

RAYSEARCH LABORATORIES AB (PUBL)

YEAR-END REPORT 2013

JANUARY 1 – DECEMBER 31, 2013

- Net sales for the year amounted to SEK 204.5 M {182.1}
- Profit after tax totaled SEK 6.1 M {19.9} and earnings per share were SEK 0.18 {0.58}
- Operating profit was SEK 8.8 M {22.5}
- Cash flow amounted to a negative SEK 23.7 M {pos: 33.3}
- First orders for RayStation® from Spain, France, China and Scandinavia
- Collaboration agreement signed with IBA
- Partnership agreement with Brainlab announced
- RayStation® 4.0 released
- First patients in Oceania and China treated with RayStation®
- Four proton centers in the US selected RayStation®
- Distribution agreement signed with Hitachi Medical Corporation
- License agreement with TomoTherapy terminated
- Leading Italian carbon ion center selected RayStation®
- The Board of Directors proposes that no dividend be paid for 2013

AFTER THE END OF THE PERIOD

- First RayStation® order in the United Kingdom

“The year ended very strongly and fourth-quarter sales rose to SEK 90 M, the highest level of quarterly sales ever achieved by the company. Accordingly, full-year revenues rose 12 percent to SEK 204 M,” says Johan Löf, CEO of RaySearch.

“In total, more than 80 clinics worldwide have ordered RayStation® and this figure will grow even faster as the system becomes more established and our infrastructure for sales and service continues to expand,” Johan Löf concludes.

SUMMARY OF FINANCIAL RESULTS

AMOUNTS IN SEK 000S	JAN–DEC		OCT–DEC	
	2013	2012	2013	2012
Net sales	204,470	182,087	90,113	76,879
Operating profit	8,787	22,546	34,914	26,232
Operating margin, %	4.3	12.4	38.7	34.1
Profit for the period	6,075	19,863	32,009	25,364
Earnings per share, SEK	0.18	0.58	0.93	0.74
Share price at the end of the period, SEK	27.40	20.80	27.40	20.80

The information in the year-end report is such that RaySearch is required to 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 February 13, 2014 at 7:45 a.m.

CEO COMMENTS

BREAKTHROUGH FOR RAYSTATION® IN ASIA AND MAJOR SUCCESSES IN PROTON AND CARBON ION THERAPY

During the year, we focused intensely on sales of our RayStation® treatment planning system throughout the world.

Asia is a highly important region for RaySearch and it is of major strategic significance that we received regulatory approval for RayStation® in China in July. We also secured our first order in the Chinese market in August. China is one of the largest radiation therapy markets globally and is also the most rapidly growing market. We have received additional orders and in November the first patient in China was treated with RayStation®, so we have really taken off well in China together with our local distributor Kang Li Da.

In November, we signed a distribution agreement with Hitachi Medical Corporation that will be responsible for marketing, sales and service of RayStation® in the Japanese market from April 1, 2014. The Japanese market for radiation therapy equipment is very large with approximately 700 radiation therapy clinics, and Hitachi has longstanding experience of treatment planning systems and a large customer base, so this agreement is very important for RaySearch.

Although the US economy was characterized by a certain level of financial uncertainty during the period, we still secured many important orders in the US through our local sales company RaySearch Americas. For example, we received orders from the University of Maryland and Columbia University Hospital. We also achieved a breakthrough in the field of proton therapy in the US with an order for a proton system from Provision Cancer Center in Knoxville, Tennessee in August, and three additional orders for proton systems from Procure in Seattle, Princeton and Chicago in the end of the year. This means that we were the most successful supplier of proton treatment planning systems by far in the US market in 2013.

