

ANNUAL REPORT 2015

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C-RAD. INSPIRING EXCELLENCE IN CANCER TREATMENT.

ABOUT C-RAD

THE OPERATIONS OF THE C-RAD GROUP ARE BASED ON RESEARCH AND DEVELOPMENT THAT ORIGINATES FROM KAROLINSKA INSTITUTET AND KAROLINSKA HOSPITAL IN SOLNA, AS WELL AS THE ROYAL INSTITUTE OF TECHNOLOGY IN STOCKHOLM.

Our mission is global in scope: C-RAD’s cutting-edge solutions ensure exceptionally high precision, safety and efficiency in advanced radiation therapy, helping to cure more cancer patients and improve their quality of life. In new advanced radiation therapy techniques, the radiation dose must be delivered to the tumor with extremely high precision and microsecond timing. Our positioning and scanning products assure just that.

C-RAD was founded in 2004. The founders are researchers from Karolinska Institutet and the Royal Institute of Technology in Stockholm, clinics at Karolinska Hospital in Solna and people with extensive industrial experience in the field of radiation therapy.

The C-RAD Group consists of the Parent Company C-RAD AB (publ), as well as the seven subsidiaries C-RAD Positioning AB, C-RAD Imaging AB, C-RAD Innovation AB, C-RAD Inc. (Florida, USA), C-RAD GmbH (Berlin, Germany), C-RAD WOFE

(Shanghai, China) and Cyrpa International (Brussels, Belgium)

The C-RAD Group is headquartered in Uppsala, Sweden.

The first product was launched in 2006, when C-RAD introduced the Sentinel™ system, which was based on laser scanning technology and the c4D software platform. The technology has constantly evolved since the first deliveries were made in 2007. In 2011 C-RAD launched the Catalyst™ system, a next-generation optical surface scanning system. Catalyst HD™ was released in December 2013 and in April 2015, C-RAD released a specific version of Catalyst for use in proton and particle therapy. In 2011 C-RAD began to focus on developing an international sales force in key markets and now has well-established sales and support teams in the US, Germany, China and France.

C-RAD AB has been listed on the Small Cap segment of NASDAQ Stockholm since December 16, 2014.

KEY FIGURES

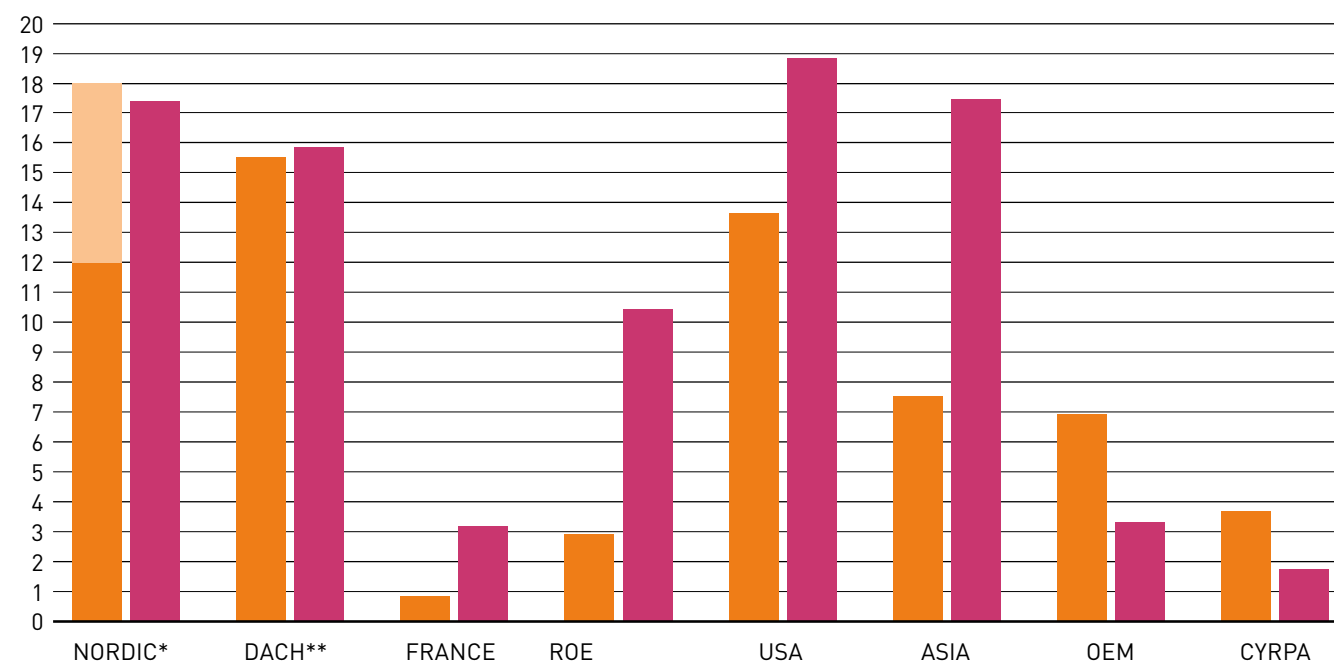
We are experiencing strong developments in order intake in all of C-RAD's markets. In particular, where we have strengthened our sales organizations, we are seeing significant growth. The US, now our largest market, grew by 30 percent, while Asia more than doubled. New industrial partners and new application areas, such as proton therapy, are also beginning to make an effect. Service growth – training and maintenance – are now generating additional orders and revenues over the lifecycle of our products.

