Acarix Interim Report

JANUARY – JUNE 2017

CADScor®System commercially available and first sales announced

Second quarter (April – June) 2017 compared with same period 2016

- First CADScor®Systems including patches sold. Generated sales amounted to kSEK 193 (0) and gross profit amounted to kSEK 116 (gross margin 60%).
- Increased commercial activities generated higher operating costs amounting to kSEK 7,110 (2,458).
- Result before tax amounted to kSEK –7,007 (–2,858).
- Cash position amounted to kSEK 115,999 (218).
- Total equity amounted to kSEK 147,013 (9,037).
- Net cash flow from operating activities amounted to kSEK –10,546 (–1,591).

First half year (January – June) 2017 compared with same period 2016

- Total sales amounted to kSEK 193 (0).
- Increased commercial activities generated higher operating costs amounting to kSEK 11,043 (4,753).
- Result before tax amounted to kSEK –10,956 (–5,303).
- Net cash flow from operating activities amounted to kSEK –26,841 (–3,043).

Events occurred after June 30, 2017

- Acarix AB has resolved to implement two incentive programmes (Series 2017/2020 and Series 2017/2021) through issuance of warrants to senior executives, employees, members of the Board of Directors and other key persons. Such programmes were adopted at a general meeting on May 24, 2017. The warrants are recognized during third quarter 2017 when they were granted.

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Message from the CEO

Dear shareholder,
During the second quarter of 2017 we announced the first commercial sales of the Acarix CADScor®System, in line with the communicated strategy. This was a historic milestone for Acarix.

The decision to purchase CADScor®System was explained by Morten Bøttcher, MD PhD FESC, head of the Cardiac Imaging center at the Hospital Unit West in Denmark and associate professor at Aarhus University: *"We have concluded that, with its ability to rule out Coronary Artery Disease with a 97% negative predictive value, this advanced, easy to use device could indeed have the potential to be deployed as a routine frontline test."*

In the important German market, Prof. Dr. Christian Hamm, Medical Director at Kerckhoff Klinik, Bad Nauheim, Director at Med. Klinik I, University Hospital, Giessen and past President of the German Society of Cardiology commented on the release of CADScor®System: *"We have a multitude of diagnostic methods to examine patients with suspected stable angina in the hospital setting, but accurate, easy to use, and non-invasive diagnostic aids for an optimal pre-hospital triage are missing. CADScor®System has the potential to improve the diagnostic pathway for the benefit of both patients and cost-effectiveness."*

We are thrilled by the fact that CADScor®System for non-invasive, non-radiation acoustic detection of Coronary Artery Disease is now a commercially available device for routine clinical use.

During the quarter, we presented Acarix and the CADScor®System at several key meetings and events. In April, the system was promoted at DGK 2017 in Mannheim, the annual meeting of the German Society of Cardiology. The system was demonstrated at a booth and latest study results were discussed at a satellite symposium highlighting a trial involving 1,675 patients from two Danish hospitals showing that CADScor®System rules out Coronary Artery Disease with 97% negative predictive value. Also in April, we participated in the Swedish Society of Cardiology spring meeting in Malmö, and in May the CADScor®System was showcased at the British Cardiovascular Society Meeting in Manchester. Participation in such significant congresses is an integral part of our commercial strategy providing an ideal platform to exchange with key decision makers face-to-face as well as create and increase interest and awareness of Acarix and CADScor®System. We were very pleased with the results of the congresses and the general interest in our technology which generated an important number of new potential customer contacts within a highly targeted audience.

We have a sharp focus on commercialization and we are investing in building additional capabilities and platforms to ensure CADScor®System unfolds its potential. In this regard, we have established – and we are expanding – a dedicated sales organization and a subsidiary in Germany, Acarix GmbH.

I would like to thank you, our shareholders, for your continued support, confidence, and trust.

SINCERELY,
SØREN RYSHOLT CHRISTIANSEN
CHIEF EXECUTIVE OFFICER

Financial Report

Revenues

Acarix launched the CADScor®System on the German, Danish and the Swedish market during second quarter and announced the first 3 orders which generated revenues amounting to kSEK 193.

