

C-RAD AB - Interim report January – June 2016

Press release August, 24 2016



Second quarter 2016

- All time high in quarterly order intake 30.4 (16.3) MSEK, an increase of 87 % compared to the previous year.
- Net sales amounted to 15.6 (15.1) MSEK, an increase of 3 % compared to the previous year.
- Operating loss amounted to -9.8 (-5.4) MSEK. The decrease is mainly attributable to the expansion of sales and service business in our key markets, in line with our growth and expansion strategy.
- Result per share -0.44 (-0.28) SEK.
- Cash injection of 45.4 MSEK before issue costs through new share issue strengthens the company's financial position.
- First order from leading cancer center in China following CFDA-approval in Q1.

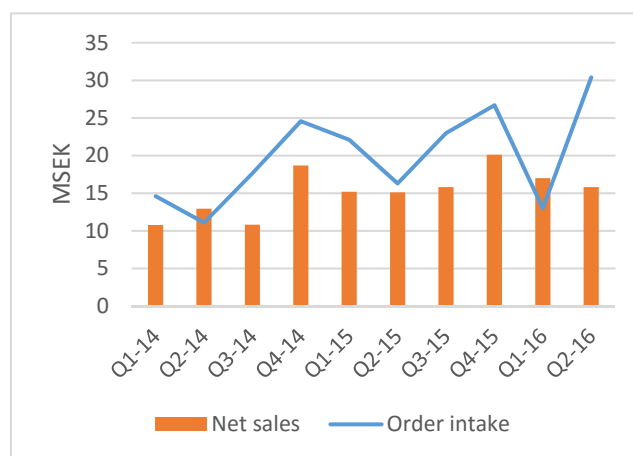
First Half-Year 2016

- Order intake 43.4 (38.4) MSEK, an increase of 13 % compared to the previous year.
- Order intake rolling 12 months amounted to 93.1 (81.2) MSEK (+15%)
- Net sales amounted to 32.9 (30.4) MSEK, an increase of 8 % compared to the previous year.
- Net sales rolling 12 months amounted to 68.4 (59.4) MSEK, an increase of 15% compared to the previous year.
- Operating loss amounted to -18.0 (-8.7) MSEK.
- Result per share amounted to -0.83 (-0.37) SEK.

Key events after the reporting period

- Bill Dowd appointed president of US subsidiary C-RAD Inc.
- Lars Nyberg was elected as new Member of the Board and as Chairman of C-RAD.
- First order from Belgium for C-RAD systems, order value 6.1 MSEK.

Order intake and net sales



Summary financial result

(Amounts in KSEK)	Q2			Jan-Jun			Rolling 12 months		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
Order intake	30 398	16 264	14 134	43 437	38 365	5 072	93 072	87 999	5 073
Net sales	15 618	15 106	512	32 888	30 354	2 534	68 363	66 161	2 203
Gross profit margin	54%	59%	-5%	54%	58%	-4%	50%	53%	-3%
Operating loss	- 9 784	- 5 370	- 4 414	-18 008	- 8 743	- 9 265	- 31 097	-20 412	-10 685
Net results after tax	-10 069	- 5 133	- 4 936	-18 638	- 9 134	- 9 504	- 32 108	-21 184	-10 924
Cash	15 487	10 969	4 518	15 487	10 969	4 518	15 487	4 426	11 061
Share price *	9.1	15.8	-	9.1	15.8	-	9.1	15.1	-
Order backlog	63 520	43 700	19 820	63 520	47 115	16 405	63 520	60 233	3 287

* in SEK, end of period



Second quarter: Highest quarterly order intake in C-RADs history

The second quarter featured strong demand for our products which provided an all-time high order intake amounting to 30,4 (16.3) MSEK – an increase of impressive 87% compared to the same period in 2015. These figures represent evidence that C-RAD’s strategy to heavily invest in sales and sales related activities in our key markets provides the foundations for continued growth.

Net sales increased to 15,6 (15,1) MSEK. The limited growth in the quarter is partly due to extended order to delivery conversion rate and the temporary slowdown in order intake we had in the first quarter.

As we are aggressively pursuing the OEM sales channel globally, a first large project that included five Catalyst Systems has been won by an OEM partner and C-RAD received an order worth 4.3 MSEK.

An additional sizable order came from Ryhov County Hospital in Sweden for three Catalyst HD systems and one Sentinel 4DCT system. The order has a total value of 5.2 MSEK.

We continue to see significant growth in the sales region Asia. The order intake increased by 206% compared to the same period last year. An order has been received from our Chinese distributor for Catalyst and Sentinel systems, to be installed at leading cancer centers in China. The order has a total value of 7.6 MSEK. We see a considerable high interest among our potential customers in China. In May, C-RAD and our distributor, Beijing HGPT, co-hosted a clinical symposium in Shanghai. International and local clinicians presented their experiences and successful research results with C-RAD systems. The symposium was attended by more than 100 potential customers which underscores the potential of the Chinese healthcare market and shows that C-RAD has a good position for further growth in Asia.