FORWARD-LOOKING INFORMATION

This report contains forward-looking information that is based on expectations and forecasts of future events. There are risks and uncertainty factors that can affect how these expectations will be realized. Some of these risks and uncertainty factors are described on pages 34–36. C-RAD does not undertake to publicly update or revise forward-looking information, over and above what is required by law or exchange regulations.

ORDER INTAKE – MSEK

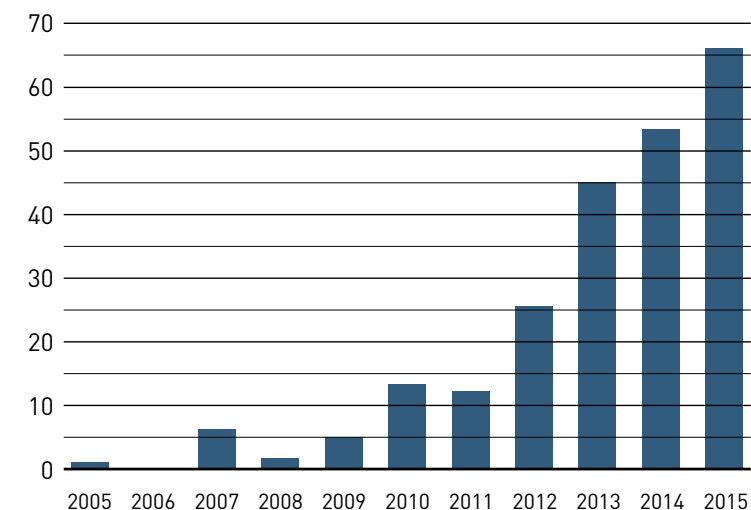
C-RAD Group 88.1 MSEK [68.4], +29% Positioning segment 63.4 MSEK [45.5], +39%



For the first time in C-RAD's history the US became the largest market. In 2015 C-RAD strengthened its North American organization with sales and service resources. The strong development in Asia reflects C-RAD's good market position. * The Nordics experienced strong growth if we disregard IBA production, which was terminated in November 2014; if we include IBS, order intake in this region was stable.

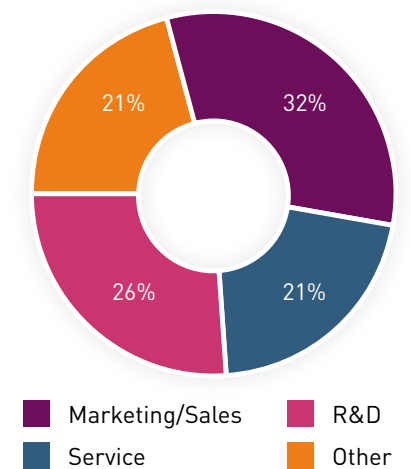
REVENUES – MSEK

66.2 MSEK [53.2], +24%



Since 2011 C-RAD has focused on expanding its geographic coverage and developing a direct sales organization.

C-RAD PERSONNEL



Over half our team works directly with customers, either with sales or service. Our strong development team assures a flow of future innovations that will benefit customers as well as patients.



PRESIDENT'S STATEMENT

2015 HAS BEEN ANOTHER YEAR OF ACHIEVEMENT FOR C-RAD, TICKING OFF A NUMBER OF STRATEGIC MILESTONES: INCREASED SALES; BROADENING OUR PORTFOLIO WITH LASER AND PROTON PRODUCTS; DOUBLING OUR DIRECT SALES FORCE; EXPANDING OUR SERVICE BUSINESS; AND OPENING NEW OEM CHANNELS.

The financial picture reveals strong developments in all of C-RAD's markets. Revenues for the entire group amounted to 66.2 MSEK in 2015, an improvement of 24 percent compared to 2014. This was under our long-range goal of 50 percent, due to slower than expected establishment in our new markets in China and North America, but still a positive development. Order intake for 2015 totaled 88 MSEK. Orders for the largest segment – Positioning Products, which includes Sentinel™ and Catalyst™, increased by 39 percent to 63.4 MSEK.

C-RAD Services generated orders of 10 MSEK, an increase of 113 percent year-on-year. Our growing installed base provides increasing opportunities for service growth – training and maintenance – and generates additional revenues over the lifecycle of our products at the customer.

Looking at sales region by region, Asia and the US showed the highest growth, with Asia more than doubling. In a significant development, the China Food and Drug Administration approved the sale of C-RAD's Cyrpa laser systems, which confirmed pending orders worth 2 MSEK. A similar approval process is underway for Catalyst, expected in the first half of 2016. We had expected further penetration into this market, but approval delays contributed to us falling short of our targets in China. Based on our earlier market preparation and product presentations, we anticipate a strong market launch of both products.