Expenses

Total expenses (R&D and SG&A) for the second quarter amounted to kSEK 7,110 compared to kSEK 2,458 same period last year. The cost increase compared to second quarter previous year is mainly related to accelerating commercial activities and the fact that capitalization of development costs ended in second quarter in connection with commercialization and initial sales of the CADScor®-System. Furthermore, personnel costs have increased during the quarter due to employment of staff in the newly established German subsidiary.

Total expenses for the first six months amounted to kSEK 11,043 (4,753).

Result

During second quarter the group reported an operating loss of kSEK –6,994 compared to kSEK –2,458 same period previous year. While capitalization of development costs related to CADScore System expired during the period, depreciation of capitalized development costs was commenced. Depreciation during second quarter amounts to kSEK 320 of which kSEK 71 was capitalized into development costs..

Tax income amounted to kSEK 500 for the quarter compared to kSEK 894 same period last year, both related to Danish R&D tax credit. A net loss for the second quarter amounted to kSEK –6,508 compared to kSEK –1,964 same period last year.

Earnings per share was SEK –0.28 for the second quarter compared to SEK –0.17 same quarter last year.

In the first six months the group reported an operating loss of kSEK –10,927 against a loss of kSEK –4,753 same period last year. Tax income amounted to kSEK 956 for the first six months compared to kSEK 1,794 same period last year, both related to Danish R&D tax credit. A net loss for the six first months amounted to kSEK –10,000 compared to kSEK –3,509 same period last year.

Earnings per share was SEK –0.43 for the six first months compared to SEK –0.31 same period last year.

Intangible assets

Capitalization of development costs related to CADScor®System has been initiated since August 2015 when TÛV issued a certificate of compliance (CE-mark) for the product. Capitalization ceased when the product was launched in the market during second quarter and amortization of development costs was initiated. Development costs in progress as of June 2017 amounted to kSEK 21,177.

Capitalization of development costs and acquired rights, including currency translation adjustment, amounted to kSEK 26,847.

Carrying amount after depreciations amounted to kSEK 25,866.

Equity

Consolidated equity amounted to kSEK 147,013 as of June 30, 2017 compared to kSEK 9,037 in June 30, 2016. The increase of equity relates to the proceeds from the initial public offering of shares in connection with the listing on Nasdaq First North Premier in December 2016.

Total number of shares as of June 30, 2017 amounted to 23,027,376.

Cash Flow

Total cash flow for the second quarter showed an outflow of kSEK –11,622 compared to kSEK –4,338 same period last year. The cash flow from operating activities amounted to kSEK –10,546 compared to kSEK –1,591 same period last year. The impact from working capital amounted to kSEK –3,710 compared to kSEK 844 same period last year.

Cash flow used in investing activities amounts to kSEK –1,076 and refers to R&D costs related to the CADScor®-System prior to the completion of the development. Cash flow from same period last year amounted to kSEK –3,190.

Total cash flow for the six first months showed an outflow of kSEK –29,903 compared to kSEK –1,961 same period last year. The cash flow from operating activities amounted to kSEK –26,841 compared to kSEK –3,043 same period last year. The impact from working capital amounted to kSEK –16,086 compared to kSEK 1,651 same period last year.

Cash flow used in investing activities amounts to kSEK –3,062 and refers to capitalized R&D costs related to the CAD®Scor System prior to the completion of the development. Cash flow from same period last year amounted to kSEK –7,484.

Acarix had kSEK 115,999 in cash and cash equivalents at the end of the period compared to kSEK 218 last year. The increase in cash and cash equivalents is related to the proceeds from the initial public offering of shares in connection with the listing on Nasdaq First North Premier in December 2016.

Parent Company

The Parent Company´s operations are primarily focused on group wide administration and management. The company has no revenues and incurred total costs of kSEK 1,463 for the second quarter. Total costs for the six first months amounted to kSEK –2,376. The parent company´s Cash and cash equivalents at the end of the period amounted to kSEK 108,084.

During second quarter a subsidiary was established in Cologne, Germany, with the purpose to serve the German market. During end of second quarter Acarix first key account manager was employed in Acarix GmbH.

Share information

The share has been trading on NASDAQ First North with the ticker symbol ACARIX and ISIN code SE0009268717 since December 19, 2016 and the shares are listed under Premier segment. The number of shares in the company as of June 30, 2017 amounted to 23,027,376 (19,403,820).