In Europe, we are continuing to build our sales organization and, during the summer, we recruited sales staff in both France and the UK. We also secured our first RayStation customers in Spain and France early in the year and, in October, Oslo University Hospital became our first customer in Scandinavia. This was followed with our first RayStation® customer in the UK in January 2014. We have also secured several other important European customers such as large hospitals in Marseille, France, and in Leeuwarden and Groningen, in the Netherlands. It was also an important milestone that the leading carbon ion center CNAO in Italy became our second customer in the field of radiation therapy with carbon ions when they placed an order in December.

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

In total, more than 80 clinics worldwide have ordered RayStation® and this figure will grow even faster 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 the Belgian company IBA in May. The collaboration aims at enhancing the tools in RayStation® for treatment planning of various types of proton therapy.

IBA is the global leader in equipment for radiation therapy using protons and has about half of the world's proton centers as its customers. The partnership allows 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 orders that we secured from Provision Cancer Center and the Procure centers are signs of the significance of this partnership.

PARTNERSHIP AGREEMENT WITH BRAINLAB

In July we announced a 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 develops software modules for optimizing radiation therapy that will be licensed to Brainlab and integrated into software systems that Brainlab markets to clinics. The first product was delivered in December.

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.

COLLABORATION WITH TOMOTHERAPY TERMINATED

In 2007, we signed a collaborative agreement with TomoTherapy Inc. (currently named Accuray). The agreement entailed RaySearch developing a product known as SharePlan, which was launched by TomoTherapy in 2009. In December, RaySearch and Accuray decided to terminate the agreement and end the partnership. However, RaySearch and Accuray will continue to cooperate to ensure that customer needs are met. The SharePlan functionality will continue to be available for new and existing customers as an integrated module in functionality in RayStation® and existing SharePlan customers will be offered a free upgrade to RayStation®.

RECORD STRONG FINAL QUARTER LED TO PROFIT FOR THE FULL YEAR

The year ended very strongly and fourth-quarter sales rose to SEK 90.1 M (76.9), the highest level of quarterly sales ever achieved by the company. Accordingly, full-year revenues rose 12.3 percent to SEK 204.5 M (182.1). This was attributable to increased deliveries of RayStation® and also to growing partner sales via Brainlab, Varian and Nucletron.

Profit for the final quarter was also at a record level, rising to SEK 32.0 M (25.4). However, we were operating at a loss during the first nine months of the year, which was primarily due to increased costs for the build-up of infrastructure for the selling, marketing and support of RayStation®, higher development costs as a result of increased amortization of capitalized development costs and the costly legal fees we paid in the US because of the patent dispute with Prowess. Consequently, profit for the year declined to SEK 6.1 M (19.9).

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 case and have high hopes of winning if it goes to trial.

The process continues and we are focusing a great deal of energy on the matter to defend ourselves in the best possible manner. In January 2014 the court arranged a settlement conference at which the parties initiated negotiations regarding a potential settlement. These negotiations have so far not resulted in any agreement. Therefore 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 2014.

CONTINUED FOCUS ON RAYSTATION®

We are continuing to develop 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 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 saw this in 2013, when the fourth quarter was the strongest quarter by far.

In March 2013, we released version 3.5 of RayStation® and already in July we launched the next new version, RayStation® 4.0. This means that we are maintaining a significantly higher development pace than our competitors. The system now supports all treatment techniques with all relevant machines from the leading hardware suppliers for standard radiation therapy with photons. From RayStation® 4.0 the system also includes market-leading tools for treatment planning of radiation therapy with electrons and protons, complementing RayStation's extensive tools for radiation therapy with photons. Treatment planning for protons is an area of growing importance for RaySearch, particularly considering our new partnership with IBA.

We will continue to collaborate with our partners parallel to these activities, even if the forms of our collaborations may be modified. The partnership with TomoTherapy was terminated, but we recently delivered our first development project with our new partner, Brainlab. We are also working with other development projects together with existing partners. Although we are investing considerable resources in RayStation®, the partner model is and will remain a key component of our operations.