The US showed an increase of over 30 percent, making it the largest sales region measured in order intake, with 10 MSEK in orders in the fourth quarter alone. Following the close of the year, C-RAD also secured a 1.7 MSEK order for a Catalyst PT™ system from a proton therapy treatment center in Phoenix, Arizona. Since it took more time than expected to get resources and reference sites in clinical operation in North America, we didn't reach our goal completely, but the size of this market still indicates an enormous unexploited potential for C-RAD's product portfolio. Another positive aspect is that the time between order and revenue recognition is shorter– since private hospitals in the US don't have to go through the same procurement process as hospitals in Europe.

C-RAD has released a specific version of its Catalyst System for use in proton and particle therapy, tailored to perform the high-end radiation therapy treatment techniques that are increasingly common – a market expected to grow by 11-17 percent annually through 2030. We have already entered the proton therapy arena with the securing of an order from Skandionkliniken in Sweden – a strategic accomplishment. As this is our first-ever proton therapy

project, it will enjoy special attention.

We are also seeing the first sales results due to our new direct sales channel in France. The combined results of France and our Rest of Europe region showed a very positive development with an increase from 4 to 13 MSEK.

C-RAD also acquired the remaining 71 percent of the shares in the Franco-Belgian Cyrpa group, which offers innovative laser solutions for patient positioning and virtual simulation. We accelerated the acquisition to further leverage our joint offerings – which is already paying off.

We are now aggressively pursuing the OEM sales channel globally, with an initial focus on key partners GE Healthcare, Elekta, and other important partners. In October GE Healthcare entered into a sales and distribution agreement for C-RAD's high-end systems used for 4D imaging and virtual simulation in radiation therapy. This cooperation is expected to lead to a stronger representation of C-RAD products, especially in the US.

These developments all bode well for our financial targets, aiming to grow by 50 percent a year through 2017, and increasing our gross margin to 60 percent.

C-RAD's R&D collaboration with CERN on the GEMini system has improved the system setup and resulted in a stable and robust detector with very satisfactory image quality. Given this result, we have initiated commercialization of the product in three steps: 1) placing single units with specific clinical partners, (2) addressing OEM customers and industrial partners with small batches, and (3) ramping up to larger quantities.

A final commentary on the rapid doubling of our marketing and sales force in our key markets: we have attracted very experienced and competent people, which is in itself an endorsement of C-RAD's growth potential. We are thus heading into 2016 with a solid market position, a growing reputation, partnerships with leading market actors, and an expanded sales force that is rapidly proving itself. The conditions for fully realizing our potential this year are thus very promising.



Tim Thurn
CEO & President

"The conditions for fully realizing our potential this year are thus very promising."

Tim Thurn,
CEO & President



C-RAD-GROUP

CYRPA International SPRL BELGIUM	CYRPA INNOVATION, FRANKRIKE
C-RAD INC. USA	C-RAD POSITIONING AB
C-RAD GMBH GERMANY	C-RAD IMAGING AB
C-RAD WOFE KINA (under establishment)	C-RAD INNOVATION AB
C-RAD FRANCE (merged with CYRPA)	
SALES/ SERVICE	RESEARCH, PRODUCT DEVELOPMENT AND MARKETING

The Company is engaged in development and sales of innovative systems with applications in advanced radiation therapy for the treatment of cancer. The systems can be used to localize the tumor before treatment and to position the patient and monitor treatment by recording information such as patient movements during radiation treatment. The aim is to increase the accuracy and efficiency of radiotherapy as well as to minimize radiation damage to the patient's healthy tissue

Business model

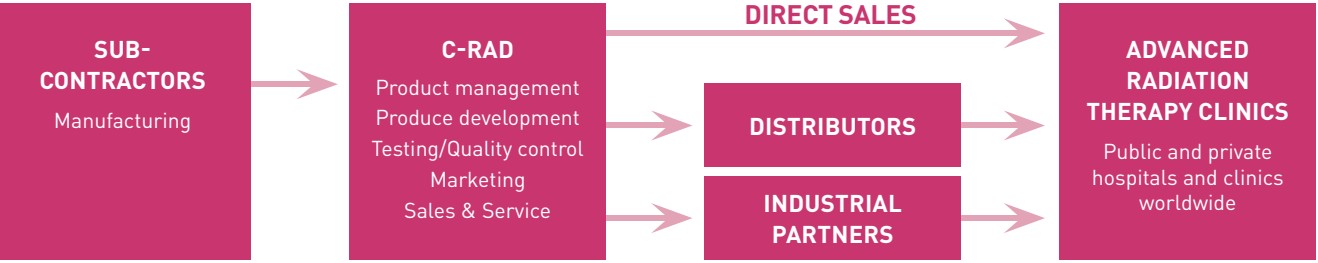
The C-RAD business model relies on subcontractors for manufacturing most of the Company's products. The C-RAD subsidiaries are responsible for their respective products, product development, supply chain, final assembly and testing, as well as quality control and certification of products. Each subsidiary is responsible for marketing and sales as well as the clinical knowledge for the applications. Medical centers that provide advanced radiation therapy worldwide are the end users of C-RAD's products. C-RAD is currently focusing its sales activities on Europe, North America and East Asia, thereby covering about 80 percent of the global radiation therapy market. Depending on the market the products are distributed through three different channels:

Direct sales -The Company maintains its own sales force in the following regions: Scandinavia, German-speaking countries, North America, France and China, where the Company also has a distributor. Direct sales accounted for 75 percent or 65.8 MSEK of 2015 order intake, and it is the Company's intention to further develop this sales channel.