Shareholder register	Number of shares	Votes and capital
Sunstone LSV Fund II K/S	4,749,081	20.6%
SEED Capital DK II K/S	4,749,081	20.6%
Puhua Jingxin	2,654,259	11.5%
Coloplast A/S	1,683,072	7.3%
Seventure Partners	993,334	4.3%
Other shareholders	8,198,549	35.6%
Total	**23,027,376**	**100.0%**

The five largest shareholders together with shareholders within management have entered into a lock-up agreement of 360 days from first day of trading. Any sales of shares during the period must have a prior written consent from Vator Securities.

Certified Adviser

Acarix Certified Adviser on Nasdaq First North is Wildeco Ekonomisk Information AB.

Financial calendar	Date
Interim Report third quarter	November 14, 2017
Fourth quarter and year end report	February 26, 2018

For more information, please contact

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Group - Consolidated **Income statement**

kSEK	Quarter 2 2017	Quarter 2 2016	Jan-Jun 2017	Jan-Jun 2016	Year 2016
Revenue	193	-	193	-	-
Production costs	−77	-	−77	-	-
Gross profit	**116**	**-**	**116**	**-**	**-**
Research and development costs	−1,760	−606	−1,759	−986	−1,247
Sales and administrative costs	−5,350	−1,852	−9,284	−3,767	−25,543
Operating profit	**−6,994**	**−2,458**	**−10,927**	**−4,753**	**−26,790**
Financial income	2	-	3	-	-
Financial costs	−15	−400	−31	−550	−24,265
Profit before tax	**−7,007**	**−2,858**	**−10,956**	**−5,303**	**−51,055**
Tax benefit	500	894	956	1,794	2,815
Net loss for the period	**−6,508**	**−1,964**	**−10,000**	**−3,509**	**−48,240**
Net income attributable to parent company's shareholders	**−6,508**	**−1,964**	**−10,000**	**−3,509**	**−48,240**
Earnings per share, before and after dilution (SEK)	−0.28	−0.17	−0.43	−0.31	−3.68

Group - Consolidated **Statements of Comprehensive Income**

kSEK	Quarter 2 2017	Quarter 2 2016	Jan-Jun 2017	Jan-Jun 2016	Year 2016
Net loss for the period after tax	−6,508	−1,964	−10,000	−3,509	−48,240
Items that may be reclassified to profit or loss					
Foreign currency translation adjustment	165	193	334	165	−456
Other comprehensive income for the period, net of tax	**165**	**193**	**334**	**165**	**−456**
Total comprehensive income for the period, net of tax	**−6,343**	**−1,771**	**−9,666**	**−3,344**	**−48,696**
Total comprehensive income attributable to:					
Owners of Acarix	−6,343	−1,771	−9,666	−3,344	−48,696

Group - Consolidated **Statement of financial position**

kSEK	June 30 2017	June 30 2016	Year 2016
Assets			
Non current assets			
Acquired rights	4,864	3,126	4,944
Capitalized development costs	21,001	13,381	18,179
Total non current assets	**25,866**	**16,507**	**23,123**
Current assets			
Tax receivables	3,600	4,653	2,625
Inventory	1,590	-	-
Accounts receivables	323	-	-
Other receivables	2,212	696	1,488
Prepayments	1,502	18	155
Cash and cash equivalents	115,999	218	145,895
Total current assets	**125,226**	**5,585**	**150,163**
Total assets	**151,092**	**22,092**	**173,286**
Shareholders's equity and liabilities			
Equity			
Share capital	23,027	23,989	23,027
Other components in shareholder's equity	253,996	61,716	253,832
Result brought forward	–130,011	–76,668	–121,343
Total equity	**147,013**	**9,037**	**155,516**
Current liabilities			
Accounts payable	1,817	2,545	4,404
Other liabilities	2,261	10,510	13,365
Total current liabilities	**4,078**	**13,055**	**17,770**
Total equity and liabilities	**151,092**	**22,092**	**173,286**

