking countries became the strongest region overall for the first three quarters, with an order intake summing up to 10 MSEK.

Our US sales organization, which has been restructured and strengthened after winding up our former US sales partnership with Scandidos, continues to perform outstandingly. In Q3 the region more than doubled its order intake compared to intake in 2013. This was in large part due to our introduction of Catalyst HD, a new product developed especially to meet requirements of the US market for stereotactic and SRS treatments. Results show that it was successfully received, and we see a huge potential for this product to do well in that large and active market.

Project GEMini™ is being reorganized, after Kristoffer Maad left C-RAD in September. I am the acting CEO for the C-RAD Imaging subsidiary and am responsible for commercial deployment of the product. Gunnar Norberg has taken over responsibility for the management of technical projects. Clinical tests of GEMini have showed successful results in line with expectations, and interest from the market remains, following the same track and focusing on OEM and clinical customers.

C-RAD was also chosen by Skandionkliniken, Uppsala, the first clinic for proton therapy in Scandinavia. to deliver its surface tracking solutions for Patient Positioning, Motion Monitoring and Respiratory Gating. The tender includes systems for four rooms with an option for an additional two rooms, or more than 4MSEK. A competitor has filed an appeal. The timetable for a court decision is open and beyond our influence.

All in all, the C-RAD team – both development and sales – is well-equipped to manage an exciting and strong 4th quarter.

Key events Q3 2014

C-RAD chosen by Skandionkliniken

C-RAD was chosen in a tender by Skandionkliniken Uppsala, the first clinic for proton therapy in Scandinavia, to deliver its surface tracking solutions for Patient Positioning, Motion Monitoring and Respiratory Gating. The tender includes systems for in total four rooms with an option for two more. The competitor has however filed an appeal. The case is pending with the appropriate court. The timeframe for a court decision is open.

Successful exhibition at ASTRO meeting in San Francisco

C-RAD demonstrated its patient positioning solutions at the ASTRO. The CATALYST HD™ system enjoyed considerable attention among the visitors. It was the first presentation of the system after its release to radiation oncologists in North America.

C-RAD secures order to equip radiation therapy clinic in Germany

C-RAD received an order for a total of four systems and a long-term service contract from the Clinic for Radiation Therapy and Radio Oncology in Lüneberg, Germany. The order comprises two Catalyst systems, a Sentinel 4DCT system and a Cyrpa Laser system for virtual simulation.

Change of CEO for C-RAD Imaging AB

Tim Thurn takes over as interim CEO for C-RAD Imaging AB. Kristofer Maad, who was previously in charge resigned his position. The development of GEMini™ will continue unaffected.

First Order of C-RAD Catalyst from UK Customer

C-RAD secured an order for the James Cook University Hospital in Middlesbrough, UK. The customer opted for a Catalyst™ System including the software packages for Patient Positioning and Motion Monitoring.

Key events Q2 2014

Order of three systems from Mälarsjukhuset in Eskilstuna

C-RAD signed a contract for a total of three C-RAD systems with Mälarsjukhuset in Eskilstuna. The order includes two Catalyst™ and one Sentinel 4DCT™ System. The procurement was conducted through a public tender, specifically for surface tracking devices.

The radiotherapy center in Eskilstuna is equipped with two Elekta linear accelerators and a GE CT. The installation of the Sentinel 4DCT™ System will take place after the summer. The installation of the Catalyst™ systems will follow.

Orders of Four C-RAD Systems from US Customers

C-RAD received two orders for a total of four systems from customers in the US. The two orders include a Catalyst HD™ and a Sentinel 4DCT™ System. The first systems will be installed in Q3.

C-RAD business expansion in the Nordic region

C-RAD has strengthened its sales force by hiring a new sales manager for the Nordic region, Lars Lilja. At the same time C-RAD will expand its product portfolio to customers and partners in the Nordic countries.

Outstanding C-RAD presentation at ESTRO meeting

In the C-RAD booth the CATALYST HD™ system has been presented at a European conference for the first time. The GEMini™ was demonstrated in combination with the software package from Cablon Medical for portal dosimetry and imaging. The joint product from C-RAD and Cyrpa for 4D Imaging and Virtual Simulation was also shown to clinical customers and representatives of the major CT vendors. During the conference C-RAD organized site visits to a clinical CATALYST HD™ installation in Vienna. Around 40 customers joined the presentation of the system.