Organization and Group structure - The Parent Company C-RAD AB (publ) provides Group-wide services. The Group comprises three wholly-owned Swedish subsidiaries engaged in development, marketing and sales. There are also five foreign subsidiaries (the Chinese and French subsidiaries are being established) with responsibility for sales and service of the products in selected key markets. C-RAD is also the Scandinavian distributor for dosimetry products (detectors) from a German company, IBA Dosimetry, as well as other products in the field of quality assurance and patient positioning.

Distributors - In several markets, mainly in Asia and partly in Europe, independent distributors specializing in radiation therapy equipment and who have local connections are responsible for sales and service. Selection criteria when choosing distributors include a proven track record in radiation therapy sales, as well as adequate resources to provide high-quality technical services, such as through an in-house service organization. Sales through distributors accounted for 21 percent or 18.9 MSEK of 2015 order intake.

Industrial partners - Sales are also made through industrial partners active in the field of radiation therapy. Procurement processes for C-RAD systems are often conducted simultaneously with procurement processes for linear accelerators. Sales activities are therefore often carried out in close cooperation with the manufacturers of radiation equipment, such as Varian and Elekta, as well as CT vendors. Sales through our industrial partners accounted for 4 percent or 3.3 MSEK of 2015 order intake, and it is the Company's objective to further develop this sales channel.



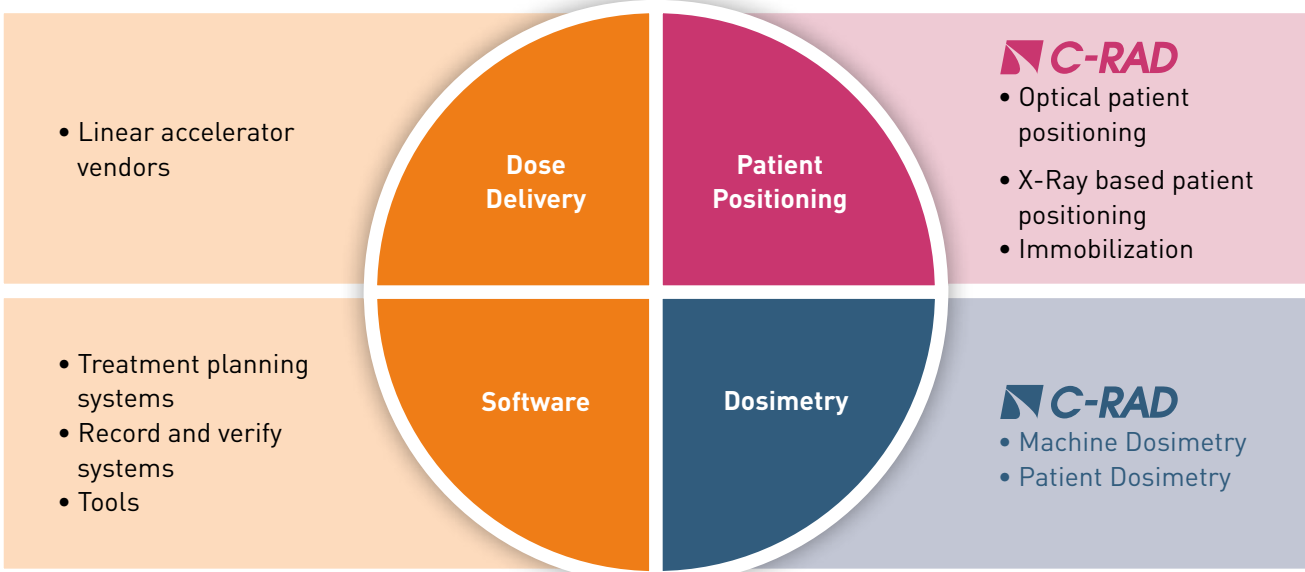
**C-RAD'S CUTTING-EDGE
EXCEPTIONALLY HIGH
EFFICIENCY IN ADVANCED
HELPING TO CURE MORE
AND IMPROVE THEIR**

**SOLUTIONS ENSURE
PRECISION, SAFETY AND
RADIATION THERAPY,
CANCER PATIENTS
QUALITY OF LIFE.**



OUR STRATEGY

RADIATION THERAPY



Product excellence

With its current product portfolio C-RAD is focused on optical patient positioning and patient monitoring products. The key selling points are workflow optimization, safety and radiation-free positioning. The core products Sentinel and Catalyst are aimed at providing our customers first-class solutions for treating breast cancer patients. The Catalyst HD is tailored for stereotactic treatments.

With the acquisition of Cyrpa in 2015, C-RAD completed its product portfolio in the field of optical patient positioning. Lasers for virtual simulation and for the treatment room are sold with every linear accelerator and every CT that goes into radiation therapy departments. The key selling points are high accuracy and automatic calibration with the patented SmartPhantom.

A study published in 2015 by the American Cancer Society shows the expected development of cancer cases. C-RAD is prepared to support customers with its solutions to improve treatment quality for the two most important cancer indications for men and women. This opens up a large potential market for C-RAD.

