

Interim Report
1 January - 30 June 2015

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Second quarter, 1 April – 30 June 2015

Group compared to 2014

- » Group net sales amounted to SEK 263,909 (22,157).
- » Other operating income amounted to SEK 1,110,025 (95,636).
- » Income after financial items amounted to SEK -11,384,072 (-9,320,493).
- » Episurf Medical's quality management system was granted certification according to ISO 13485:12 and Annex II.
- » Rosemary Cunningham Thomas took over as the Company's CEO.
- » The Episealer® condyle Solo implant was included in the Belgian reimbursement system.
- » The first compilation of monitoring data from the Company's ongoing controlled product launch showed improvements on all points under the two measurement methods, VAS and KOOS.
- » The AGM resolved to introduce a combined bonus and incentive program for all employees of the Company.
- » Direct sales was started in Germany and the UK.
- » Episurf Medical received another US patent relating to the Company's surgical kit that consists of the patient specific guide, Epiguide®, and related surgical tools, Epikit.

6 months, 1 January - 30 June 2015

Group compared to 2014

- » Group net sales amounted to SEK 490,920 (40,250).
- » Other operating income amounted to SEK 2,566,400 (530,443).
- » Income after financial items amounted to SEK -18,917,297 (-17,556,975).

Significant events after the reporting period

- » The Board of Episurf Medical called for an Extraordinary General Meeting on August 21, 2015.

- » The Board of Episurf Medical decided on a rights issue of up to approximately SEK 120 million with preferential rights for the Company's shareholders and proposed a private placement to Episurf Medical's new CFO, both conditioned by the Extraordinary General Meeting's subsequent approval.
- » Paul Ryfors was hired as the Company's new CFO.

Key ratios per share

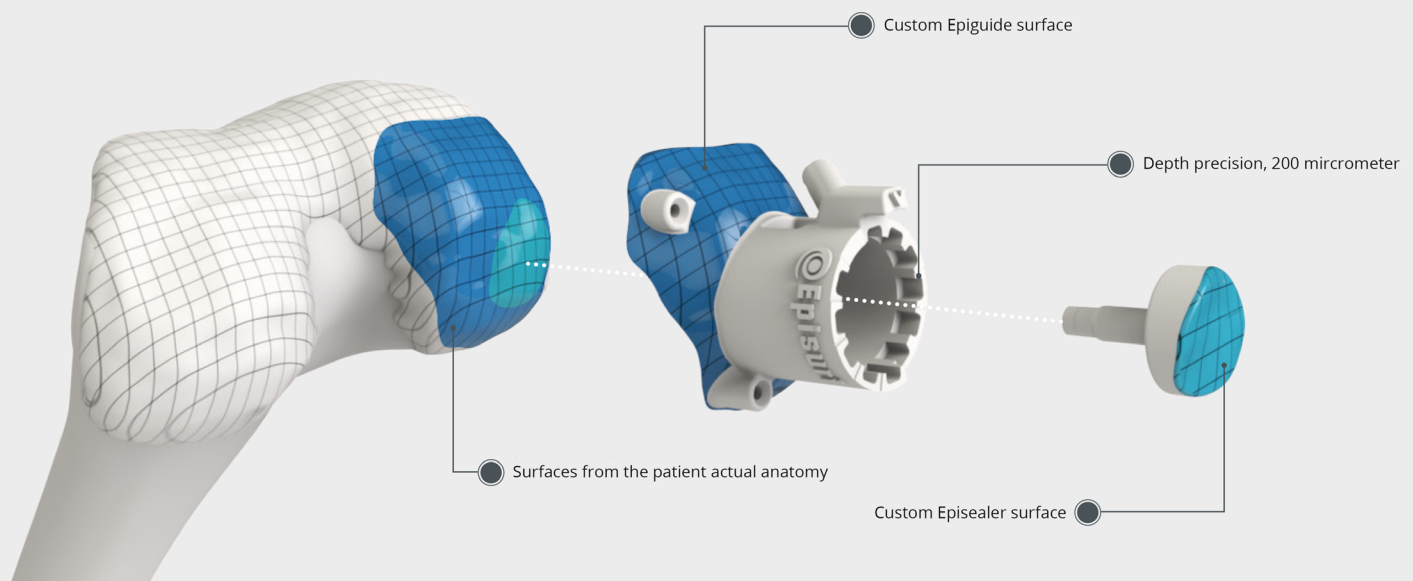
- » Earnings per share (weighted average) amounted to SEK -2.37 (-2.21).
- » Equity per share amounted to SEK 2.58 (6.81).
- » Number of shares at end of period was 7,973,456 (7,956,579).
- » Average number of shares was 7,971,323 (7,956,251).

Group net sales and operating profit/loss

Group net sales amounted to SEK 490,920 (40,250). In 2013 the Company was awarded a grant from Vinnova on SEK 4.2 million, of which SEK 883,390 (530,443) has been recognized as revenue which corresponds to accrued costs during the first quarter 2015 (2014). The increased costs compared to the corresponding period of the previous year are mainly a result of increased number of employees.