C-RAD and ScandiDos have decided to end their cooperation in the North American market

C-RAD and ScandiDos, two Uppsala-based companies both active in the field of radiation therapy, have decided to discontinue their sales cooperation in the North American market. With the upcoming introduction of new products from both companies, a partly competitive situation has arisen and the sales-cooperation was therefore terminated. C-RAD has rearranged its sales territories following the cancellation to cover the entire region with own resources. The previous product manager has transitioned into a full time sales role. Currently three regional sales managers are employed at C-RAD in the US. One sales manager is based in the Boston area to cover the North East, one in Delray Beach to cover the South East and one sales person is located in San Francisco, covering the West Coast.

Shareholders elected a new Board of Directors

The shareholders elected Brian Holch Kristensen and Bengt Rolén as new board members at the Annual General Meeting on April 16th. Erik Hedlund and Bengt Lind left the Board. Börje Bengtsson was reelected as the Chairman of the Board.

Key events Q1 2014

New issue of 700 000 shares

As authorized by the 2013 AGM, C-RAD AB has completed a share issue for a total value of 11.4 MSEK before deduction of issue costs. Subscription came from both private and institutional investors at a price of 16.25 SEK per share through bookbuilding process. The purpose of the decision to issue new shares deviating from shareholder's preferential rights, is to strengthen the working capital for the planned change of listing to NASDAQ OMX. Both private and institutional investors subscribed for the shares.

GEMini™ joint testing and validation with TheraView Technology by Cablon Medical B.V.

The technical integration work of GEMini™ has been proceeding well and, based on pre-clinical results, C-RAD and Cablon Medical B.V. have agreed to progress to the next phase by starting up joint testing and validation activities in collaboration with a leading radiation therapy center, UMC Utrecht in the Netherlands. It is expected that joint testing will be finalized after 6 months.

The Chinese Food and Drug Administration has approved the Sentinel system

A CFDA approval is a prerequisite for medical technology providers to participate in most public procurements for government-funded hospitals in China. The majority of cancer centers in China are regionally financed or are military hospitals. The approval covers functionality for patient positioning and motion detection.

IBA Dosimetry placed frame order for 2014

IBA placed orders for a total of 4.6 MSEK for the production of diode detectors. Earlier this year, a frame order worth 3.6 MSEK has been signed. A second order worth 1 MSEK was signed in May. Since January 1, 2010, the subsidiary C-RAD Imaging AB has been responsible for the manufacturing and the further development of the IBA diode detector program. Following current trends in radiation therapy, demand for diode detectors is expected to decrease steadily. C-RAD has therefore decided to restructure the activities and to focus resources on the prosperous business with advanced products for patient positioning in radiation therapy. It is expected that the agreed volume will be produced until October 2014 when production will be terminated.

Östersund office closed in 2014

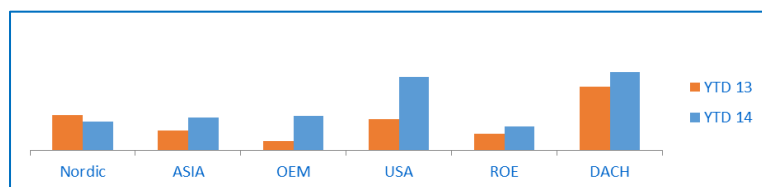
The board has decided to close down operations in Östersund and lay off the four employees there. Following that, the only Swedish operations will be located in Uppsala. Management has estimated that no significant costs will be incurred in relation to this. On the other hand, operational expenses are expected to decrease compared with the previous year.

Financial development - Group

Order intake

Order intake during the first 9 months 2014 amounted to 43.8 MSEK compared to 31.9 MSEK in previous year. The increase was primarily driven by the positioning products (Catalyst, Sentinel and HIT lasers).

Order intake for positioning products increased by 55% from previous year and amounted to 33.9 (21.9) MSEK in the first nine months. The increase was mainly driven by the German speaking countries, USA and OEM. The diagram below demonstrates the order intake development by markets.



Order intake in the third quarter amounted to 17.7 MSEK compared to 13.1 MSEK in previous year. The quarter was mainly driven by orders for positioning products in the German speaking countries and in USA.

Revenues

Revenues in the first 9 months 2014 amounted to 34.6 MSEK and increased by 23% from previous year. Sale of positioning products accounted for 25,8 MSEK or 75% of revenues in the period, compared to 76% in 2013.