The North America market, with approximately 2.800 radiation therapy centers, accounts for almost half the global market. The size of this market shows a high potential for the C-RAD solutions. Over the last year North America became for the first time C-RAD’s largest region in terms of order intake, which underlines the importance of this market for us. Revenues for the US increased by 199% in the second quarter compared to the same period last year. Bill Dowd has been appointed President for our US subsidiary. With Bill we have a seasoned executive with profound experience and a well-established network in the field of radiation therapy. This strongly strengthens our local US organization and is an important milestone in executing our strategy in attracting very talented people to C-RAD.

This growth in our key markets represent further evidence that C-RAD’s strategy of developing sales through local presence provides the foundation for continued growth.

One initiative to increase our gross profit margin from 53% in 2015 to 60% by 2017, is to develop and optimize our supply chain to lower related costs. As a first step to achieve the target we have signed a manufacturing agreement with Innokas Medical - a Finnish contract design and manufacturing company as operating in the field of medical technology. Innokas Medical provide specialized experts with extensive skills and robust experience in the healthcare area which will contribute in providing first-class products to our customers. The contract covers the manufacturing of the major parts of C-RAD’s Catalyst and Sentinel products.

In April the Annual General Meeting approved a capital increase and a new share issue totaling 45 MSEK, with preferential right for the Company’s existing shareholders. On the 19th of May C-RAD announced that the fully guaranteed new share issue was completed.

“I am optimistic going into the second half of 2016. We continue to see strong demand for our innovative cutting edge solutions and with further developed sales activities in our key markets the conditions look good for continued strong growth” says Tim Thurn, CEO of C-RAD.

Outcome of rights issue

C-RAD announced on 15 March that the Board of Directors had resolved to implement a rights issue. C-RAD announced on May 19 the outcome of the rights issue which was subscribed for 70.7%. The rights issue was fully guaranteed and provided C-RAD with 45.4 MSEK before issue costs. As the rights issue was not over-subscribed, the over-allotment option described in the prospectus was not exercised. For more information, we refer to the press releases.

Ryhov County Hospital in Sweden acquires four C-RAD systems

C-RAD secured an order for three Catalyst HD™ systems and one Sentinel 4DCT™ system from Ryhov County Hospital in Jönköping, Sweden. The order has a total value of 5.2 MSEK. Delivery and installation of the order is scheduled for the third quarter 2016.

C-RAD receives an order for five Catalyst™ Systems

C-RAD received an order for five Catalyst™ systems, to be installed at different hospitals in Egypt. The order has a total value of approximately 4.3 MSEK. The delivery and installation of the systems is expected to occur in Q2 2017.

Leading cancer centers in China to be equipped with C-RAD technology

C-RAD received an order from its Chinese distributor for Catalyst™ and Sentinel™ systems, to be installed at leading cancer centers in China. The order has a total value of approximately 7.6 MSEK.

Significant events after the reporting period

Bill Dowd appointed president of US subsidiary C-RAD Inc.

C-RAD has appointed a dedicated manager for its North American operations. Bill Dowd will commence in the role of President of C-RAD Inc. on July 11, 2016.

His' business background has long focused on sales of high-end medical equipment. Over the past ten years, he has been working in the field of radiation therapy for the US subsidiary of Nucletron, later acquired by Elekta, as Vice President of Sales and Marketing. This followed an assignment at Eckert & Ziegler Bebig, Inc. where he was the CEO in charge of the entire US business including sales, service and production. He holds a Master of Business Administration as well as an MSc in Biology.

Lars Nyberg was elected as new Member of the Board and as Chairman of C-RAD

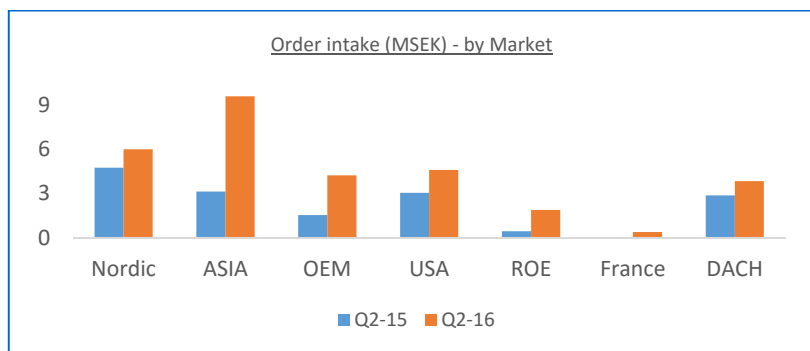
C-RAD's AGM elected Lars Nyberg as new Member of the Board and Chairman of the Board for C-RAD. During 2007-2013, he was President and CEO of TeliaSonera AB. In 1995-2003, Chairman of the Board and CEO of US-based IT company NCR Corp (NYSE:NCR). He continued as Chairman of the Board until 2005. Lars has held several managerial positions in Philips and he was a member of the Philips Group Management Committee.