Financial position

Group cash and cash equivalents at end of period amounted to SEK 14,512,946 (51,289,654). The equity ratio was 79.1% (89.7). Cash flow from operating activities amounted to SEK -17,905,027 (-16,733,033). Group investments in intangible assets amounted to SEK 2,488,310 (1,582,466), of which SEK 1,649,538 (0) are related to capitalized development costs and SEK 838,772 (1,582,466) to patents. Investments in tangible assets amounted to SEK 0 (22,425).



Planned significant milestones in 2015

- » Building up in house direct sales in Germany and the UK.
- » Expanding the portfolio of knee products with at least another two approved products, Episealer® Femoral Twin and Epiguide® MOS.
- » Reporting of patient data from the ongoing controlled product launches.
- » Certification of Episurf Medical according to quality management system ISO 13485.
- » Preparing the product portfolio for launch in North America within two years.
- » Having at least 100 new clinics connected to the µiFidelity®-system.

Human resources

Number of employees in the Group at end of period was 17 (11). The increase is primarily a result of recruitment in marketing and sales.

Parent company

- » Other operating income amounted to SEK 1,107,78 (95,636) for the quarter and SEK 2,567,807 (530,443) for the first 6 months.
- » Income after financial items amounted to SEK -5,436,563 (-6,952,804) for the quarter and SEK -9,218,846 (-13,577,070) for the first 6 months.
- » Investments in tangible assets amounted to SEK 0 (0) for the quarter and SEK 0 (0) for the first 6 months.
- » Investments in intangible assets, capitalized development costs, amounted to SEK 712,705 (0) for the quarter and SEK 1,649,539 (0) for the first 6 months.
- » Number of employees at end of period was 9 (9).
- » Cash and cash equivalents at the end of period amounted to SEK 10,342,300 (40,504,233).
- » Equity/assets ratio was 90.3% (91.5).

Transactions with closely related parties

Shareholder and Board member Leif Ryd has received consulting fees of SEK 270,000 (540,000).

Share information

There are two types of shares in the company. Each Class A-share carries three votes, and entitles the holder to three votes at the General Meeting and each class B-share carries

one vote and entitles the holder to one vote at the General Meeting. Class B shares have traded on Nasdaq Stockholm's Small Cap segment since 11 June 2014 with the ticker EPIS B. The number of shares during the period has increased by 16 877 shares of series B, corresponding to a share capital increase by SEK 5 063.10. The increase is a result of a private placement to Michael Edward McEwan decided at the Company's AGM held 6 May 2015. The total number of shares at end of period was 7,973,456, of which 1,741,228 A-shares and 6,232,228 B shares.

Rights Issue

On July 30, 2015 Episurf Medical announced that the Company's board of directors had resolved on a new issue of shares of up to approximately SEK 120 million with preferential rights for existing shareholders. The decision is conditional upon subsequent approval by an extraordinary general meeting to be held on August 21, 2015. The Company's share capital may increase by a maximum of SEK 2,392,036.8 by a new issue of a maximum of 1,741,228 class A shares and 6,232,228 class B shares, i.e. a total maximum of 7,973,456 new shares. The new shares of class A and class B are issued at a price of SEK 15 per share. The rights issue is underwritten up to 75 percent and its purpose is to contribute to a faster expansion of the sales force, a broader product portfolio and preparations for market entry in North America. The record date for participation in the rights issue is August 24, 2015. The subscription period is from August 26, 2015 up until September 10, 2015. The preliminary outcome of the preferential rights issue is expected to be released on September 14, 2015.

Significant risks and uncertainty factors

Episurf Medical's material business risks for the Group as well as for the parent company, are to obtain regulatory approval and market acceptance, the outcome of clinical studies, the ability to protect intellectual property rights and dependence on key personnel and partners. The Company does not see any new material risks for the upcoming six months. For a more detailed description of significant risks and uncertainties, refer to Episurf Medical's annual report.

The ten largest shareholders in Episurf Medical AB at June 30, 2015¹

Name	A shares	B shares	% of capital	% of votes
Serendipity Ixora AB	1,368,943	0	17.2	35.9
Gile Medicinkonsult AB	168,500	84,899	3.2	5.2
Kaupthing HF.	0	334,223	4.2	2.9
SEB London - Luxemburg, (Sicav Fond)	0	332,089	4.2	2.9
AMF Aktiefond Småbolag	0	310,112	3.9	2.7
LMK Stiftelsen	0	300,000	3.8	2.6
Lönn, Mikael	50,000	140,000	2.4	2.5
Försäkringsaktiebolaget, Avanza Pension	0	289,764	3.6	2.5
Clearstream Banking S.A., W8IMY	0	227,376	2.9	2.0
Swedbank Försäkrings AB	0	204,357	2.6	1.8
Total, 10 largest shareholders	1,587,443	2,222,820	47.9	61.1
Other	153,785	3,992,531	52.1	38.9
Total	1,741,228	6,215,351	100.0	100.0

¹ Shares held directly and through nominees

CEO's statement

The Q2 2015 business trend has progressed in a positive direction following on from Q1 2015. Episurf continues to add new accounts to the µFidelity® platform whilst improving account productivity in established sales regions. This trend underlies the company's direct sales strategy in key European geographies whilst addressing the market need to produce product evaluation data at a faster rate. The company approximates it will make continued progress towards the 2015 target of 100 connected accounts.