Several strategic milestones were reached during 2013 and RayStation® is evolving at a fast pace. While a great deal of work remains ahead for expanding our sales and service organization, interest in the system is rising continuously and we are involved in an increasing 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 partnerships and a growing sales organization in existing and new markets, I look forward to 2014 with confidence.

Stockholm, February 13, 2014

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

SIGNIFICANT EVENTS

EVENTS DURING JANUARY 1 – DECEMBER 31, 2013

First orders for RayStation® from Spain, France, China and Scandinavia

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. In July, RaySearch received regulatory approval for RayStation® from the Chinese regulatory agency CFDA. This means that RayStation® can be sold in the Chinese market, and, in August RaySearch secured the first order for RayStation® in China, The order came from Ganzhou People's Hospital in Ganzhou, the province of Jiangxi. In October, the first Scandinavian order for RayStation® was received from Oslo University Hospital in Oslo, Norway.

Collaboration agreement signed with IBA

In May, RaySearch signed a collaboration 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. This enables 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 has added RayStation® to its customer offering.

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 develops software modules for optimizing radiation treatments, which are licensed to Brainlab and integrated into a software system that Brainlab markets to clinics.

RayStation® 4.0 released

RayStation® 3.5 was released in March and received US market clearance in May. Already in July RaySearch announced that the next new version, RayStation® 4.0, had been released for clinical use in several European countries, the US, Japan, Australia and New Zealand, and was also planned to be released in Canada, China and South Korea. The new version includes a large number of new functions and improvements.

First patients in Oceania and China treated with RayStation®

It was announced in August that the first cancer 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 the region. The treatment took place at Auckland Radiation Oncology in Auckland, New Zealand. In November, it was announced that the first patient in China been treated with a treatment plan created with RayStation®. The treatment took place at the First Hospital of China Medical University in Liaoning, China.

Four proton centers in the US selected RayStation®

In August, RaySearch secured an order for RayStation® from the Provision Center for Proton Therapy in Knoxville, Tennessee. The order from Provision was an important milestone since it was the first proton center to select RayStation® since RaySearch and IBA initiated a collaboration in the field of proton therapy in May. In December, three additional orders were secured from the proton centers, Seattle ProCure Management LLC in Seattle, Washington, Princeton ProCure Management LLC in Princeton, New Jersey, and CDG Proton Center in Chicago, Illinois. All of these therapy centers will use RayStation® for treatment planning of radiation therapy with protons.

Distribution agreement signed with Hitachi Medical Corporation

In November, RaySearch announced a new long-term distribution agreement with Hitachi Medical Corporation (Hitachi), based in Tokyo, Japan. Under the agreement, Hitachi will be fully responsible for marketing, sales and support of RayStation® in the Japanese market from April 1, 2014. The Japanese market for radiation therapy is one of the largest in the world, with approximately 700 radiation therapy clinics.

License agreement with TomoTherapy terminated

In 2007, RaySearch Laboratories AB and TomoTherapy Incorporated (now Accuray) entered into a software licensing and development agreement. Under the agreement, RaySearch developed a product named SharePlan, which was launched by TomoTherapy in 2009. In December, RaySearch and Accuray agreed to cancel the agreement and end the partnership. However, RaySearch and Accuray will continue to cooperate to ensure that customer needs are supported and maintained.

Leading Italian carbon ion center selected RayStation®

In December, RaySearch secured an order for RayStation® from CNAO Foundation (Centro Nazionale di Adroterapia Oncologica) in Pavia, Italy. CNAO is a clinical facility created and financed by the Italian Ministry of Health that will supply ion beam therapy to patients from all of Italy. The ion beam therapy delivered at this centers represents the most advanced form of external radiotherapy where the tumor is irradiated with protons or carbon ions instead of photons that are used in conventional radiation therapy.

EVENTS AFTER THE END OF THE REPORT PERIOD

First RayStation® order in the United Kingdom

In January 2014 it was announced that RaySearch had been awarded a contract to supply RayStation® to Tayside Cancer Centre, Ninewells Hospital & Medical School in Dundee, UK. Ninewells will be the first clinical installation of RayStation® in the United Kingdom.