Sales optimized for growth

Our sales strategy is focused on three sales channels: direct sales, sales through our industrial partners and distributors. Clinical customers appreciate a thorough dialog before issuing a purchase order to C-RAD. As part of the sales process our sales people evaluate the exact needs of the customer and configure the system to their requirements.

Even though our sales people usually work directly with the end customer, the purchase order is in many cases part of a larger package that might include a linear accelerator or a CT. Here the cooperation with our partners is essential.

The key criteria for us to decide to establish a direct sales organization in a region are the market's maturity and potential. Because of the complexity of the products, C-RAD obtains the best results if a dedicated person is focused on the sales of C-RAD equipment.

In Asia C-RAD works with distributors in all markets. Local customs and business practices require a distributor as the link between C-RAD and clinical customers. Also in smaller European markets, C-RAD selects local distributors to provide the C-RAD offering to the customer.

The advantages of a direct sales organization are a closer contact between the organization and clinical customers. The financial volumes of the products and the complexity make a dedicated direct sales force profitable within a short period of time.

During 2015 C-RAD increased its direct sales force from five to eleven persons to further develop our presence in the key markets.

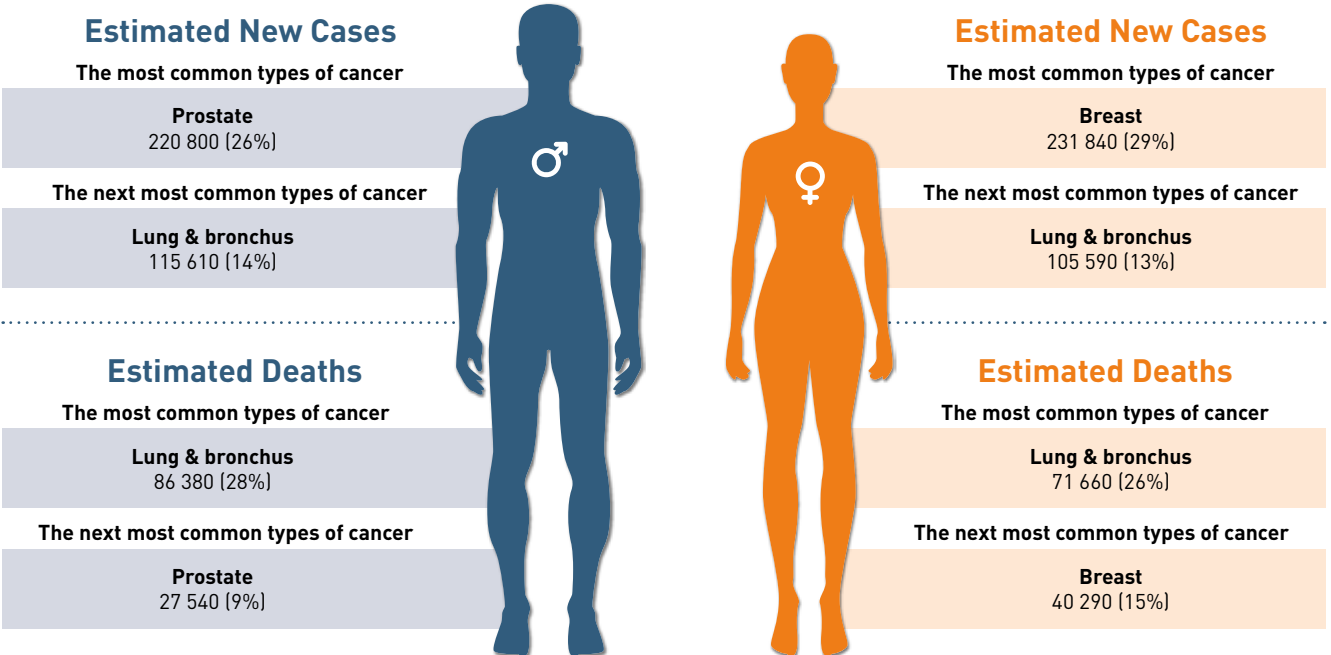
Service as a strategic element

In 2014 C-RAD launched a new business segment – C-RAD Services – partly to create long-range customer relations based on product life cycles, and partly to achieve more stable income streams based on repeated payments.

C-RAD Services covers all soft products such as service

LEADING NEW CANCER CASES AND DEATHS IN THE US

Source: 2015 American Cancer Society, Inc. Surveillance Research.



contracts, dedicated application training, and installation services. We have service contracts with different levels, and customers can choose a full-service agreement that includes full support for hardware and software as well as preventive maintenance. Less comprehensive service agreements are available that cover only hardware, or only software updates. Customers may choose service contracts on an annual renewal basis, but the most frequently chosen solution is to purchase a long-term service agreement as part of the product procurement. This long-range approach confirms our customers' faith in our products and in us as a partner.