From May 2015, we added two direct sales heads in the UK and one in Germany to complement one direct head each in the Benelux, Nordic and EMEA regions. Two additional German sales heads will be added in Q3 2015. The anticipated number of total sales heads by the end of 2015 is nine. UK and German subsidiaries have been established to assist with local operations.

Through 30 June 2015, 49 Episealers have been surgically implanted across eight European geographies with the breakdown as follows – 28 in the CPL study, 11 in non CPL patients and 10 in the Swedish study. We now have 7 patients who've reached 1 year post surgery with 3 more patients converting to +1 year shortly. A leading Belgian surgeon will be making a study of his non CPL patient data when he reaches 10 implants and Episurf along with its key opinion leaders will make a short summery follow up paper on 10 CPL patients at +1 year.

Episurf's newly recruited Clinical Affairs Director will play a direct role in the collection and management of all CPL and study activity as well as supporting the company's clinical strategy.

A key Q2 2015 milestone achievement was that Episurf Medical's Quality Management System has been granted

certification according to ISO 13485:2012 and Annex II. Annex II means that Episurf Medical has certified in order to be able to CE mark its products. The Company now has better control over its development projects and development processes can be shortened by 6-10 months, which means that the company's products reach the market more quickly, thus supporting the commercial goals. For a small company like Episurf, achievement of this exacting quality standard represents a key step towards full commercialization.

During June 2015 and in accordance with our ISO 13485:2012 and Annex II certification, the Episealer® Twin (condyle and trochlea positions) and the Twin Tooling Kit are ready for CE marking. The company is anticipating certification from its notified body, Dekra, imminently.

During my first 6 weeks within the company, I have started the process of building a robust foundation to accelerate commercialisation activity for the rest of 2015 and beyond. The key focus for Q3 and Q4 2015 will be to drive implant numbers and new accounts. I am introducing a set of sales KPIs and sales incentives to drive the conversion of qualified leads into completed implant orders. The sales team will be supported with a new CRM system that will generate granular sales analytics and in particular, help us

understand the sales process more deeply, especially the time involved from first customer contact to implant.

We are planning to attend several high profile European trade exhibitions through the autumn which will expose targeted customers to the Episurf story and technology. This activity will be supported by a sustained press campaign to drive brand awareness with both clinicians and patients.

We'll also be launching a professional education program for our new surgical users and have established Episurf's first clinical advisory board consisting of European key opinion leaders in cartilage damage and radiology. These leading doctors will help guide the company's clinical strategy, facilitate product adoption and inform new product development activity. A serious medical technology company needs the guidance of the medical community and I am delighted we achieved this goal so quickly.

We also have started market analysis work to assess Episurf's commercial opportunity in France and the Netherlands. Both projects are due for completion in mid-late autumn. In parallel, we'll be reviewing country specific re-imburement requirements. I believe the Episurf patient specific approach has unique, intrinsic value and this value should be reflected in appropriate reimbursement fees.

This focused activity in Q3/Q4 2015 is to ensure we begin 2016 in the best possible position to accelerate commercialisation in Europe whilst beginning to construct a detailed analysis of the US market opportunity.

I am also undertaking a full organisational review with a specific focus on Operations/Production to ensure we can scale quickly to meet customer demand.

In summary, my goal is to foster a company culture that is deeply customer, patient and market centric. Every person in the Episurf business has a role to play in supporting the commercial imperative of revenue generating activities. I want the entire team to feel a real sense of pride, ownership and accountability when it comes to driving company performance. I'll be using simple metrics to get the entire company focused on driving performance. I also believe in celebrating success and understand that a breadth of vision coupled with consistent execution will create and deliver shareholder value, satisfied clinicians and active, pain free patients.

Stockholm, August 2015

Rosemary Cunningham Thomas
CEO Episurf Medical

About Episurf Medical

As a pioneer and industry leader in patient-specific technology for the treatment of painful joint injuries, Episurf Medical does something no other implant manufacturer has done. We put the patient in the center of the design of implants and surgical instruments.

By combining advanced 3D-imaging technology with the latest manufacturing technology, we adapt each implant to the patient's unique injury and anatomy, as well as customizing the surgical instruments used. This means ensuring that treatments are perfectly suited to the individual patient's anatomy, and leads to faster, safer and more effective patient-specific procedures that help people lead more active and healthy lives.