FINANCIAL INFORMATION

SALES AND EARNINGS FOR THE FOURTH QUARTER 2013

During the fourth quarter of 2013, sales rose 17.2 percent year-on-year to SEK 90.1 M [76.9]. Operating profit improved during the quarter to SEK 34.9 M [26.2], corresponding to an operating margin of 38.7 percent [34.1]. Profit after tax during the quarter totaled SEK 32.0 M [25.4]. The earnings increase was primarily due to higher sales of RayStation® and of the products from the partnerships with Brainlab and Varian

SALES AND EARNINGS FOR FULL-YEAR 2013

Net sales

Sales for full-year 2013 increased 12.3 percent year-on-year to SEK 204.5 M [182.1]. 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 was 1,700 [1,435] and license revenues during 2013 totaled SEK 179.9 M [159.2]. The increase in license revenues resulted from a rise in revenues from direct sales of RayStation®, as well as higher sales of products from the partnerships with Brainlab, Varian and Nucletron. Support revenues in 2013 rose to SEK 24.5 M [22.9].

The company is dependent on exchange-rate trends in the USD and EUR against the SEK, since invoicing is mainly denominated in USD and EUR, while most of the costs are in SEK. During 2013, revenues in USD were recognized at an average exchange rate of SEK 6.51, compared with SEK 6.69 in 2012. During 2013, revenues in Euro were recognized at an average exchange rate of SEK 8.78, compared with SEK 8.60 in 2012. Accordingly, currency effects had a negative impact on sales. At unchanged exchange rates, sales would have increased 13.3 percent compared with 2012. A sensitivity analysis of currency exposure indicates that the impact of a ± 10 percent change in the average USD exchange rate on operating profit in 2013 was \pm SEK 9.6 M and that the corresponding effect of a ± 10 percent change in the average EUR exchange rate was \pm SEK 6.7 M. The company pursues a currency policy established by the Board of Directors.

Expenses and profit

Operating profit in 2013 amounted to SEK 8.8 M [22.5], corresponding to an operating margin of 4.3 percent [12.4]. Operating expenses, excluding exchange-rate gains and losses, increased SEK 35.1 M year-on-year to SEK 189.3 M. Other operating revenues and other operating expenses refer to exchange-rate gains and losses, with the net of these for 2013 amounting to an expense of SEK 0.3 M (expense: 2.3). 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®, increased amortization of capitalized development costs pertaining to RayStation® and higher legal costs arising from the patent dispute with Prowess.

At December 31, 2013, 76 [70] employees were engaged in research and development. Research and development costs include payroll costs, consulting fees and costs for computer equipment and premises. Before capitalization and amortization of development costs, research and development costs totaled SEK 91.5 M [83.6].

During 2013, capitalized development costs totaled SEK 53.6 M [53.4]. Amortization of capitalized development costs in 2013 amounted to SEK 52.8 M [48.5]. After adjustments for capitalization and amortization of development costs, research and development costs totaled SEK 90.7 M [78.7].

Amortization of intangible fixed assets in 2013 amounted to SEK 52.8 M [48.6] and depreciation of tangible fixed assets to SEK 1.1 M [1.0]. Overall, amortization and depreciation during 2013 totaled SEK 53.9 M [49.6]. Amortization and depreciation pertained primarily to capitalized development costs.

Profit after tax for 2013 was SEK 6.1 M [19.9], corresponding to earnings per share before and after dilution of SEK 0.18 [0.58]

Geographic distribution of license revenues

License revenues in 2013 were distributed as follows: North America 34 percent [32], Asia 27 percent [28], Europe and the rest of the world 39 percent [40].