With the growing need for a service network, C-RAD is establishing its own C-RAD service organization in core

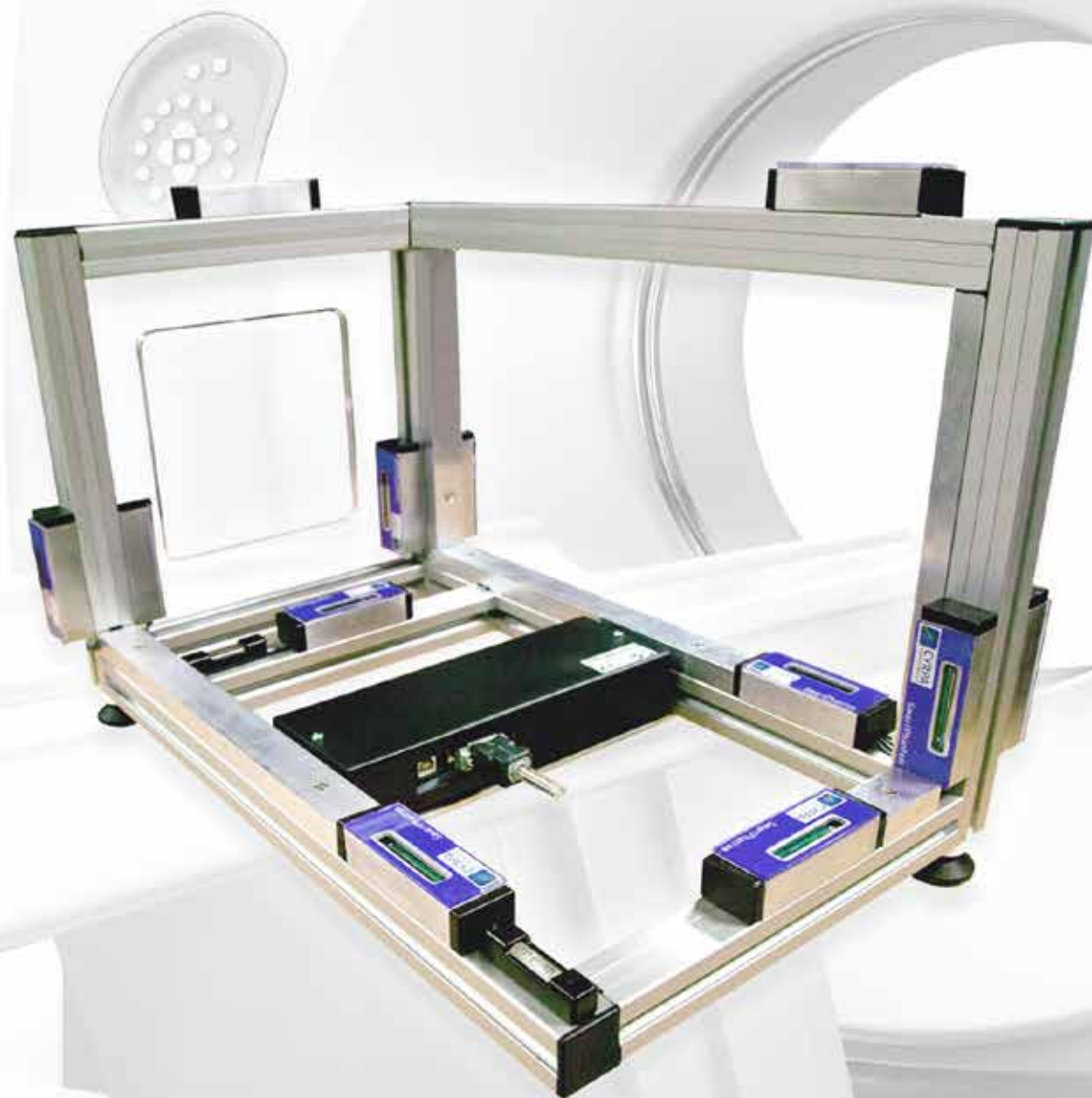
markets. In countries where C-RAD is represented by distributors, C-RAD ensures a high and homogeneous service level by offering regular service training programs at C-RAD's training center for the distributors.

The increasing workload on clinical personnel is an important reason for customers to outsource service and quality assurance tasks to experts. C-RAD service engineers can ensure rapid and professional support and intervention when necessary.

For application training, C-RAD is establishing a network of application specialists, both employees and clinical consultants, who have dedicated knowledge in the field of optical patient positioning with C-RAD products.

GROWTH STRATEGY





CYRPA

The company

In 2013 C-RAD made a strategic investment in Cyrpa by acquiring a 29 percent stake in the company and acquired the remaining 71 percent in July 2015.

Cyrpa specializes in innovative radiation therapy solutions in the field of optical patient positioning. The acquisition broadened the C-RAD product portfolio while strengthening the Company's sales organization. Thus the Company can now offer a complete optical patient positioning solution to its customers around the world. The company, which was founded by technical experts and an innovation investment fund, was established in Belgium in 2010.

Sales organization

The Company's products are currently distributed in Europe, the US, Latin America, Africa and Asia. The products are included as part of the sales agreement with General Electric, which was signed in 2015. Especially Asia as well as the French-speaking countries in Europe showed good results. After the acquisition C-RAD reinforced the sales organization to further strengthen sales in other European markets.

Integration

In 2013, a joint product range was launched that combined C-RAD's Sentinel 4DCT system with Cyrpa's virtual simulation solutions. C-RAD developed the graphical interface between the products. The operations will be integrated into C-RAD Positioning AB, while the R&D activities will remain in Paris, France. This expanded product range of integrated solutions has strengthened the basis for increased direct sales.