Episurf Medical addresses a global market where one in ten people over the age of 25 suffers from joint problems. Before the end of 2015, the company plans to have expanded its first product portfolio, the knee portfolio, to meet market potential in the west in excess of SEK 30 bn. And this is only the beginning of Episurf Medical's journey.

Historically, the sector has provided orthopedic implants and surgical instruments in the form of standardized products, where "one size fits all." Episurf Medical starts from the simple idea that each implant and surgical instrument should suit and be designed for the patient rather than adapting the patient to the implant. Therefore, we have developed the next generation implant system that ensures a better result for painful joint injuries.

Episurf Medical was founded in 2009 and develops and commercializes patient-specific medical devices for the treatment of painful joint injuries. By means of the proprietary software *µiFidelity*[®], Episurf Medical converts patient data, such as MRI and CT images, to personalized implants and a complete set of personalized surgical instruments. The technology behind patient-specific implants and surgical tools is protected by a strong patent portfolio with some 80 patents and patent applications in areas such as image processing, patient-specific implant systems, patient-specific surgical techniques, patient-specific surgical tools and manufacture for all joints in the human body.

Episurf Medical's head office is located in Stockholm, Sweden. The company has an in-house sales team as well as distribution partnerships in Europe. The shares (EPIS B) are listed on Nasdaq Stockholm.

Objectives

Episurf Medical's objective is to introduce patient-specific treatments as the new orthopedic standard. This will be achieved by day-to-day interaction between surgeons worldwide and Episurf Medical's proprietary *µiFidelity*[®] system, which provides assistance with diagnosis, surgical planning and the selection and design of patient-specific treatment

solutions. Episurf Medical's ambition is to be the obvious choice for clinics and surgeons that want to offer patients customized solutions for treating joint problems.

Episurf Medical's patented implant technology and extensive expertise in joint wear allows the company to offer a comprehensive, patient-specific basis for diagnostic evaluation, carefully planned surgical solutions, implant design and delivery of a complete surgical kit directly to surgeons to ensure a simple and precise surgical procedure.

Strategy

Historically, the sector has provided orthopedic implants and surgical instruments in the form of standardized products, where "one size fits all." Episurf Medical starts from the simple idea that each implant and surgical instrument should suit and be designed for the patient rather than adapting the patient to the implant. This means that the company's strategy is to develop and commercialize customized solutions for the treatment of joint injuries, thereby providing individuals with painful joints a healthier and more active life. The strategy is based on six cornerstones.

1 *µiFidelity*[®] – patient-specific modeling and design on demand

Episurf Medical's proprietary web-based IT system, *µiFidelity*[®], is the first in the world to provide visualization support for patient-specific diagnosis of cartilage injury in joints, together with large-scale manufacture of patient-specific implants and surgical tools. The system allows surgeons around the globe to easily transmit patient data, such as MRI scans, to Episurf Medical for on-demand and cost-effective design and manufacture of patient-specific products, for immediate shipping to surgeons. The company's business model is based on on-demand ordering and manufacture, which eliminates the need for any stock being held by any of the parties. The system is scalable and aims to provide orthopedic surgeons with a tool for daily interaction with *µiFidelity*[®]. Episurf Medical's online system for clinical professionals, *µiClinic*[®], allows surgeons to:

- » Transmit patient data in the form of MRI or CT scans
- » Model and visualize individual patients' anatomical features as well as the extent and localization of the injury
- » Receive assistance in planning surgery in the form of suggested designs and surgical methods to ensure safer and simpler surgical procedures
- » Place and track orders

2 Unique treatment method

By combining its expertise in implant development with patented technology for patient-specific design and production, Episurf Medical can offer implants and surgical tools that are customized for each individual patient's unique anatomy and injuries. The treatment method is mainly intended for patients suffering from joint wear and optimizes quality of life while preserving the possibility of future surgical interventions later in the patient's life. The method has been developed in order to optimize treatment outcomes for patients, while simultaneously simplifying the clinical process for surgeons. By positioning implants on the basis of individual patients' MRI data, surgeons are better able to localize and treat areas that cause pain in patients.

3 Prioritized applications

In 2015, Episurf Medical plans to extend its range of knee products to include a growing market and to be able to offer existing customers a more extensive product range. At least two further products are scheduled for launch in 2015 for the treatment of patients in the 20-65 age bracket with diagnoses ranging from early cartilage damage to initial osteoarthritis. The patient group that includes the range from initial cartilage injury to early osteoarthritis in the knee joint is large and is growing rapidly, and has been judged to constitute a suitable initial partial market. The company's long-term growth strategy also includes developing product portfolios for cartilage damage and joint wear in other joints and applying the company's technology and components to entirely new applications.