LIQUIDITY AND FINANCING

Cash flow from operating activities in 2013 fell to SEK 31.3 M [87.5], primarily due to the weaker earnings and to working capital rising in 2013 but declining sharply in 2012 because of a sharp decrease in accounts receivables. Cash flow from investing activities declined to a negative SEK 56.5 M [neg: 54.2].

Cash flow for the year amounted to a negative SEK 23.7 M [pos: 33.3]. At December 31, 2013, cash and cash equivalents amounted to SEK 38.2 M, compared with SEK 61.9 M on December 31, 2012. At December 31, 2013, current receivables totaled SEK 88.3 M, compared with SEK 61.5 M on December 31, 2012. The receivables primarily comprised accounts receivables.

RaySearch has no interest-bearing liabilities, but available credit facilities have been reduced by SEK 17.5 M as collateral for a bank guarantee of EUR 1.8 M to the Austrian customer, MedAustron.

FINANCIAL INSTRUMENTS

RaySearch's financial assets and liabilities comprise accounts receivables, cash and cash equivalents, accounts receivables, accounts revenues, accrued expenses and accounts payable. Financial assets and liabilities have short terms. Accordingly, the fair values of all financial instruments are deemed to approximately correspond to the carrying amounts. RaySearch has not applied net accounting to any financial assets or liabilities and has no agreements that permit offsetting.

INVESTMENTS

Fixed assets primarily comprised capitalized development costs. Investments in intangible fixed assets in 2013 amounted to SEK 53.6 M [53.4] and investments in tangible fixed assets to SEK 2.9 M [1.7].

EMPLOYEES

At the end of the fourth quarter, the number of employees in RaySearch was 114 [98]. The average number of employees in 2013 was 107 [92].

PARENT COMPANY

Since the Parent Company's operations match the Group's operations in essentially all respects, 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.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Grönwaldsalen in the Stockholm Concert Hall, Hötorget 8, Stockholm, on May 27, 2014 at 6:00 p.m. The Annual Report for 2013 will be available at RaySearch's office at Sveavägen 25 in Stockholm, approximately one month prior to the date of the Annual General Meeting.

Proposed dividend

Since RaySearch is in the midst of an expansive and capital-intensive phase, the Board of Directors' proposal to the Annual General Meeting will be that no dividend be paid for 2013. No dividend was paid in 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2013	2012	2013	2012
Net sales	204,470	182,087	90,113	76,879
Cost of goods sold	-6,059	-3,029	-3,166	-2,667
Gross profit	198,411	179,058	86,947	74,212
Other operating income	3,008	1,032	924	773
Selling expenses	-53,024	-36,267	-16,597	-13,170
Administrative expenses	-45,600	-39,279	-11,502	-13,644
Research and development costs	-90,720	-78,657	-24,858	-21,939
Other operating expenses	-3,288	-3,341	-	-
Operating profit	8,787	22,546	34,914	26,232
Result from financial items	754	1,018	234	676
Profit before tax	9,541	23,564	35,148	26,908
Tax	-3,466	-3,701	-3,139	-1,544
Profit for the period¹⁾	6,075	19,863	32,009	25,364
Other comprehensive income				
Items to be reclassified to profit or loss				
Translation difference of foreign operations for the period	57	993	-420	235
Items not to be reclassified to profit or loss	-	-	-	-
Profit for the period¹⁾	6,132	20,856	31,589	25,599
Earnings per share before and after dilution (SEK)	0.18	0.58	0.93	0.74

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN SUMMARY

AMOUNTS IN SEK 000S	DEC 31, 2013	DEC 31, 2012
ASSETS		
Intangible fixed assets	166,678	165,926
Tangible fixed assets	5,567	3,711
Total fixed assets	172,245	169,637
Current receivables	88,283	61,515
Cash and cash equivalents	38,231	61,875
Total current assets	126,514	123,390
TOTAL ASSETS	298,759	293,027
EQUITY AND LIABILITIES		
Equity	223,517	217,553
Deferred tax liabilities	41,348	40,966
Accounts payable	6,925	11,717
Other current liabilities	26,969	22,791
TOTAL EQUITY AND LIABILITIES	298,759	293,027
Pledged assets	37,500	37,500
Contingent liabilities	See Note	See Note