Products

In 2011 Cyrpa launched the High Impact Technology (HIT) product line, a laser system used for patient positioning during virtual simulation and radiotherapy. Cyrpa develops and markets advanced virtual simulation solutions associated with radiation therapy through the HIT laser system and the Smart Phantom RT calibration system. The systems are characterized by extremely high precision,

thereby increasing safety for patients, while enabling radiotherapy centers to save time during both simulations and radiotherapy.

The HIT laser system consists of two major inventions: a dual diode for each laser line and Smart Phantom™, a device for automatic calibration of the laser system with high precision in the CT room. Cyrpa is the only manufacturer of positioning lasers that guarantees accuracy down to 0.1 mm. Laser systems for virtual simulation are required for all computer tomography applied in radiotherapy.

The goal is to provide quality solutions in radiotherapy with greater precision for the patient and greater safety for healthcare staff. C-RAD has integrated Cyrpa's software into its proprietary c4D software platform, thereby enabling the Company to offer its customers worldwide a unique combination of c4D reconstruction and virtual simulation.

The technology behind Cyrpa's products is protected by patents and all products are approved for sale in both the EU and the US. The products were first launched in 2011. Most of the systems have been sold in central Europe, the US and Asia.

Cyrpa was granted Chinese certification at the end of 2015, and that will allow us to boost our presence in Asia, where the C-RAD direct sales presence combined with a consolidated distributor network both create a promising pipeline for 2016.

Market

The laser patient positioning market presents strong opportunities for development in 2016 for the Cyrpa product range. Laser alignment systems are required accessories for almost every linear accelerator and CT for virtual simulation. In addition, in 2015 we sold the first systems in an MRI environment, which is a new market for Cyrpa. We expect this business to continue to grow in 2016, as well as laser solutions for proton therapy. The worldwide market for new linear accelerators amounts to about 1,100 machines annually and thus the same number of laser systems. Each year about 400 CT scanners are sold for use in virtual simulation, and each CT requires a laser system.

MARKET OVERVIEW

The need for cancer care

Cancer is the second leading cause of death worldwide after cardiovascular diseases.

There were 14.1 million new cancer cases, 8.2 million cancer deaths and 32.6 million people living with cancer (within 5 years of diagnosis) in 2012 worldwide. The highest cancer rates are in developed regions: North America, Europe and Australia and New Zealand. A study from the American Cancer Society published in 2016 showed that every second male and every third female in the US will be diagnosed with cancer during their lifetime. The most common cancers are breast cancer, prostate cancer and lung cancer. The number of new cases is expected to rise by about 70 percent over the next two decades, indicating a very large need for advanced cancer care. While the number of cancer cases has risen in part because of increased life expectancy, diagnostics have also improved. More cases of cancer are therefore detected, and increasingly at an early stage, which improves the chances of curing the disease.

The main treatment methods are surgery, radiotherapy and chemotherapy. Cancer patients are often treated with a combination of these methods.

According to the International Atomic Energy Agency (IAEA), there are currently approximately 8,000 centers and approximately 11,000 linear accelerators worldwide that treat cancer patients using radiation therapy.

Development of radiation therapy

Radiation therapy uses high-energy X-rays to kill cancer cell structures. The objective is to expose the tumor tissue to as high as possible radiation dose and at the same time spare the surrounding healthy tissue to avoid side effects of the treatment. Radiation oncology has undergone intense development in recent years to further improve treatment quality. Even though currently only around 25 percent of all cancer patients receive radiation therapy, it has been shown by research that 50 percent of all cancer patients should be treated with radiation therapy. The advantages are cost-efficient and relatively safe treatments. Mainly because the introduction of new advanced radiation therapy methods such as IGRT, VMAT and stereotactic treatments make it possible to deliver higher doses of radiation to the tumor volume while minimizing radiation doses to surrounding healthy tissue. SRS or SBRT techniques, also called radiosurgery, are treatments where a limited number of fractions – high doses of radiation – are delivered to the cancer cells. The new technology makes it even more important to precisely position

and monitor the tumor during treatment. Since smaller treatment margins around the tumor are used, the interest in systems for both tumor localization and patient positioning is continuously increasing. C-RAD considers this development to be positive since the Company offers products in these market segments.

*“IT IS EXPECTED THAT
RADIOTHERAPY WILL GROW BY
6.2 PERCENT CAGR OVER THE
NEXT FIVE-YEAR PERIOD.”*

Certain cancers are easier to treat with radiation than others, depending in part on where the tumor is located and the character of the surrounding tissue. About 80 percent of all breast cancer cases and 50 percent of prostate cancer cases are treated with radiation therapy. Lung cancer and liver cancer are more challenging to treat with traditional techniques within radiation therapy, because these organs are surrounded by more sensitive tissue that could be damaged by radiation. This further increases the need for supporting systems to determine the shape and size of the tumor and its location in the body, after which the radiation dose can be adapted more efficiently, thereby allowing more cancers to be successfully treated with radiation therapy. C-RAD's respiratory gating solutions help to improve treatment of these cancers.

Despite the considerable potential for effective radiotherapy for many types of tumors at different stages, volumes and locations, for cost reasons clinic infrastructure is often based on the most common treatment methods for the largest tumor groups. More advanced treatment methods are therefore not given the space they would have if treatment methodology were optimized. Today the majority of cancer patients worldwide are still treated with conventional technology, but C-RAD sees a strong demand for new technologies.