4 Commercialization strategy

The first step of Episurf Medical's commercialization strategy implies introducing the company's market-approved products to selected leading European clinics and surgeons through a controlled product launch (CPL). The company is set to expand its international sales organization in 2015 to enable

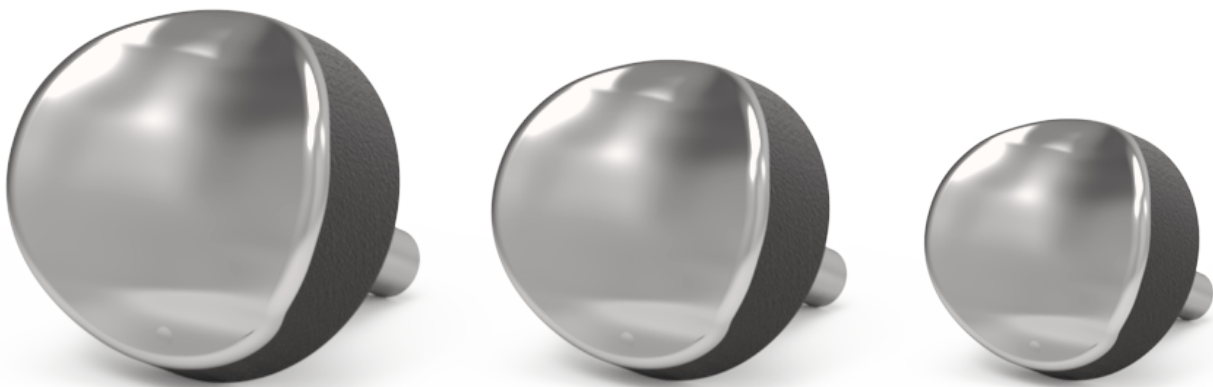
in-house sales on its major European markets. In addition to the Nordics and Benelux, the UK and Germany are set to be Episurf Medical's primary markets in 2015. Preparations are also underway for the launch of a knee product portfolio in North America in two years' time. The launch in North America could potentially be carried out alongside a partner. By obtaining ISO 13485 certification for Episurf Medical, with an addition for Canada's Medical Device Directive, the company will be able to apply for Canadian market approval for the company's products. While Canada is an important market in itself, it can also be used as a springboard for entry to the US.

5 Effective protection of intellectual property rights

Episurf Medical is systematically building a strong patent portfolio that protects the company's technology and future products. The technology behind patient-specific implants and surgical tools is protected by a strong patent portfolio with some 80 patents and patent applications in areas such as image processing, patient-specific implant systems, patient-specific surgical techniques, patient-specific surgical tools and manufacture for all joints in the human body. Episurf Medical continuously files new patent applications as the company progresses and new products emerge.

6 Scalable production

In order to achieve commercial success, Episurf Medical's focus on patient-specific treatment solutions must be combined with the ability to manufacture individual implants and surgical tools on a large scale. The company's strategy is to manage all patient-unique design in house while appointing highly-qualified external suppliers for the manufacture of the company's products. Episurf Medical has continuously focused on developing and optimizing processes for quality control and follow-up and selecting sub-contractors. All Episurf Medical's suppliers are connected to the μ Fidelity® system.



Information

Other information

The information in this Interim Report is such that Episurf Medical AB is required to disclose in accordance with the Securities Markets Act and/or the Financial Instruments Trading Act. The information was published August 21, 2015, at 08:00 am.

Forthcoming financial information

- » Interim Report Jan-Sept 2015: November 6, 2015
- » Year End Report 2015: February 23, 2016

Review

This report has been reviewed by the company's auditors.

For more information, please contact:

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The Board of Directors and the CEO hereby give their assurance that the Interim Report gives a true and fair view of the business activities, financial position and results of operations for the Group and Parent Company, and describes significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Stockholm, August 21, 2015

Saeid Esmailzadeh
Board chairman

Jeppe Magnusson
Board member

Thomas Nortoft
Board member

Rosemary Cunningham Thomas
CEO

Leif Ryd
Board member

Robert Charpentier
Board member

Consolidated income statement

SEK	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Jan-Dec 2014
Net sales	263,909	22,157	490,920	40,250	173,026
Other operating income	1,110,025	95,636	2,566,400	530,443	2,166,468
Total income	1,373,934	117,793	3,057,320	570,693	2,339,494
<i>Operating costs</i>					
Other costs	-6,059,176	-6,930,597	-11,593,100	-13,620,065	-21,302,806
Personnel costs	-6,181,901	-2,147,420	-9,378,697	-3,871,933	-12,536,904
Depreciation	-516,351	-434,014	-1,012,270	-823,942	-1,761,043
Total operating costs	-12,757,428	-9,512,031	-21,984,067	-18,315,940	-35,600,753
Operating loss	-11,383,494	-9,394,238	-18,926,747	-17,745,247	-33,261,259
<i>Financial items</i>					
Financial income, other	-	119,858	9,697	235,318	353,322
Financial expenses, other	-578	-46,113	-247	-47,046	-6,484
Loss after net financial items	-11,384,072	-9,320,493	-18,917,297	-17,556,975	-32,914,421
Loss before tax	-11,384,072	-9,320,493	-18,917,297	-17,556,975	-32,914,421
Tax on income for the period	-	-	-	-	-
Loss at end of the period	-11,384,072	-9,320,493	-18,917,297	-17,556,975	-32,914,421