<i>Revenues Jan-Sept (MSEK)</i>		
	YTD 13	YTD 14
Positioning	21,5	25,8
CYRPA production	0,9	2,3
IBA production	4,0	4,7
IBA distribution	1,9	1,8

Revenues in the third quarter amounted to 10.5 MSEK and were below our expectations. This was due primarily to weaker order intake than expected in Q2 and an important Catalyst HD project which was scheduled in Q3 that was not delivered due to outstanding product registration. The Q3 2013 revenues amounted to 11.8 MSEK, which was exceptionally strong and has an impact on the comparison between the years.

Financial development - Group

Gross profit

The gross profit margin has been increasing and was 62% in the first nine months 2014 compared to 54% in previous year. This increase is driven by increased sales volumes in positioning products, which have higher margins than other products. Fluctuations in gross profit can be expected in shorter periods due to the limited volume of systems.

Gross profit margin in Q3 2014 was 58%, slightly above the 56% reported in Q3 2013.

Operational expenses

Operational expenses for the first nine months of 2014 amounted to 14.1MSEK compared to 13.7 MSEK in previous year.

Personal expenses

Personal expenses amounted to 5.3 MSEK in Q3 2014, an decrease of 6% on the previous year. For the full nine months to date of 2014 the amount was 17.8 MSEK, compared to 16.6 MSEK in 2013. This increase is mainly driven by the increase in number of employees, which was on average 29 in the first nine months of 2014 compared to 26 in the previous year.

Net results

Net results after tax for the first nine months 2014 was negative by 1.7 MSEK compared to 18.3 MSEK under the same period 2013. The improvement is mainly driven by increase in sales, higher gross profit margins and recognition of a deferred tax asset of 7.1 MSEK.

Net results during Q3 2014 were slightly below Q3 2013. Revenues this quarter were lower than we had expected while revenues in Q3 2013 were exceptionally strong which has an impact on the comparison.

Capitalized development costs

Capitalized development costs amounted to 11.2 (10.6) MSEK. Capitalization in the first nine months of 2014, which was fully related to the Gemini project, amounted to 2,9 MSEK.

Capitalised development expenditure

Project	Carrying amount	Status
Catalyst/Sentinel	4,9	Launched
Catalyst HD	1,1	Launched
Gemini	<u>5,1</u>	Ongoing development
	11,2	

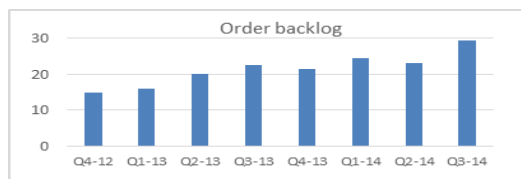
Financial development - Group

Seasonality

There is a seasonal pattern in C-RADs operations. The second half of the year and mainly the fourth quarter are usually the strongest periods, both in terms of order intake and revenues. This is due to the fact that a large number of customers are hospitals and clinics which have annual budgets per calendar year, and they tend to wait until end of the year to place orders.

Order backlog

Order backlog represents orders which have been placed but not delivered and invoiced. The backlog amounted to 29 357 KSEK in end of September 2014, compared to 22 612 KSEK in 30 Sept 2013.



Order conversion rate - positioning products

The weighted order conversion rate, i.e. the time from receiving an order until the order is delivered, weighted by order amount, was around 120 days for deliveries in first nine months 2014. This time can vary significantly between projects.

The order backlog for positioning products amounted to 28.6 MSEK. Weighted average of the outstanding orders is around 4.7 months.

Personnel

At the end of the period the number of employees in the Group amounted to 27 (28) persons.

Exchange rate

The financial statements are presented in SEK, the functional currency of C-RAD. Changes in foreign currencies have an impact on the results. Sales and orders are largely generated in foreign currency, mainly EUR and USD and, in addition, foreign subsidiaries and associates are included in the consolidation. The average EUR rate in the first nine months of 2014 was 9 (8.6), while the average USD rate in the period was 6.7 (6.5). This has a positive influence on the comparison with the first nine months of 2013.

Financial development - Group

Deferred tax asset

The group had in the beginning of the year an unused taxable losses of 122 MSEK while no deferred tax asset had been recognised. If it is probable that taxable profit will be generated a deferred tax assets shall be recognised in accordance with IAS 12. Improved results from operations in recent quarters supports management view that taxable profit will be generated in the coming years. Based on our expectations for the coming years and taking into account reasonable conservative measures, we recognized in Q2 2014 a deferred tax asset of 7.1 MSEK in the balance sheet with direct impact on the income statement. Remaining unused taxable losses amounts to 98 MSEK and there are currently no time constraints regarding utilization of these losses against future taxable profits.