Order from Belgium for C-RAD systems

C-RAD has secured an order for a Catalyst HD™, a Catalyst™ system and a Sentinel 4DCT™ system for two radiation therapy centers in Belgium. The order has a total value of 6.1 MSEK.

Order intake

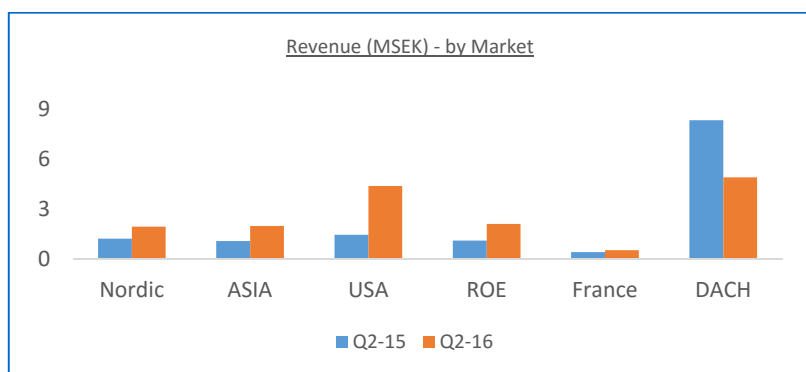
Order intake during the second quarter where order intake amounted to 30.4 MSEK compared to 16.3 MSEK in the previous year. Order intake growth was primarily driven by the Asian region and OEM.



Revenues

Revenues increased by 3%, from 15.1 MSEK in the second quarter of 2015 to 15.6 MSEK in the second quarter of 2016.

The US is the strongest revenue driver compared to previous year, followed by ROE region, while we see a decrease in the DACH region. Q2 2015 was exceptionally strong in DACH in terms of revenue 2015, and fluctuation between quarters can be expected.



Revenues (MSEK)		
	Q2 16	Q2 15
Catalyst/Sentinel	10,9	11,6
Cyrpa lasers	4,4	3,3
Distribution	0,4	0,2
	15,6	15,1

Gross profit

Gross profit was 54% during the second quarter, slightly lower than 59% in the corresponding period in 2015. Fluctuations in gross profit can be expected in shorter periods due to the limited volume of systems.

Operational expenses

Operational expenses for the second quarter amounted to 8.3 MSEK compared to 6.2 MSEK in 2015. The increase is mainly related to the expansion of sales and service business. From July 2015, CYRPA is included in the Group with operational expenses of 0.5 MSEK in the second quarter of 2016.

Personnel expenses

Personnel expenses during the second quarter amounted to 9.4 MSEK compared to 7.9 MSEK in 2015. The increase is mainly related to the expansion of operations, which entails sales resources being enhanced and CYRPA also being including in the Group from July 2015 with three employees. The average number of employees increased from 28 during the first half year 2015 to 39 in the corresponding period in 2016.

Net results before tax

Net results before tax during the second quarter amounted to -10.1 MSEK compared to -5.1 MSEK in 2015. As part of our growth and expansion strategy, we are strengthening our sales resources in terms of direct sales in the key markets of the US, France and China. This has a direct impact on our income statement, as we incur costs, primarily for personnel and travel expenses, until revenue is generated.

Capitalized development costs

Capitalized development costs amounted to 20.8 (12.1) MSEK at the end of June 2016. Capitalizations during the first half year 2016 are related to the Gemini project.

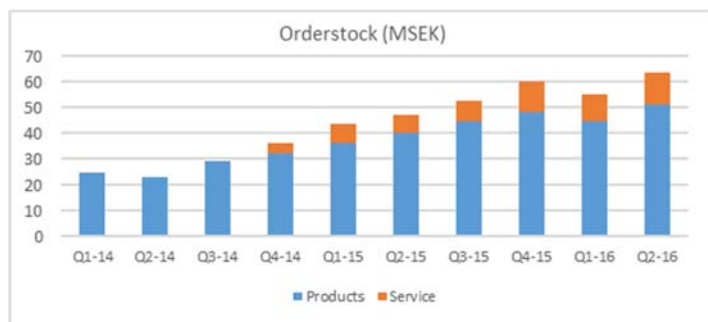
Capitalized development expenditure			
Project	Capitalized during period	Carrying amount	Comment
Catalyst/Sentinel	0	3 231 527	Products launched, further development, interfaces etc.
Gemini	883 163	9 834 940	Ongoing development
HIT-lasers	0	7 723 007	From CYRPA aquisition
Total	883 163	20 789 474	

Seasonality

There is a seasonal pattern in C-RAD's operations. The second half of the year and the fourth quarter in particular 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.

Order backlog

The order backlog represents orders that have been received but not delivered and invoiced. The backlog amounted to 63.5 MSEK at the end of the second quarter 2016 compared to 47.1 MSEK during the corresponding period in 2015, an increase of 35%. From the total order backlog, 51.2 MSEK involves products and 12.3 MSEK service contracts. In the graph below the development of the order backlog is presented. Service contracts are presented separately from Q4 2014 onwards.