CONSOLIDATED STATEMENT OF CASH FLOW IN SUMMARY

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2013	2012	2013	2012
Earnings before tax	9,541	23,564	35,148	26,908
Adjusted for non-cash items ¹⁾	52,753	50,551	14,115	15,550
Taxes paid	-3,596	-3,010	-803	-4,444
Cash flow from operating activities before changes in working capital	58,698	71,105	48,460	38,014
Cash flow from changes in working capital	-27,416	16,346	-31,180	-3,915
Cash flow from operating activities	31,282	87,451	17,280	34,099
Cash flow from investing activities ²⁾	-56,542	-54,165	-14,457	-15,689
Cash flow from financing activities	1,563	-	1,563	-
Cash flow for the period	-23,697	33,286	4,296	18,410
Cash and cash equivalents at the beginning of the period	61,875	28,704	33,855	43,238
Exchange-rate difference in cash and cash equivalents	53	-115	80	227
Cash and cash equivalents at the end of the period	38,231	61,875	38,231	61,875

¹⁾ These amounts primarily include amortization of capitalized development costs.

²⁾ These amounts primarily include capitalized development costs.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

AMOUNTS IN SEK 000S	JAN-DEC	
	2013	2012
Opening balance	217,553	196,697
Profit for the period	6,075	19,863
Sales of treasury shares	1,563	-
Tax related to sales of own shares	-1,731	-
Translation difference for the period	57	993
Closing balance	223,517	217,553

CHANGES IN NUMBER OF SHARES

	JAN-DEC	
	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
Sales of treasury shares	-299,628	-
Holding of treasury shares, closing balance	-	299,628

KEY DATA AND FINANCIAL INFORMATION IN SUMMARY

AMOUNTS IN SEK 000S	JAN-DEC			OCT-DEC		
	2013	2012	2011	2013	2012	2011
Net sales	204,470	182,087	126,103	90,113	76,879	45,772
Operating profit	8,787	22,546	27,624	34,914	26,232	14,643
Operating margin, %	4.3	12.4	21.9	38.7	34.1	32.0
Profit margin, %	4.7	12.9	22.8	39.0	35.0	32.4
Profit for the period	6,075	19,863	17,007	32,009	25,364	6,793
Earnings per share, SEK	0.18	0.58	0.50	0.93	0.74	0.20
Return on capital employed ¹ , %	4.4	11.4	14.6			
Return on equity ¹ , %	2.8	9.6	8.6			
Equity/assets ratio, %	74.8	74.2	75.4			
Adjusted equity per share at the end of the period, SEK	6.52	6.35	5.74			
Share price at the end of the period, SEK	27.40	20.80	14.45			

For definitions of key data, refer to the front inside cover of Annual Report 2012.

¹ In preceding years, an income measurement based on rolling 12-month figures was used, but as of 2013, and for comparative figures, an annual income measurement has been used.

PARENT COMPANY INCOME STATEMENT IN SUMMARY

AMOUNTS IN SEK 000S	JAN-DEC		OCT-DEC	
	2013	2012	2013	2012
Net sales	179,178	181,289	70,771	77,660
Cost of goods sold	-809	-265	-666	-151
Gross profit	178,369	181,024	70,105	77,509
Other operating income	3,008	1,032	924	922
Selling expenses	-34,561	-19,366	-11,528	-7,691
Administrative expenses	-45,576	-38,673	-11,497	-13,051
Research and development costs	-91,516	-83,559	-24,724	-22,159
Other operating expenses	-3,288	-3,341	-	-149
Operating profit	6,436	37,117	23,280	35,381
Result from financial items	2,176	-8,889	1,654	-9,215
Profit after financial items	8,612	28,228	24,934	26,166
Appropriations	-941	-4,985	-941	-4,985
Profit before tax	7,671	23,243	23,993	21,181
Tax	-2,510	-9,035	-2,510	-8,139
Profit for the period	5,161	14,208	21,483	13,042