New share issue

In February, the company completed a directed share increase of 11.4 MSEK before issue costs. The price was 16,25 per share. The issue resulted in the number of shares increasing by 700 000 shares, from 19 575 323 shares to a total of 20 275 323 shares, and share capital increased by 105 000 SEK, from 2 936 299 SEK to 3 041 299 SEK.

Cash flow and financing

Cash flow during the first nine months of 2014 was negative by 5.9 MSEK. Negative cash flow from operations amounted to 5.8 MSEK while an increase in working capital had a negative impact of 4.7 MSEK on cash flow. The working capital increase is primarily related to an increase in accounts receivables, which is in line with the increase in revenues. Proceeds from the share issue in February covered the negative flow from operations.

The Company is not expected to need additional funding in the coming 12 months to finance operations and budgeted activities.

Significant risks and uncertainties

Reference is made to Annual Report 2013 regarding significant risks, uncertainties and how these are managed. The capitalized development costs of the Gemini project increased to 5.1 MSEK. Until the project is launched and starts to generate revenue a certain degree of uncertainty prevails. If the project does not develop in line with expectations, the company will be forced to write down all or part of the capitalized development costs.

Parent Company

No operations are carried in the Parent Company except Group Management and administration.

Segment reporting

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:** Development and sales activities for products in the field of patient positioning during radiotherapy., including Catalyst, Sentinel and HIT lasers.
- **Imaging:** Development of imaging devices and detectors for cancer treatments and dosimetry.

Assets and liabilities are not analyzed on segment level by the chief decision maker. Such analysis is therefore excluded from this segment reporting.

Activities between segments: Some of the personnel employed within the Imaging segment have conducted work for the Positioning segment. Intern sales covers the direct cost of these cross segment services.

<i>Amounts in SEK (thousands)</i>	Segment revenues		Segment operating profit	
	9m 2014	9m 2013	9m 2014	9m 2013
Positioning extern customers	29 888	24 012	-8 359	-14 296
Imaging extern sales	4 731	4 228	82	-3 321
Imaging intern sales	591	680	0	0
Elimination intern sales	-591	-680	0	0
Total	<u>34 619</u>	<u>28 240</u>	<u>(8 276)</u>	<u>(17 617)</u>
Share in results of associates			-470	-193
Financial items			-64	-506
Profit/loss before tax			<u>(8 809)</u>	<u>(18 316)</u>

Segment reporting is based on the same accounting principles as applied in the consolidated financial statements 2013. No impairment has been made. Sales by geographical market are based on sales to customers in each country. Two customers represent stand alone over 10 percent of sales from January to September 2014.

Revenues for production of IBA detectors are now categorized as sales to German speaking countries but not Nordic as in previous reports. In the first nine months of 2013 the amount was 4.9MSEK which is now included in revenues from German speaking countries.

Revenue by geographical market	9m 2014	9m 2013
Nordic	8 983	7 274
German speaking countries	8 232	7 862
RoE	9 390	7 076
America	3 514	3 263
Asia	4 500	2 765
	<u>34 619</u>	<u>28 240</u>