Group - Consolidated **Statement of changes in shareholders' equity**

kSEK	Share capital	Premium reserve	Translation reserve	Merger reserve	Result brought forward	Total shareholders equity
As at January 1, 2017	23,027	371,814	25	–118,007	–121 343	155 516
Profit/loss for the period	-	-	-	-	–10 000	–10 000
Correction from previous period	-	-	-	-	1 332	1 332
Other comprehensive income:						
Foreign exchange rate adjustment	-	-	165	-	-	165
Total comprehensive income	-	-	165	-	-	165
At June 30, 2017	23,027	371,814	190	–118,007	–130,011	147,013
As at January 1, 2016	23,989	60,987	481	-	–73,318	12,139
Profit/loss for the period	-	-	-	-	–3,509	–3,509
Other comprehensive income:						
Foreign exchange rate adjustment	-	-	248	-	-	248
Total comprehensive income	-	-	248	-	-	248
Transactions with owners:						
Share-based payments	-	-	-	-	159	159
At June 30, 2016	23,989	60,987	729	-	–76,668	9,037

In 2017, after the company´s financial statements were approved for issue, the company discovered a mistaken accounting recognition of the inventory. The cumulative effect on the error on the Result brought forward is kSEK 1,332. The error affecting year 2016 is not material and therefore, the financial statements of 2016 are not being restated.

Group - Consolidated Statements of Cash Flow

kSEK	Quarter 2 2017	Quarter 2 2016	Jan-Jun 2017	Jan-Jun 2016	Year 2016
Cash flow from operating activities					
Profit before tax	–7,007	–2,858	–10,956	–5,303	–51,055
Income tax received	-	-	-	-	3,001
Depreciation / amortization and impairmant losses	249	-	249	-	-
Financial expenses	–45	400	–29	550	24,265
Cost compensation for share-based payments	0	23	0	59	83
Working capital adjustments:					
Changes in other receivables and prepayments	–2,293	323	–2,414	1,266	337
Changes in trade and other payables	–1,450	405	–13,691	358	14,390
Changes in credit institutions	0	116	0	27	–63
Total working capital	**–3,710**	**844**	**–16,086**	**1,651**	**14,664**
Interest paid	-	-	-	-	–15
Net cash flows from operating activities	**–10,546**	**–1,591**	**–26,841**	**–3,043**	**–9,056**
Cash flow from investing activities					
Investments in intangible assets	–1,076	–3,190	–3,062	–7,484	–12,201
Net cash flows used in investing activities	**–1,076**	**–3,190**	**–3,062**	**–7,484**	**–12,201**
Cash flow from financing activities					
Proceeds from borrowings	-	443	-	8,565	-
Costs for capital increase	-	-	-	-	–11,046
Capital increase	-	-	-	-	176,698
Net cash generated from/(used in) financing activities	**-**	**443**	**-**	**8,565**	**165,651**
Net change in cash and cash equivalents	**–11,622**	**–4,338**	**–29,903**	**–1,961**	**144,394**
Cash and cash equivalents at beginning of the period	127,429	4,446	145,895	2,121	2,121
Net foreign exchange difference	191	110	7	58	–620
Cash and cash equivalents at end of the period	**115,998**	**218**	**115,999**	**218**	**145,895**

Parent - Income statement

kSEK	Quarter 2 2017	Quarter 2 2016	Jan-Jun 2017	Jan-Jun 2016	Year 2016
Administrative costs	–1,463	-	–2,376	-	–4,804
Operating profit/loss	**–1,463**	**-**	**–2,376**	**-**	**–4,804**
Financial income	-	-	-	-	-
Financial expense	-	-	-	-	-
Profit before tax	**–1,463**	**-**	**–2,376**	**-**	**–4,804**
Tax	-	-	-	-	
Net loss for the period	**–1,463**	**-**	**–2,376**	**-**	**–4,804**
Net income attributable to parent company's shareholder	**–1,463**	**-**	**–2,376**	**-**	**–4,804**

Parent - Statements of financial position

kSEK	June 30 2017	June 30 2016	Year 2016
Assets			
Financial assets			
Participation in subsidiaries	62,897	-	49,616
Total financial assets	**62,897**	-	**49,616**
Current assets			
Other receivables	2,041	-	203
Cash and cash equivalents	108,084	500	129,633
Total current assets	**110,126**	**500**	**129,836**
Total assets	**173,022**	**500**	**179,452**
Shareholders´equity and liabilities			
Equity			
Share capital	23,027	500	23,027
Other components in shareholder´s equity	155,709	-	155,709
Result brought forward	−7,181	-	−4,804
Total equity	**171,556**	**500**	**173,932**
Current liabilities			
Accounts payable	356	-	2,588
Other liabilities	1,110	-	2,931
Total current liabilities	**1,466**	-	**5,519**
Total equity and liabilities	**173,022**	**500**	**179,451**