Consolidated statement of comprehensive income

SEK	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Jan-Dec 2014
Net profit	-11,384,072	-9,320,493	-18,917,297	-17,556,975	-32,914,421
Other comprehensive income for the period:					
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-11,384,072	-9,320,493	-18,917,297	-17,556,975	-32,914,421
Net profit and comprehensive income attributable					
Parent company shareholders	-11,384,072	-9,320,493	-18,917,297	-17,556,975	-32,914,421
Earnings per share before and after dilution	-1.43	-1.17	-2.37	-2.21	-4.14
Average number of shares	7,971,323	7,956,251	7,971,323	7,956,251	7,956,416

Consolidated balance sheet

SEK	June 30 2015	June 30 2014	Dec 31 2014
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized development costs	2,133,240		483,702
Patent	5,302,386	5,517,584	5,411,307
Total intangible fixed assets	7,435,626	5,517,584	5,895,009
<i>Tangible fixed assets</i>			
Machinery and equipment	362,106	476,560	426,682
Total tangible fixed assets	362,106	476,560	426,682
Total fixed assets	7,797,732	5,994,144	6,321,691
Current assets			
Inventories Finished goods and goods for resale	1,429,218	1,203,527	1,473,664
Accounts receivable	187,677		24,344
Other receivables	1,289,353	1,346,921	468,558
Prepaid expenses and accrued income	751,931	573,362	460,331
Cash and bank balances	14,512,946	51,289,654	34,489,799
Total current assets	18,171,125	54,413,464	36,916,696
TOTAL ASSETS	25,968,857	60,407,608	43,238,387

Consolidated balance sheet

SEK	June 30 2015	June 30 2014	Dec 31 2014
EQUITY AND LIABILITIES			
Equity			
<i>Equity attributable to owners of the parent</i>			
Share capital	2,392,037	2,386,974	2,386,974
Other capital	125,155,172	124,560,235	124,560,235
Reserves	-	-	-
Earned income including net result	-107,014,929	-72,740,184	-88,097,632
Total equity	20,532,280	54,207,025	38,849,577
Liabilities			
<i>Current liabilities</i>			
Accounts payable	2,474,622	3,203,070	1,089,888
Other liabilities	866,018	550,299	678,925
Accrued liabilities and deferred income	2,095,937	2,447,214	2,619,997
Total current liabilities	5,436,577	6,200,583	4,388,810
Total liabilities	5,436,577	6,200,583	4,388,810
TOTAL EQUITY AND LIABILITIES	25,968,857	60,407,608	43,238,387
Solidity	79.1%	89.7%	89.8%
Equity per share, SEK	2.58	6.81	4.88

Consolidated statement of changes in equity

SEK	Attributable to parent company shareholders				
	Share capital	Other capital	Reserves	Earned income including net result	Total equity
Opening equity Jan 1, 2014	2,386,196	124,410,878	-	-55,183,211	71,613,861
Total		-			
Loss for the year				-32,914,421	-32,914,421
Total comprehensive income	-	-	-	-32,914,421	-32,914,421
Transactions with shareholders					
New share issue	778	149,357			150,135
Issue expenses		-			-
Total transactions with shareholders	778	149,357			150,135
Closing equity Dec 31 2014	2,386,974	124,560,235		-88,097,632	38,849,575
Opening equity Jan 1, 2015	2,386,974	124,560,235		-88,097,632	38,849,575
Total					
Loss for the period				-18,917,297	-18,917,297
Total comprehensive income				-18,917,297	-18,917,297
Transactions with shareholders					
New share issue	5,063	594,937			600,000
Issue expenses		-			-
Total transactions with shareholders	5,063	594,937			600,000
Closing equity June 30 2015	2,392,037	125,155,172		-107,014,929	20,532,280

Condensed cash flow statement

SEK	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Jan-Dec 2014
Current operations					
Operating loss	-11,383,494	-9,394,238	-18,926,747	-17,745,247	-33,261,259
Adjustments for items not included in cash flow					
Depreciation	516,351	434,014	1,012,270	823,942	1,761,043
Interest received	-	119,858	9,697	235,318	353,322
interest paid	-578	-46,113	-247	-47,046	-6,484
Paid taxes	-	-	-	-	-
Cash flow from current operations before change in working capital	-10,867,721	-8,886,479	-17,905,027	-16,733,033	-31,153,378
Change in working capital					
Decrease/increase in inventory	66,422	-410,997	44,446	-664,047	-934,184
Decrease/increase in accounts receivables	-163,333	-	-163,333	-	-8,927
Decrease/increase in current receivables	-174,942	211,603	-1,112,393	-118,950	857,027
Decrease/increase in current liabilities	500,390	1,638,965	1,047,765	1,391,813	-419,964
Change in working capital	228,537	1,439,571	-183,515	608,816	-506,048
Cash flow from current operations	-10,639,184	-7,446,908	-18,088,542	-16,124,217	-31,659,426
Investing activities					
Purchase of intangible fixed assets	-1,033,502	-707,506	-2,488,311	-1,582,466	-2,830,838
Purchase of tangible fixed assets	-	-	-	-22,425	-38,699
Cash flow from investing activities	-1,033,502	-707,506	-2,488,311	-1,604,891	-2,869,537
Financing activities					
New share issue	600,000	-	600,000	150,135	150,135
Cash flow from financing activities	600,000	-	600,000	150,135	150,135
Cash-flow for the period	-11,072,686	-8,154,414	-19,976,853	-17,578,973	-34,378,828
Cash and cash equivalents at beginning of period	25,585,632	59,444,068	34,489,799	68,868,627	68,868,627
Cash and cash equivalents at end of period	14,512,946	51,289,654	14,512,946	51,289,654	34,489,799