Condensed consolidated statement of comprehensive income

(Amounts in SEK)	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013 Full year
Operating income					
Net sales	10 486 972	11 786 044	34 619 351	28 240 127	45 036 184
Work performed by the company for its own use and capitalized	818 547	2 409 000	2 972 775	2 409 000	3 853 416
Other operating income	1 629 446	0	2 167 204	0	0
Total operating income	<u>12 934 965</u>	<u>14 195 044</u>	<u>39 759 329</u>	<u>30 649 127</u>	<u>48 889 600</u>
Operating expenses					
Raw material and consumables	-4 453 815	-5 224 812	-13 009 056	-13 008 520	-19 502 876
Other external costs	-4 894 917	-3 484 617	-14 066 120	-13 714 277	-19 934 982
Personnel costs	-5 261 136	-5 578 245	-17 819 083	-16 602 970	-23 693 801
Depreciations	-999 828	-1 536 585	-3 140 431	-4 570 907	-5 733 461
Other operating expenses	0	-211 897	0	-369 268	-342 018
Total operating expenses	<u>-15 609 695</u>	<u>-16 036 156</u>	<u>-48 034 690</u>	<u>-48 265 942</u>	<u>-69 207 138</u>
Operating profits/loss	-2 674 730	-1 841 112	-8 275 361	-17 616 815	-20 317 538
Result from participation in associated companies	126 665	-151 284	-469 866	-193 482	-425 580
Financial income	38	0	137 691	0	985 740
Financial costs	-50 252	-69 190	-201 532	-505 761	-1 237 352
Profit (loss) before tax	<u>-2 598 279</u>	<u>-2 061 586</u>	<u>-8 809 068</u>	<u>-18 316 058</u>	<u>-20 994 730</u>
Income tax	0	0	7 094 209	0	0
Net results for the period	-2 598 279	-2 061 586	-1 714 859	-18 316 058	-20 994 730
Translation difference from foreign operations	-158 038	-122 907	-225 448	-212 109	88 555
Comprehensive results for the period ¹⁾	<u>-2 756 317</u>	<u>-2 184 493</u>	<u>-1 940 306</u>	<u>-18 528 167</u>	<u>-20 906 175</u>
Results per share before dilution	-0,13	-0,12	-0,09	-0,96	-1,15
Results per share after dilution	-0,12	-0,11	-0,08	-0,88	-1,05

(1) 100 % attributable to shareholders in the Parent Company

Condensed consolidated statement of financial position

Assets	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
Assets			
Intangible assets			
Capitalised development expenditure	11 187 242	10 639 817	10 836 871
Patents, licenses and similar rights	<u>1 773 342</u>	<u>1 484 682</u>	<u>1 543 353</u>
	12 960 584	12 124 499	12 380 224
Tangible assets			
Equipment	2 947 720	3 247 863	3 294 474
Financial assets			
Shares of associates	8 244 092	8 944 095	8 560 713
Long-term receivables	<u>4 964 255</u>	<u>4 327 810</u>	<u>4 766 623</u>
Total financial assets	13 208 347	13 271 905	13 327 336
Other non-current assets			
Deferred tax asset	7 094 209	0	0
Total non-current assets	<u>36 210 860</u>	<u>28 644 267</u>	<u>29 002 035</u>
Current assets			
Inventory	8 819 818	5 677 499	4 105 460
Trade receivables	13 645 284	14 125 653	11 956 816
Other receivables	1 454 081	1 256 614	5 645 889
Prepayments and accrued income	983 078	1 058 733	800 108
Cash and bank	<u>4 567 576</u>	<u>7 348 097</u>	<u>10 261 549</u>
Total current assets	<u>29 469 838</u>	<u>29 466 596</u>	<u>32 769 822</u>
Total assets	<u><u>65 680 697</u></u>	<u><u>58 110 863</u></u>	<u><u>61 771 857</u></u>

Condensed consolidated statement of financial position

Equity and liabilities	Sep 30, 2014	Sep 30, 2013	Dec 31, 2013
Equity			
Share capital	3 041 639	2 904 874	2 936 639
Additional paid in capital	175 159 366	157 784 727	161 222 725
Retained earnings	<u>-132 171 122</u>	<u>-122 539 391</u>	<u>-126 131 526</u>
Total equity	<u>46 029 883</u>	<u>38 150 210</u>	<u>38 027 839</u>
Long term liabilities			
Convertible bonds	11 627 075	12 743 033	11 505 851
Current liabilities			
Accounts payable	3 651 770	2 718 033	3 711 703
Warranty provisions	680 000	404 165	680 000
Other current liabilities	805 170	3 224 741	4 587 518
Accrued expenses and deferred income	<u>2 886 799</u>	<u>870 681</u>	<u>3 258 947</u>
Total current liabilities	<u>8 023 739</u>	<u>7 217 620</u>	<u>12 238 168</u>
Total liabilities	19 650 814	19 960 653	23 744 019
Total equity and liabilities	<u>65 680 697</u>	<u>58 110 863</u>	<u>61 771 857</u>
Pledges	7 670 000	7 670 000	7 670 000
Contingent liability	-	-	-