Order conversion rate

The weighted average for outstanding orders concerning the products is around seven months in 2016. This is the time from receiving an order until the order is delivered. Service contracts are recognized as revenue over the contract period. The service contract can be up to eight years while the average duration is around five years. This has an impact on the conversion rate of the backlog when it comes to the particular service concerned.

Personnel

At the end of June 2016, the number of employees in the Group amounted to 41 (32).

Exchange rate

The financial statements are presented in SEK, the functional currency of C-RAD. 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 during first half 2016 was 9.3 (9.3), while the average USD rate in the period was 8.3 (8.4), thus, currency had limited impact on operations between the periods.

Deferred tax asset

The deferred tax asset is reviewed every quarter. The deferred tax asset is based on the fundamental assumption that operations will generate taxable income in the future. Although C-RAD has reported taxable losses in previous reports, we can see a strong and rapidly growing order intake. We forecast that a taxable profit will be generated in coming years and thus that the deferred tax asset of 7.1 MSEK shall remain unchanged. The remaining unused taxable losses amount to 135 MSEK and there are currently no time constraints regarding utilization of the losses against future taxable profits.

Bank overdraft

On the closing day, bank overdrafts had been exercised by 0.3 MSEK. Of the proceeds from the share increase, 3 MSEK was used to reduce the overdraft amount. During 2016 the bank overdraft increased from 5 MSEK to 10 MSEK. The credit period expires on December 31, 2016 and may be extended by 12 months. The creditor allows the extension of the credit period, unless otherwise notified. The increase is linked to a contract in which C-RAD has to achieve certain levels of revenue and a certain result, according to the company's budget for the year 2016.

Cash flow

During the second quarter of 2016, cash-flow was positive in the amount of 8.8 MSEK. Negative cash flow from operations amounted to 7.9 MSEK, while an increase in working capital had a negative impact of 3.5 MSEK on cash flow. The increase in working capital is primarily related to an increase in accounts receivable and a decrease in accounts payable. Capitalized development costs are now included in investment activities, but not as adjustment for non-cash items.

Financing

To enable the Company to achieve its high-level of growth and to ensure the Company has enough capital to generate positive cash flow in the long term, the Board proposed, in March 2016, a fully guaranteed rights issue of approximately 45.4 MSEK with an over-allotment of approx. 15.0 MSEK. The proposal was approved by the AGM on 14 April. C-RAD announced on 19 May the outcome of the rights issue which was subscribed for 70.7%. The rights issue was fully guaranteed and provided C-RAD with 45.4 MSEK before issue costs, which amount to ca 5 MSEK.

C-RAD intends use the proceeds from the rights issue to cover working capital until the Company has achieved a long-term positive cash flow, which is expected to occur in 2017, repay loans and to finance increased sales and marketing activities in the Company's main markets. The rights issue was not oversubscribed and thus the over-allotment was not exercised.

In the second quarter of 2016, loans from Per Hamberg and Lars Kling, two of the largest shareholders in the Company were fully repaid, in total 5 MSEK plus accrued interests. The loans carried an annual interest rate of 8%. C-RAD secured a bridge loan of 10 MSEK from Nordea in connection with the new share issue. The loan was repaid during the second quarter when the Company received the proceeds of the share issue.

In the first quarter of 2016, C-RAD also expanded its bank overdraft with Nordea from 5 to 10 MSEK. The overdraft runs until December 31, 2016 but it can be extended by 12 months, provided that the conditions are fulfilled. The credit is secured by the Company through a chattel mortgage of 12,150,000 SEK in C-RAD Positioning AB. The terms are contained in the paragraph "Bank overdrafts" above.

Convertible loans

The maturity date of the convertible loans has been extended for two years from February 28, 2016 until February 28, 2018. Interest terms are revised to Stibor 90 + 2.8% from Stibor 90 + 1%.

Significant risks and uncertainties

Reference is made to the Annual Report for 2015 regarding significant risks and uncertainties, and how these are managed. The capitalized development costs for the Gemini project amounts to 9.0 MSEK. Until the project is launched and starts to generate revenues, 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. Valuations of intangible assets and deferred tax asset are based on future sales and order backlog under the assumption that sufficient funding will be available for future expectations to be fulfilled.

C-RAD Positioning AB was sued by Beamocular AB on November 28, 2014 at the District Court of Stockholm regarding better title to patent. The court has set the hearing for the end of September, 2016. There is no new information in this matter since the last report, Q1 2016.

C-RAD's future earnings are highly dependent on the market, as well as the company's development. Because the Company is not cash flow positive in the current situation, it may need to raise additional capital if sales doesn't develop according to plan.

Parent Company

No operations are carried in the Parent Company except for 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 the segment level by executive managers. Such analysis is therefore excluded from this segment reporting.

Activities between segments: some of the personnel employed within Imaging have conducted work for the Positioning segment. Internal sales cover the direct costs of these cross-segment services.