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN SEK 000S	JAN-DEC		OKT-DEC	
	2013	2012	2013	2012
Profit for the period	5,161	14,208	21,483	13,042
Translation difference for the period	-	-	-	-
Comprehensive income for the period	5,161	14,208	21,483	13,042

BALANSRÄKNING I SAMMANDRAG, MODERBOLAGET

BELOPP I KSEK	DEC 31, 2013	DEC 31, 2012
ASSETS		
Intangible fixed assets	-	44
Tangible fixed assets	4,549	3,124
Financial fixed assets	2,266	2,171
Total fixed assets	6,815	5,339
Current receivables	117,159	84,140
Cash and cash equivalents	26,305	56,682
Total current assets	143,464	140,822
TOTAL ASSETS	150,279	146,161
EQUITY AND LIABILITIES		
Equity	100,561	95,400
Untaxed reserves	21,267	20,326
Accounts payable	7,634	10,047
Other current liabilities	20,817	20,388
TOTAL EQUITY AND LIABILITIES	150,279	146,161
Pledged assets	37,500	37,500
Contingent liabilities	See Note	See Note

NOTE

In May 2011, the US company Prowess filed a lawsuit against RaySearch at a 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 in January 2014 the court arranged a settlement conference between the parties at which negotiations regarding a potential settlement were initiated. These negotiations have so far not resulted in any agreement. Therefore it is still difficult to predict how long it will take to resolve the dispute and the total costs that this will entail for RaySearch. However, it is clear that RaySearch will have to bear substantial costs in 2014 to defend the company in the best possible manner.

OTHER INFORMATION

ACCOUNTING POLICIES IN ACCORDANCE WITH IAS/IFRS

This condensed year-end report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Swedish Annual Accounts Act, and in accordance with the Swedish Annual Accounts Act for the Parent Company. 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 has been prepared.

RISKS AND UNCERTAINTIES IN THE GROUP AND THE PARENT COMPANY

Financial risk management

RaySearch's financial policy governing the management of financial risks has been 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, legal disputes and strategic partnerships. RaySearch currently has partnerships with Philips, Nucletron, IBA, Varian and Brainlab. 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. The company is also involved in a patent dispute in the US. If RaySearch were to lose or settle this dispute this could have a major impact on its financial position. Refer to the note on page 14.

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 during the period.

In 2002, RaySearch Series B shares were reserved in RayIncentive AB for use in RaySearch's employee options programs. The final options program expired on December 31, 2012. In October, 246,894 RayIncentive shares were sold to the profit-sharing foundation, RayFoundation. The remaining 52,734 shares were sold on the market to cover tax expenses related to the transaction. Subsequently, RayIncentive has no remaining holdings in RaySearch. Since December 2013 RayIncentive is a wholly owned subsidiary to RaySearch.

ESTIMATES

Preparation of the year-end report requires estimates being made by company management that affect the reported 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 year-end report has not been reviewed by the company's auditors.

Stockholm, February 13, 2014

Erik Hedlund
Chairman of the Board

Johan Löf
President and Board member

Carl Filip Bergendal
Board member

Hans Wigzell
Board member

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FINANCIAL REPORTING

Interim report for the first quarter	May 16, 2014
Annual General Meeting	May 27, 2014
	The Annual General Meeting will be held at Grönewaldsalen in the Stockholm Concert Hall, on Hötorget 8, Stockholm
Interim report for the first six months	August 27, 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 mainly sold through license agreements with leading partners such as Philips, Nucletron, IBA, Varian and Brainlab. To date, 15 products have been launched through partners and RaySearch's software is used at over 2,300 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.

For more information about RaySearch, visit www.raysearchlabs.com