Condensed consolidated statement of cash flow

Statement of cash flow	2014 Jul-Sep	2013 Jul-Sep	2014 Jan-Sep	2013 Jan-Sep	2013 Full year
Operating activities					
Profit (loss) before tax	(2 598 279)	(1 841 112)	(8 809 068)	(17 616 815)	(20 317 538)
Adjustment for non-cash items, etc	54 617	(838 407)	637 522	2 530 830	6 163 461
Interests received		0			17 360
Interests paid	(6 399)	(69 190)	(201 532)	(505 761)	(613 455)
Cash flow from operating activities before working capital changes	<u>(2 550 062)</u>	<u>(2 748 709)</u>	<u>(8 373 078)</u>	<u>(15 591 746)</u>	<u>(14 750 172)</u>
Working Capital Changes	(3 207 499)	(6 856 993)	(7 930 139)	(12 814 375)	(8 106 157)
Cash flow from operating activities	<u>(5 757 560)</u>	<u>(9 605 702)</u>	<u>(16 303 216)</u>	<u>(28 406 121)</u>	<u>(22 856 329)</u>
Cash flow from investing activities	(401 261)	(4 220 248)	(401 261)	(14 130 417)	(18 519 854)
Cash flow from financing activities	0	361 438	10 834 688	41 922 992	43 631 311
Net increase (decrease) in cash and cash equivalents	(6 158 821)	(13 464 512)	(5 869 790)	(613 546)	2 255 128
Cash and cash equivalents at beginning of period	10 710 725	20 812 420	10 261 549	7 961 462	7 961 462
Exchange rate differences	15 672	189	175 817	181	44 959
Cash and cash equivalents at end of period	<u>4 567 576</u>	<u>7 348 097</u>	<u>4 567 576</u>	<u>7 348 097</u>	<u>10 261 549</u>

Condensed consolidated statement of changes in equity

Statement of changes in equity	2014 jan-sept	2013 jan-sept	2013 Full year
At beginning of period	38 027 838	16 263 517	16 263 517
Share increase	11 375 000	41 937 636	45 407 399
Issue expense	(540 313)	(3 030 074)	(3 030 074)
Equity part of convertible loan	121 224	121 191	212 591
Other adjustments	(1 239 008)	1 174 000	169 135
Changes in the period	<u>9 716 904</u>	<u>40 202 753</u>	<u>42 759 051</u>
Total Other Comprehensive Income	<u>(1 714 859)</u>	<u>(18 316 060)</u>	<u>(20 994 730)</u>
Closing balance at end of period	46 029 883	38 150 210	38 027 838

Parent company Financial Statements

Income statement	2014	2013	Statement of Financial Position	2014	2013
	Jan-Sept	Jan-Sept		30 Sept	31 Dec
Total income	9 440 667	3 685 081	Assets		
Personnel costs	-4 472 800	-4 109 042	Tangible assets	88 031	104 864
Other costs	-4 943 993	-5 845 854	Shares in group companies	57 124 000	57 124 000
Total operating expenses	<u>-9 416 793</u>	<u>-9 954 896</u>	Investments in associates	8 986 293	8 986 292
Result from financial items	-23 823	-351 645	Receivables in Group companies	38 088 457	33 388 705
Result before tax	50	-6 621 460	Other receivables	6 398 007	5 578 660
Tax	0	0	Cash and bank	<u>3 043 480</u>	<u>2 218 448</u>
Net results	<u>50</u>	<u>-6 621 460</u>	Total assets	113 728 268	107 400 969
Statement of comprehensive results			Equity and liabilities		
Net results	50	-6 621 460	Share capital	3 041 639	2 936 639
Translation difference from foreign operations	-225 448	-212 109	Other equity	97 197 136	86 467 398
Total comprehensive results	<u>-225 398</u>	<u>-6 833 569</u>	Total equity	<u>100 238 775</u>	<u>89 404 037</u>
Statement of cash flow	2014	2013	Convertible bonds	11 718 442	11 718 442
	Jan-Sept	Jan-Sept	Other liabilities	1 771 051	6 278 490
Operating activities			Total liabilities	<u>13 489 493</u>	<u>17 996 932</u>
Profit (loss) before tax	50	-6 621 460	Total equity and liabilities	113 728 268	107 400 969
Adjustment for non-cash items	16 833	8 025			
Cash flow from operating activities before working capital changes	16 883	-6 613 435	Statement of changes in equity	2014	2013
Working Capital Changes	-5 326 786	-5 414 266		Jan-Sept	Jan-Sept
Cash flow from operating activities	-5 309 903	-12 027 701	At beginning of period	89 404 037	50 315 661
Cash flow from investment activities	-4 699 752	-28 410 726	Share increase	10 834 688	38 907 561
Cash flow from financing activities	10 834 688	41 561 553	Other	0	-361 083
Net change in cash and cash equivalents	825 032	1 123 126	Net results for the period	<u>50</u>	<u>-6 621 460</u>
Cash and cash equivalents at beginning of period	2 218 448	1 683 071	Closing balance at end of period	100 238 775	82 240 679
Cash and cash equivalents at end of period	3 043 480	2 806 197			