<i>Amount in KSEK</i>	Segment revenues		Segment operating results	
	1H 2016	1H 2015	1H 2016	1H 2015
Positioning external sales	32 580	29 984	-17 709	-8 319
Imaging external sales	308	370	-299	-424
Total	32 888	30 354	-18 008	-8 743
Shares in results of associated companies			0	43
Financial income and costs			-630	-434
Profit/loss before tax			-18 638	-9 134

Segment reporting is based on the same accounting principles as applied in the consolidated financial statement for 2015. No impairment has been applied. Sales by geographical market are based on sales to customers in each country. Two customers each represent over 10 percent of sales from January to June 2016.

<i>Amount in KSEK</i>	Revenue by geographical market	
	1H 2016	1H 2015
Nordic	4 064	6 316
DACH	6 627	7 399
RoE	7 184	8 128
USA	12 587	4 537
Asia	2 426	3 974
Total	32 888	30 354

Condensed consolidated statement of comprehensive income

(Amounts in SEK)	2016 Apr-Jun	2015 Apr-Jun	2016 Jan-Jun	2015 Jan-Jun	2015/2016 July-June
Operating income					
Net sales	15 618 141	15 106 479	32 887 632	30 353 812	68 363 484
Work performed by the company for its own use and capitalized	883 163	1 213 749	1 538 770	2 320 944	3 483 593
Other operating income	61 232	579 316	228 319	920 003	4 082 758
Total operating income	<u>16 562 536</u>	<u>16 899 545</u>	<u>34 654 721</u>	<u>33 594 758</u>	<u>75 929 834</u>
Operating expenses					
Raw material and consumables	-7 183 450	-6 226 610	-15 166 304	-12 787 605	-34 461 642
Other external costs	-8 313 556	-6 190 391	-15 262 629	-12 184 946	-29 705 281
Personnel costs	-9 363 238	-7 900 350	-19 119 901	-14 102 530	-36 115 502
Depreciations	-1 486 231	-1 049 475	-3 114 182	-2 360 391	-6 744 250
Other operating expenses	0	-902 672	0	-902 672	0
Total operating expenses	<u>-26 346 476</u>	<u>-22 269 498</u>	<u>-52 663 016</u>	<u>-42 338 144</u>	<u>-107 026 676</u>
Operating profits/loss	<u>-9 783 940</u>	<u>-5 369 953</u>	<u>-18 008 295</u>	<u>-8 743 386</u>	<u>-31 096 842</u>
Result from participation in associated companies	0	430 320	0	43 289	0
Financial income	4 245	1 466	6 844	6 941	22 986
Financial costs	-288 861	-194 382	-636 531	-440 705	-1 033 737
Profit (loss) before tax	<u>-10 068 556</u>	<u>-5 132 549</u>	<u>-18 637 982</u>	<u>-9 133 861</u>	<u>-32 107 593</u>
Income tax	0	0	0	0	0
Net results for the period	<u>-10 068 556</u>	<u>-5 132 549</u>	<u>-18 637 982</u>	<u>-9 133 861</u>	<u>-32 107 593</u>
Translation difference from foreign operations	132 779	-11 868	-37 116	21 327	20 587
Comprehensive results for the period (1)	<u>-9 935 777</u>	<u>-5 144 417</u>	<u>-18 675 098</u>	<u>-9 112 534</u>	<u>-32 087 006</u>
Results per share before dilution	-0.44	-0.28	-0.83	-0.37	-1.45
Results per share after dilution	-0.41	-0.26	-0.78	-0.35	-1.36