Parent - Statement of changes in shareholders’ equity

kSEK	Share capital	Premium reserve	Result brought forward	Total shareholders’ equity
As at December 31, 2016	23,027	155,709	–4,805	173,932
Net loss for the period	-	-	–2,376	–2,376
Total comprehensive income	-	-	–2,376	–2,376
Total transactions with owners	-	-	-	-
Change in shareholders´equity	-	-	–2,376	–2,376
At June 30, 2017	23,027	155,709	–7,181	171,556

The company was established in December 2014 with share capital amounting kSEK 500.
No transactions in equity during first six months 2016.

Parent **Statements of cash-flow**

kSEK	Quarter 2 2017	Quarter 2 2016	Jan-Jun 2017	Jan-Jun 2016	Year 2016
Cash flow from operating activities					
Profit (loss) before tax	–1,463	-	–2,376	-	–4,804
Working capital adjustments:					
Changes in other receivables and prepayments	–1,229	-	–1,838	-	–203
Changes in trade and other payables	–315	-	–4,052	-	5,519
Total working capital	**–1,544**	**-**	**–5,890**	**-**	**5,316**
Net cash flows from operating activities	**–3,008**	**-**	**–8,266**	**-**	**512**
Cash flow from investing activities					
Capital contributions to subsidiaries	–13,281	-	–13,281	-	-
Net cash flows used in investing activities	**–13,281**	**-**	**–13,281**	**-**	**-**
Cash flow from financing activities					
Capital increase	-	-	-	-	140,096
Costs for capital increase	-	-	-	-	–10,975
Net cash generated from/(used in) financing activities	**-**	**-**	**-**	**-**	**129,121**
Net increase in cash and cash equivalents	**–16,288**	**-**	**–21,547**	**-**	**129,632**
Cash and cash equivalents at beginning of the period	124,373	500	129,632	500	-
Cash and cash equivalents at end of the period	**108,085**	**500**	**108,085**	**500**	**129,632**

Notes to the interim condensed consolidated financial statements

Note 1 Corporate information

Company information

Acarix AB is a limited liability company incorporated and domiciled in Sweden. The registered office is located at World Trade Center Malmö, Skeppsgatan 19, 211 11 Malmö, Sweden. Acarix A/S is the operating company and is incorporated and located in Denmark. Acarix GmbH was established during second quarter 2017 and serves the German market. Acarix's main activities are to develop, produce and market a new cardiovascular diagnostic method and similar equipment for the same and related services.

Group reorganization and Initial Public Offering

As per September 30, 2016, the entities presented combined financial statements, as explained in the interim report for the third quarter. On December 1, 2016, the shares of Acarix A/S were contributed in kind to Acarix AB, thus establishing Acarix AB as the Parent Company of the Group. The previous shareholders of Acarix A/S maintained their previous respective ownership shares. Accordingly, the consolidated financial statements of Acarix AB represent a continuation of the existing Group and no fair value adjustments have been made. Any difference in equity resulting from the reorganization has been recognized separately as an adjustment to equity.

Following the Group's reorganization, Acarix AB completed its initial public offering ("IPO") of new shares on Nasdaq First North Premier Segment in Stockholm. The first day of trading was December 19, 2016 and the company received issue proceeds in the amount of MSEK 140.0, partly offset by MSEK 16.1 of related IPO transaction costs.

Note 2 Accounting policies

Basis of preparation

The Interim Report for the group and parent company comprises summary consolidated financial statements of Acarix AB (publ). The interim consolidated financial statement includes the Company's wholly-owned Danish, Swedish and German subsidiaries, Acarix A/S, Acarix AB and Acarix GmbH, respectively.

Accounting principles

The consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, for Interim Reporting. Amendments to existing standards, new interpretations and new standards that came into effect as of January 1, 2017 did not affect the Groups reporting as of June 30, 2017.