Ratios

	2014 30-sep	2013 30-sep	2013 31-dec	2012 31-dec
Number of shares	20 275 323	19 363 623	19 575 323	15 868 820
Average number of shares	20 143 101	16 897 845	18 183 249	15 868 820
Average number of diluted shares	21 368 517	18 502 053	20 800 739	17 473 028
Number of options outstanding	1 225 416	1 604 208	1 225 416	1 604 208
Solvency	70%	66%	62%	43%
Result per share before dilution	(0,09)	(1,08)	(1,15)	(1,22)
Result per shares after dilution	(0,08)	(0,99)	(1,05)	(1,11)
Equity per share before dilution	2,27	1,97	1,94	1,02
Equity per share after dilution	2,14	1,82	1,83	0,93
Operating margin	Neg.	Neg.	Neg.	Neg.

Accounting principles

Accounting principles

This interim report is prepared, for the Group, in accordance with IAS 34, RFR1 "Redovisning för koncerner" and the Annual Accounts Act and, for the Parent company, the Annual Accounts Act and RFR 2.

Applied accounting principles are consistent with what is stated in note 1 in the Financial Statements for 2013.

From Januari 1, 2014 C-RAD applies the following updates and changes in IFRS:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)
- Amendments to IAS 36: Recoverable Amount Disclosure for Non-Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

The updated IFRS standards and interpretations from IFRIC have no impact on the Group or the Parent Company's results or financial position.

Exchange rates

Orders and income statement are translated at the period-average exchange rate while order backlog and balance sheet items are translated at the closing rate.

Related party transactions

Erik Hedlund, previously a board member in C-RAD until the Annual General Meeting 2014 and currently one of the larger shareholders in the Company, holds 30% of the shares in Scandiflash AB. C-RAD and Scandiflash have an agreement regarding assembly, inventories and related accessories in Sentinel and Catalyst. In 2012 and 2013 Scandiflash invoiced C-RAD for around 2 MSEK and 5 MSEK respectively for service in accordance with the agreement.

Until April 16, when Erik Hedlund left the board of C-RAD, Scandiflash had invoiced C-RAD for around 1.2 MSEK. After Erik left the board, Scandiflash is no longer defined as a related party.

No other related party transactions occurred during the period.

Capitalized development costs

Development expenses that fulfil the recognition criteria in IAS38 are capitalized. At least annually an impairment test is performed. The progress of current development projects is reviewed on a regular basis.

Deferred tax

Deferred tax asset is reviewed at the end of each reporting period and adjusted in line with the probable future taxable result.

Other information

This interim report provides a true and fair view of the Group's operations, financial position and earnings. If there should be any deviation between the reports in English and Swedish, the Swedish version is valid. This Swedish version of the report has been reviewed by the Group's auditors.

Uppsala, November 7, 2014

Börje Bengtsson
Chairman of the Board

Tim Thurn
CEO

Peter Hamberg
Board member

Frank Lohr
Board member

Brian Holch Kristensen
Board member

Bengt Rolén
Board member

Financial information, publication dates:

Year-end report 2014 January 30, 2015

C-RAD AB (publ)

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Corp. reg. no 556663-9174

Since March 2010 C-RAD AB is listed at Nasdaq Omx First North Premier. Erik Penser Bankaktiebolag is appointed as C-RAD's Certified Adviser.

The information in the interim report is such that C-RAD is required to disclose publicly in accordance with the Swedish Securities and Clearing Operations Act and the Swedish Financial Instruments Trading Act. The information was submitted for publication on November 7, 2014 at 3.00 pm.

Auditors report

Report on Review of Interim Financial Information in accordance with IAS 34 and the Swedish Annual Accounts Act (translated)

Introduction

We have reviewed this interim report for the C-RAD AB (org.nr. 556663-9174) as of 31 September 2014 and for the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 7 November 2014

Grant Thornton Sweden AB

Mia Rutenius
Authorised Public Accountant
Auditor in charge