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

Condensed consolidated statement of financial position

(Amounts in SEK)			
Assets	30-06-2016	30-06-2015	31-12-2015
Assets			
Intangible assets			
Capitalized development expenditure	20 789 474	12 097 533	20839215,92
Distribution rights	5 649 904	6 497 332	6073626
Patents, licenses and similar rights	832 843	970 755	925 907
	<u>27 272 221</u>	<u>19 565 620</u>	<u>27 838 749</u>
Tangible assets			
Equipment	4 391 858	4 561 171	4582810,886
Financial assets			
Long-term receivables	106 162	5 282 928	152 732
Total financial assets	<u>106 162</u>	<u>5 282 928</u>	<u>152 732</u>
Other non-current assets			
Deferred tax asset	7 094 209	7 094 209	7094209
	<u>38 864 451</u>	<u>36 503 928</u>	<u>39 668 500</u>
Total non-current assets			
Current assets			
Inventory	10 634 564	12 468 372	10342084,23
Trade receivables	9 847 928	15 524 456	12910053,78
Other receivables	5 198 173	2 726 090	2358817,303
Prepayments and accrued income	6 786 695	827 211	3919500,39
Cash and bank	15 487 010	10 969 069	4426075,159
Total current assets	<u>47 954 370</u>	<u>42 515 198</u>	<u>33 956 532</u>
	<u>86 818 821</u>	<u>79 019 126</u>	<u>73 625 032</u>
Total assets			
Equity and liabilities			
Equity			
Share capital	4 129 749	3 303 799	3 303 799
Additional paid in capital	233 014 835	169 558 751	193 978 600
Retained earnings	-156 859 178	-111 262 551	-136 050 911
Profit (loss) for the year	-18 637 982	-8 137 961	-21 183 842
Total equity	<u>61 647 424</u>	<u>53 462 038</u>	<u>40 047 645</u>
Long term liabilities			
Convertible bonds	11 718 442	11 748 299	11 829 115
Other long-term liabilities	992 905	0	992 905
	<u>12 711 347</u>	<u>11 748 299</u>	<u>12 822 020</u>
Current liabilities			
Accounts payable	5 954 884	6 496 126	9013794,671
Warranty provisions	1 134 000	900 000	1064000
Other current liabilities	682 758	2 342 445	6730406,617
Accrued expenses and deferred income	4 688 407	4 070 216	3947167,029
Total current liabilities	<u>12 460 048</u>	<u>13 808 787</u>	<u>20 755 368</u>
	<u>25 171 395</u>	<u>25 557 086</u>	<u>33577388,32</u>
Total liabilities			
Total equity and liabilities			
	<u>86 818 821</u>	<u>79 019 126</u>	<u>73 625 032</u>
Pledges	13 620 000	13 620 000	13 620 000
Contingent liability	-	-	-

Condensed consolidated statement of cash flow

(Amounts in SEK)					
Statement of cash flow	2016	2015	2016	2015	2015/2016
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	July-June
Operating activities					
Profit (loss) before financial items	(9 783 940)	(5 369 953)	(18 008 295)	(8 743 386)	(31 096 840)
Adjustment for non-cash items, etc	2 141 838	(1 684 670)	3 039 226	1 107 759	3 938 112
Interests received	4 245	1 466	6 844	6 941	22 986
Interests paid	(288 861)	(194 382)	(636 531)	(440 705)	(1 033 737)
Cash flow from operating activities before working capital changes	(7 926 718)	(7 247 538)	(15 598 756)	(8 069 391)	(28 169 479)
Working Capital Changes	(3 498 599)	(2 892 205)	(6 769 049)	(5 764 397)	(2 886 056)
Cash flow from operating activities	(11 425 316)	(10 139 742)	(22 367 805)	(13 833 788)	(31 055 534)
Cash flow from investing activities	(1 697 479)	(1 719 127)	(2 310 131)	(3 346 252)	(4 961 942)
Cash flow from financing activities	21 956 564	20 445 300	35 665 039	20 445 300	40 567 357
Net increase (decrease) in cash and cash equivalents	8 833 769	8 586 431	10 987 103	3 265 260	4 549 881
Cash and cash equivalents at beginning of period	6 569 139	2 364 271	4 426 075	7 623 093	10 969 070
Exchange rate differences	84 104	18 369	73 832	80 718	(31 939)
Cash and cash equivalents at end of period	<u>15 487 010</u>	<u>10 969 070</u>	<u>15 487 010</u>	<u>10 969 070</u>	<u>15 487 010</u>

* Comparative figures from the first quarter 2015 has been adjusted, for further details see page 22.

Condensed consolidated statement of changes in equity

(Amounts in SEK)			
Statement of changes in equity	2016	2015	2015
	Jan-Jun	Jan-Jun	Jan-Dec
At beginning of period	40 047 646	38 484 049	38 484 049
Share increase and option program	45 472 023	25 461 450	25 182 500
Issue expenses	(5 279 111)	(16 150)	(16 150)
Equity part of convertible loan	110 673	(80 816)	(161 632)
Translation and other differences	(28 711)	(1 273 963)	(2 257 281)
Changes in the period	40 274 874	24 090 521	22 747 437
Loss for the period	(18 675 098)	(9 112 534)	(21 183 842)
Closing balance at end of period	61 647 424	53 462 038	40 047 645

Parent company Financial Statements

(Amounts in SEK)

Income statement	2016	2015
	Jan-Jun	Jan-Jun
Total income	9 940 720	6 458 479 *
Personnel costs	-4 267 406	-3 410 218
Other costs	-4 879 546	-5 026 656 **
Total operating expenses	-9 146 951	-8 436 874
Result from financial items	-432 777	1 148 602
Result before tax	360 991	-829 794
Tax	0	0
Net results	360 991	-829 794

Statement of comprehensive results

Net results	360 991	-829 794
Translation difference from foreign operations	0	0
Total comprehensive results	360 991	-829 794

Statement of cash flow

	2016	2015
	Jan-Jun	Jan-Jun
Operating activities		
Profit (loss) before tax	360 991	-829 794
Adjustment for non-cash items	435 349	435 462
Cash flow from operating activities before working capital changes	796 341	-394 332
Working capital changes	-26 039 100	-13 585 154
Cash flow from operating activities	-25 242 759	-13 979 486
Cash flow from investment activities	-8 000 000	0
Cash flow from financing activities	40 406 865	20 444 960
Net change in cash and cash equivalents	7 164 106	6 465 474
Cash and cash equivalents at beginning of period	94 835	3 012 761
Cash and cash equivalents at end of period	7 258 939	9 478 235

*Total income Jan-June has been retrospectively adjusted, the foreign exchange gain of 1,411,681 SEK has been transferred to financial items.