Income statement, parent company

SEK	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Jan-Dec 2014
Operating income					
Net sales	-	-1,864	-	-	195,978
Other operating income	1,107,769	95,636	2,567,807	530,443	2,166,468
Total income	1,107,769	93,772	2,567,807	530,443	2,362,446
Operating costs					
Other costs	-3,829,700	-5,297,283	-7,388,599	-11,044,902	-16,537,846
Personnel costs	-2,824,338	-1,827,219	-4,592,151	-3,223,916	-9,401,693
Depreciation	-31,166	-31,411	-62,333	-62,822	-126,730
Total operating costs	-6,685,204	-7,155,913	-12,043,083	-14,331,640	-26,066,269
Operating loss	-5,577,435	-7,062,141	-9,475,276	-13,801,197	-23,703,823
Financial items					
Financial income, other	140,900	113,577	256,474	228,968	577,725
Financial expenses, other	-28	-4,240	-44	-4,841	-5,239
Loss after net financial items	-5,436,563	-6,952,804	-9,218,846	-13,577,070	-23,131,337
Loss before contribution and tax	-5,436,563	-6,952,804	-9,218,846	-13,577,070	-23,131,337
Contribution					
Group contributions	-	-	-	-	-3,446,000
Loss before tax	-5,436,563	-6,952,804	-9,218,846	-13,577,070	-26,577,337
Tax on income for the period	-	-	-	-	-
Loss at end of the period	-5,436,563	-6,952,804	-9,218,846	-13,577,070	-26,577,337

Parent company statement of comprehensive income

SEK	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Jan-Dec 2014
Net profit	-5,436,563	-6,952,804	-9,218,846	-13,577,070	-26,577,337
Other comprehensive income for the period:					
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-5,436,563	-6,952,804	-9,218,846	-13,577,070	-26,577,337

Balance sheet, parent company

SEK	June 30 2015	June 30 2014	Dec 31 2014
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized development costs	2,133,240		483,702
Patent	-	-	-
Total intangible fixed assets	2,133,240	-	483,702
<i>Tangible fixed assets</i>			
Machinery and equipment	346,413	456,379	408,745
Total tangible fixed assets	346,413	456,379	408,745
<i>Financial assets</i>			
Shares in group companies	15,900,000	150,000	6,100,000
Long-term receivables from group companies	10,059,363	20,904,739	12,051,689
Total financial assets	25,959,363	21,054,739	18,151,689
Total fixed assets	28,439,016	21,511,118	19,044,136
Current assets			
<i>Short term receivables</i>			
Other receivables	1,084,956	1,079,367	233,043
Prepaid expenses and accrued income	663,099	531,135	395,037
Total short term receivables	1,748,055	1,610,502	628,080
Cash and bank balances	10,342,300	40 504 233	28 603 699
Total current assets	12,090,355	42,114,735	29,231,779
TOTAL ASSETS	40,529,371	63,625,853	48,275,915

Balance sheet, parent company

SEK	June 30 2015	June 30 2014	Dec 31 2014
EQUITY AND LIABILITIES			
Equity			
<i>Equity Restricted equity</i>			
Share capital	2,392,037	2,386,974	2,386,974
Total restricted equity	2,392,037	2,386,974	2,386,974
<i>Unrestricted equity</i>			
Share premium reserve	123,955,172	123,360,234	123,360,235
Loss brought forward	-80,546,687	-53,969,350	-53,969,350
Loss for the period	-9,218,846	-13,577,070	-26,577,337
Total unrestricted equity	34,189,639	55,813,814	42,813,548
Total equity	36,581,676	58,200,788	45,200,522
Liabilities			
<i>Current liabilities</i>			
Accounts payable	1,946,682	2,854,302	458,247
Other liabilities	364,270	497,341	394,728
Accrued liabilities and deferred income	1,636,743	2,073,421	2,222,418
Total current liabilities	3,947,695	5,425,064	3,075,393
Total liabilities	3,947,695	5,425,064	3,075,393
TOTAL EQUITY AND LIABILITIES	40,529,371	63,625,852	48,275,915
Pledged assets	None	None	None
Contingent liabilities	None	None	None