Acarix continues to apply the same accounting principles and valuation methods as those described in the most recent Annual Report. The parent company report is prepared in accordance with RFR 2, accounting for legal entities, and the Swedish Annual Accounts Act and accounting principles and the valuation methods as those described in the most recent Annual Report.

Standards issued but not yet effective

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2017, the Group is performing a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2017, the Group is performing a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. It is our assessment that IFRS 15 will not have any significant impact on the income statement, the balance sheet or the related key ratios in the consolidated financial statements.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, but not before an entity applies IFRS 15.

In 2017, the Group have started an analysis of the impact of IFRS 16 on the consolidated financial statements, which has not yet been completed. The preliminary conclusion is that it will have a limited impact on both the balance sheet, the income statement and related key ratios.

The Interim Report has not been reviewed or audited by Acarix external auditors.

Note 3 Significant accounting estimates, judgments and assumptions

In preparing the Interim Report, certain provision under IFRS requires management to make judgments, which may significantly impact the group's financial statements. For additional descriptions of significant judgments and estimates, refer to note 4 in the annual report 2016.

Note 4 Risk management

The Acarix Group is exposed to business and financial risks through its operations. These risks have been described at length in the Company's annual report 2016. In addition to the risks described in these documents, no additional significant risks have been identified.

Note 5 Related parties

Related parties comprise the members of the Board of Directors and other senior executives. Apart from remuneration of the Board of Directors, no additional transactions were recognized with related parties during the year.

Note 6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Invoiced sales per country (kSEK)	Q2 2017	Q1-Q2 2017	Q1-Q2 2016
Germany	64	64	-
Denmark	128	128	-
Total	**192**	**192**	**-**

Note 7 Intangible assets

Development projects in progress have been tested for impairment in December 2016. The impairment test is based on management budgets and estimates of expected sales and costs in accordance with established forecasts for the next five years. These forecasts are based on expected future development and the management's assessment of market development. The impairment test includes a WACC (Weighted Average Cost of Capital) discount factor of 20 percent. Development projects in progress are related to the development of the CADScor®System (acoustic cardio-vascular diagnostics), which records heart sounds and murmurs for calculating a patient's specific score in order to determine the patient's risk of coronary artery disease.

During second quarter the CADScor®System were introduced to the market and first orders were recognized.

Capitalization ceased when the product was launched on the market during second quarter 2017 and amortization of capitalized development costs started.

Intangible assets 2017 kSEK	Aquired rights	Development costs in progress	Total
Cost at January 1, 2017	5,606	18,179	23,785
Addition for the period	34	2,890	2,924
Foreign currency translation adjustment	30	109	138
Cost at June 30, 2017	5,670	21,177	26,847
Amortization and impairment at January 1, 2017	–662	-	–662
Amortization	–143	–176	–320
Impairment losses	-	-	-
Foreign currency translation adjustment	-	-	-
Amortization and impairment losses at June 30, 2017	–806	–176	–982
Carrying amount at June 30, 2017	4,864	21,001	25,865

Intangible assets 2016 kSEK	Aquired rights	Development costs in progress	Total
Cost at January 1, 2016	3,080	5,971	9,051
Addition for the period	481	7,238	7,719
Foreign currency translation adjustment	89	172	261
Cost at June 30, 2016	3,650	13,381	17,032
Amortization and impairment at January 1, 2016	–381	-	–381
Amortization	–132	-	–132
Impairment losses			
Foreign currency translation adjustment	–11	-	–11
Amortization and impairment losses at June 30, 2016	–524	-	–524
Carrying amount at June 30, 2016	3,126	13,381	16,507

Note 8 Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads. Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Note 9 Trade receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Note 10 Significant events

Group and Parent Company

A German subsidiary was established during the second quarter.

Affirmation

This interim report has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and in accordance with the Swedish Annual Accounts Act. With respect to the Parent Company, this interim report has been prepared in accordance with the Swedish Annual Accounts Act and in compliance with RFR2, Accounting for Legal Entities. The Board of Directors and the CEO certify that this interim report presents a true and fair overview of the Group's and the Parent Company's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies belonging to the Group

Malmö, August 23, 2017

Werner Braun
Chairman of the Board

Oliver Johansen
Board member

Denis Gestin
Board member

Ulf Rosén
Board member

Claus Andersson
Board member

Yun Fei Hong
Board member

Søren Rysholt Christiansen
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