** Other costs Jan-June 2015 have been retrospectively adjusted: amortization increased by 423,738 SEK related to the Cypria acquisition.

*** Retrospective correction of purchase price allocation from the acquisition of 29% share in Cypria in February 23, 2015, has an impact on comparative numbers and beginning balance of equity 2015.

Parent company Financial Statements

Statement of Financial Position	2016	2015
	30 June	30 June
Assets		
Intangible assets	5 649 904	6 497 332
Tangible assets	49 989	70 697
Shares in Group companies	92 512 355	68 874 000
Long term receivables	0	0
Investments in associates	0	192 841
Receivables in Group companies	57 377 830	47 301 732
Other receivables	765 566	6 864 693
Cash and bank	7 049 588	9 478 235
Total assets	163 405 231	139 279 530
Equity and liabilities		
Share capital	4 129 749	3 303 799
Other equity	144 132 754	121 615 730
Total equity	148 262 503	124 919 529
Convertible bonds	11 718 442	11 718 442
Long term liabilities	992 905	0
Other liabilities	2 431 383	2 641 557
Total liabilities	15 142 730	14 359 999
Total equity and liabilities	163 405 231	139 279 529
Contingent liability	10 000 000	2 000 000
Statement of changes in equity		
	2016	2015
	Jan-Jun	Jan-Jun
At beginning of period	107 704 000	101 858 072
Adjustment of opening balance(**) ..	0	-1 553 709
Restated opening balance	107 704 000	100 304 363
Share increase and option program	40 197 511	25 182 500
Other	0	262 460
Net results for the period	360 991	-829 794
Closing balance at end of period	148 262 503	124 919 529

Notes

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.

In 2016 there were no significant changes to accounting policies, thus the applied accounting principles are consistent with what is stated in note 1 in the Financial Statements for 2015.

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

Per Hamberg and Lars Kling, two of the largest shareholders, lent 2.5 MSEK each to the Company in January 2016, without security. The loan carried an annual interest rate of 8% with quarterly interest payments. The loans were fully repaid in June 2016. No other transactions with related parties occurred in the reporting 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 assets are reviewed at the end of each reporting period and adjusted in line with the probable future taxable result.

Correction of comparative figures

When C-RAD acquired 29% of Cyrpa in February 2013 the purchase price was entirely allocated to investments in associated company and recognized in accordance with IAS 28. This does not reflect the full acquisition, since the agreement, in additional 29% in Cyrpa's shares, even includes intangible assets form of exclusive distribution rights and production rights as well as a financial asset in the form of an option for the remaining 71% of shares. The purchase price of 8,986,293 SEK should have been allocated as follows: shares in associated 193 KSEK, intangible assets 8.5 MSEK and financial assets 319 KSEK. They are three different groups of assets and the accounting do these differ. Regarding Cyrpa's shares, the equity method applied correctly. During the period up to July 2015, when C-RAD acquired the remaining Cyrpa shares, C-RAD reported losses in excess of the investment. This because C-RAD had an obligation together with other shareholders to ensure that Cyrpa obtained the minimum requirements for equity capital according to Belgian law. Therefore, a liability is reported. Since the distribution rights have a finite useful life, they shall be amortized. We apply the linear depreciation for the estimated service life of 10 years. This has an effect on the income statement as well as equity, which is presented below. The purchase option is recognized as a financial asset at fair value.

Below summarize translation adjustments and comparative balances in the report.

Corrected condensed consolidated statement of comprehensive income

(Amounts in SEK)

		Jan-Jun 2015	
	Reported	Adjustments	Restated
Operating income			
Net sales	30 353 813		30 353 813
Work performed by the company for its own use and capitalized	2 320 944		2 320 944
Other operating income**	2 909 878	-1 989 875	920 003
Total operating income	<u>35 584 634</u>		<u>33 594 759</u>
Operating expenses			
Raw material and consumables	-12 787 604		-12 787 604
Other external costs	-12 184 946		-12 184 946
Personnel costs	-14 102 530		-14 102 530
Depreciations*	-1 936 653	-423 738	-2 360 391
Other operating expenses**	-1 896 649	993977	-902 672
Total operating expenses	<u>-42 908 382</u>		<u>-42 338 143</u>
Operating profits/loss	<u>-7 323 748</u>		<u>-8 743 384</u>
Result from participation in associated companies	43 289		43 289
Financial income	6 941		6 941
Financial costs	-440 705		-440 705
Profit (loss) before tax	<u>-7 714 223</u>		<u>-9 133 859</u>
Income tax	0		0
Net results for the period	<u>-7 714 223</u>		<u>-9 133 859</u>
Translation difference from foreign operations	21 327		21 327
Comprehensive results for the period	<u>-7 692 896</u>		<u>-9 112 532</u>
Results per share before dilution	-0.09		-0.39
Results per share after dilution	-0.08		-0.36