Statement of changes in equity, parent company

SEK	Share capital	Share premium reserve	Loss brought forward	Loss for the period	Total equity
Opening equity Jan 1, 2014	2,386,196	123,210,878	-31,126,515	-22,842,835	71,627,724
Comprehensive loss for the period		-			
Loss for the period				-26,577,337	-26,577,337
Disposition according to AGM					
Loss brought forward			-22,842,835	22,842,835	-
Other			-	-	-
Total comprehensive loss for the period			-53,969,350	-26,577,337	45,050,387
Transactions with shareholders					
New share issue	778	149,357			150,135
Issue expenses		-			-
Total transactions with shareholders	778	149,357			150,135
Closing equity Dec 31 2014	2,386,974	123,360,235	-53,969,350	-26,577,337	45,200,522
Opening equity Jan 1, 2015	2,386,974	123,360,235	-53,969,350	-26,577,337	45,200,522
Comprehensive loss for the period					
Loss for the period				-9,218,846	-9,218,846
Disposition according to AGM					
Loss brought forward			-26,577,337	26,577,337	-
Other			-	-	-
Total comprehensive loss for the period			-80,546,687	-9,218,846	35,981,676
Transactions with shareholders					
New share issue	5,063	594,937			600,000
Issue expenses		-			-
Total transactions with shareholders	5,063	594,937			600,000
Closing equity June 30, 2015	2,392,037	123,955,172	-80,546,687	-9,218,846	36,581,676

Condensed cash flow statement, parent company

SEK	April-June 2015	April-June 2014	Jan-June 2015	Jan-June 2014	Jan-Dec 2014
Current operations					
Operating loss	-5,577,435	-7,062,141	-9,475,276	-13,801,197	-23,703,823
Adjustments for items not included in cash flow					
Depreciation	31,166	31,411	62,333	62,822	-3,319,270
Interest received	140,900	113,577	256,474	228,968	577,725
interest paid	-28	-4,240	-44	-4,841	-5,239
Cash flow from current operations before change in working capital	-5,405,397	-6,921,393	-9,156,513	-13,514,248	-26,450,607
Change in working capital					
Decrease/increase in current receivables	-469,336	151,434	-1,119,981	-54,424	927,998
Decrease/increase in current liabilities	501,897	1,998,473	872,308	797,764	-1,551,908
Change in working capital	32,561	2,149,907	-247,673	743,340	-623,910
Cash flow from current operations	-5,372,836	-4,771,486	-9,404,186	-12,770,908	-27,074,517
Investing activities					
Acquisition of subsidiaries					
Acquisition of intangible assets	-712,705	-	-1,649,539	-	-483,702
Acquisition of tangible assets	-	-	-	-	-16,274
Changes in financial assets	-2,966,430	-13,858,901	-7,807,674	-15,559,667	-12,656,617
Cash flow from investing activities	-3,679,135	-13,858,901	-9,457,213	-15,559,667	-13,156,593
Financing activities					
New share issue	600,000	-	600,000	150,135	150,135
Cash flow from financing activities	600,000	-	600,000	150,135	150,135
Cash-flow for the period	-8,451,971	-18,630,387	-18,261,399	-28,180,440	-40,080,975
Cash and cash equivalents at beginning of period	18,794,271	59,134,620	28,603,699	68,684,673	68,684,673
Cash and cash equivalents at end of period	10,342,300	40,504,233	10,342,300	40,504,233	28,603,698

Notes

NOTE 1

Accounting principles

The consolidated financial statements have been prepared in accordance with the *Annual Accounts Act*, Supplementary Accounting Rules for Groups and the International Financial Reporting Standards (IFRS) and interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU.

The group's accounting policies are unchanged from the previous year.

Capitalized expenditures for development of products

Expenditure for development, where research results or other knowledge are applied to achieve new or improved products or processes, is recognized as an asset in the Statement of Financial Position only if the following conditions are satisfied:

- 1) It is technically possible to complete the intangible asset and use or sell it,
- 2) The Company intends to complete the intangible asset and use or sell it,
- 3) The conditions to use or sell the intangible asset are in place,
- 4) The Company demonstrates how the intangible asset will generate likely future economic benefits,
- 5) There are adequate technological, economic and other resources to complete development and to use or sell the intangible asset, and
- 6) The expenditure relating to the intangible asset during its development can be measured reliably

Directly related expenditure that is capitalized mainly consists of expenditure from subcontractors and expenses for employees.

Other development expenditure that does not satisfy these criteria is expensed when it arises. Development expenditure previously expensed is not recognized as an asset in subsequent periods.

After first time reporting, capitalized development expenditure is recognized as cost after deducting for accumulated amortization and potential accumulated impairment. Amortization of capitalized expenditure for product development started in October 2014.

NOTE 2

Transactions with closely related parties

Shareholder and Board member Leif Ryd has received consulting fees of SEK 270,000 (540,000).



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