Notes

Corrected condensed consolidated statement of financial position

(Amounts in SEK)

Assets

	30-06-2015		
	Reported	Adjustments	Restated
Assets			
Intangible assets			
Capitalized development expenditure	12 097 533		12 097 533
Distribution rights	0	6 497 332	6 497 332
Patents, licenses and similar rights	970 755		970 755
	<u>13 068 288</u>		<u>19 565 620</u>
Tangible assets			
Equipment	4 561 171		4 561 171
Financial assets			
Shares of associates	8 343 113	-8 343 113	0
Long-term receivables	4 964 255	318 673	5 282 928
Total financial assets	<u>13 307 368</u>		<u>5 282 929</u>
Other non-current assets			
Deferred tax asset	7 094 209		7 094 209
Total non-current assets	<u>38 031 036</u>		<u>36 503 928</u>
Current assets			
Inventory	12 468 372		12 468 372
Trade receivables	15 524 456		15 524 456
Other receivables	2 726 090		2 726 090
Prepayments and accrued income	827 211		827 211
Cash and bank	10 969 069		10 969 069
Total current assets	<u>42 515 198</u>		<u>42 515 198</u>
Total assets	<u>80 546 233</u>		<u>79 019 126</u>

Equity and liabilities

	30-06-2015		
	Reported	Adjustments	Restated
Equity			
Share capital	3 303 799		3 303 799
Additional paid in capital	169 558 751		169 558 751
Retained earnings	-109 708 841	-1 553 710	-111 262 551
Profit (loss) for the year	-7 714 223	-423 738	-8 137 961
Total equity	<u>55 439 486</u>		<u>53 462 038</u>
Long term liabilities			
Convertible bonds	11 748 299		11 748 299
	<u>11 748 299</u>		<u>11 748 299</u>
Current liabilities			
Accounts payable	6 496 126		6 496 126
Warranty provisions	900 000		900 000
Other current liabilities	1 892 106	450 339	2 342 445
Accrued expenses and deferred income	4 070 216		4 070 216
Total current liabilities	<u>13 358 448</u>		<u>13 808 787</u>
Total liabilities	<u>25 106 747</u>		<u>25 557 086</u>
Total equity and liabilities	<u>80 546 233</u>		<u>79 019 126</u>

Notes

Corrected condensed consolidated statement of cash flow (Amounts in SEK)

	Jan-Jun 2015		
	Reported	Adjustments	Restated
Operating activities			
Profit (loss) before financial items	-7 323 748	-1 419 636	-8 743 384
Adjustment for non-cash items, etc	-311 882	1 419 636	1 107 754
Interests received	6 941		6 941
Interests paid	-440 705		-440 705
Cash flow from operating activities before working capital changes	-8 069 393		-8 069 393
Working Capital Changes	-5 764 397		-5 764 397
Cash flow from operating activities	(13 833 789)		(13 833 789)
Cash flow from investing activities	-3 346 252		-3 346 252
Cash flow from financing activities	20 445 300		20 445 300
Net increase (decrease) in cash and cash equivalents	3 265 259		3 265 259
Cash and cash equivalents at beginning of period	7 623 092		7 623 092
Exchange rate differences	80 718		80 718
Cash and cash equivalents at end of period	10 969 067		10 969 067

* Adjustment on 423,738 SEK refers to retrospective adjustment of comparative figures due to Cyrpa acquisition, refer to page 18

** Adjustment on -995,898 SEK refers to reclassification of foreign exchange differences related to the Group, which are now included in equity and not in the income statement as the previous year

Ratios

	2016 30 Jun	2015 30 Jun	2015 31 Dec
Number of shares	27 531 653	20 025 323	22 025 323
Average number of shares	23 279 543	20 654 490	21 339 906
Average number of diluted shares	24 799 493	22 009 434	23 555 069
Number of options outstanding	1 509 746	1 509 746	1 509 746
Solvency	71%	69%	54%
Result per share before dilution	(0.83)	(0.37)	(0.99)
Result per shares after dilution	(0.78)	(0.35)	(0.93)
Equity per share before dilution	2.65	2.52	1.82
Equity per share after dilution	2.49	2.36	1.70
Operating margin	Neg.	Neg.	Neg.

Other information

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

Uppsala, August 19 2016

Lars Nyberg
Chairman of the Board

Tim Thurn
CEO

Bengt Rolén
Board member

Peter Hamberg
Board member

Brian Holch Kristensen
Board member

Kicki Wallje-Lund
Board member

Börje Bengtsson
Board member

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Since December 2014, C-RAD AB has been listed on the Nasdaq Stockholm exchange Small Cap list.

The information in this interim report is such that C-RAD is required to disclose it 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 24, 2016 at 8:30 am.