Radiation therapy methods are under constant development, as are the equipment and peripherals used in treatment. Below is a description of various methods for tumor localization, patient positioning and motion monitoring during radiation therapy.



*“RADIATION THERAPY IS OFTEN ALSO EASIER ON THE PATIENT,
ESPECIALLY COMPARED TO DRUG THERAPY.”*

Market for radiation therapy

The past ten years have been characterized by very rapid growth in radiation therapy. It is expected that radiotherapy will grow by 6.2 percent CAGR over the next five-year period. The global market is expected to be 7.5 bn USD by 2020. The drivers of this market growth are technical advances in radiotherapy systems, an aging population, increasing incidence of cancer cases globally, and growing adoption of radiotherapy devices and procedures. The cost-effectiveness of radiotherapy is an additional advantage over the two main alternatives in cancer treatment (surgery and chemotherapy). The overall cost considerations from clinics and in major markets will drive further growth of radiotherapy. C-RAD estimates that average growth for advanced radiotherapy equipment has been around 20 percent annually. In developed markets the trend is to choose new treatment techniques for new installations, as well as for replacement equipment. While growth through newly built cancer centers is mainly driven from Europe and emerging markets in Asia, in the US we primarily see replacements of existing linear accelerators. A linear accelerator can normally be used in average for ten years. The US is the largest market for radiotherapy products

and accounts for about 40 percent of the global market. Other major markets for advanced radiotherapy technology are Germany, France and Japan. In recent years, markets such as China and India have grown, and are expected to play a greater role moving forward.

Radiation therapy is often also easier on the patient, especially compared to drug therapy, since it causes more damage to diseased cancer cells while minimizing exposure of healthy tissue.

The strong market growth has been driven by the introduction of new advanced radiation therapy technologies in recent years, such as image-guided radiotherapy (IGRT) and volumetric modulated arc therapy (VMAT), a faster method of delivering IMRT, in part through better control of the radiation dose and how the gantry head moves around the patient. Radiosurgery treatment procedures such as SBRT (stereotactic radiation therapy) and SRS (stereotactic radio surgery) are becoming increasingly important. An important requirement to successfully perform the new treatment techniques is to control the patient's motion to precisely deliver the radiation to the tumor and spare the surrounding healthy tissue.

MARKET REPORT

C-RAD'S STRATEGY IS TO DEVELOP SALES IN KEY MARKETS THROUGH A LOCAL PRESENCE. C-RAD HAS THUS ESTABLISHED SALES AND SERVICE SUBSIDIARIES IN KEY MARKETS AND REGIONS THAT SHOW GREAT POTENTIAL.

C-RAD utilizes three sales channels to distribute its products to advanced radiation therapy clinics worldwide. The focus is to develop the direct sales force to drive growth in the key markets. Orders in those regions accounted for 75 percent of the total order intake during 2015. In other important markets C-RAD enters into agreements with distributors who act as resellers. Sales through distributors contributed 21 percent of the total order intake during 2015. As a third channel C-RAD cooperates with industrial partners.

PARTNERS - Sales and distribution agreements have been signed with Elekta and at end of 2015 an agreement with General Electric became active. Elekta has included the Sentinel 4DCT and Catalyst products in its own product catalog since 2013. On a local level in individual markets, C-RAD is cooperating with other vendors such as Varian, Siemens, Philips and Toshiba.

This means that Elekta's and General Electric's global sales organizations can include C-RAD products in their quotes. This cooperation is expected to support C-RAD specifically in larger markets, such as North America. GE enjoys a market share of around 50 percent in the imaging business for radiotherapy in the United States, creating an additional exposure for C-RAD. To develop relationships with these key accounts, C-RAD has hired a dedicated sales manager. It is the intention to expand the partnership to other vendors as well.

NORDIC REGION - C-RAD continues to enjoy a strong position in the Nordic countries. Growth in orders was strong, increasing from 12 to 18 MSEK, if we disregard IBA production, which was terminated in November 2014. In 2015 C-RAD secured the first order for a proton treatment center – Skandionkliniken. We are expecting continued growth. In the Nordic region, C-RAD will continue to focus on sales of new configurations. Because of the growing installed base, we also promote upgrade solutions and service contracts to existing customers.

ASIA - Asia represents about 60 percent of the world population but less than 30 percent of the radiation therapy market today. The entire region has about 2100 radiation oncology facilities. The most important market for C-RAD in this region is China, whose radiotherapy sector shows a growth of 15-20 percent. After the healthcare reform the government defined the unmet need for cancer care, which resulted in a midterm investment plan. C-RAD has a good position for further growth in Asia.

C-RAD has presented its products at various regional

exhibitions. The significant regulatory clearance for the Cyrpa HIT lasers from the CFDA authorities in China was received during Q4 2015. With these laser products we are aiming for a 30 percent market share within the next two years. The product approval for Catalyst is expected to be issued during the first half of 2016. Once Catalyst is approved for the Chinese market we see substantial potential to sell this product to high-end customers. We are also expecting a continuation of the recovery of South Korean investments in radiotherapy equipment during 2016.

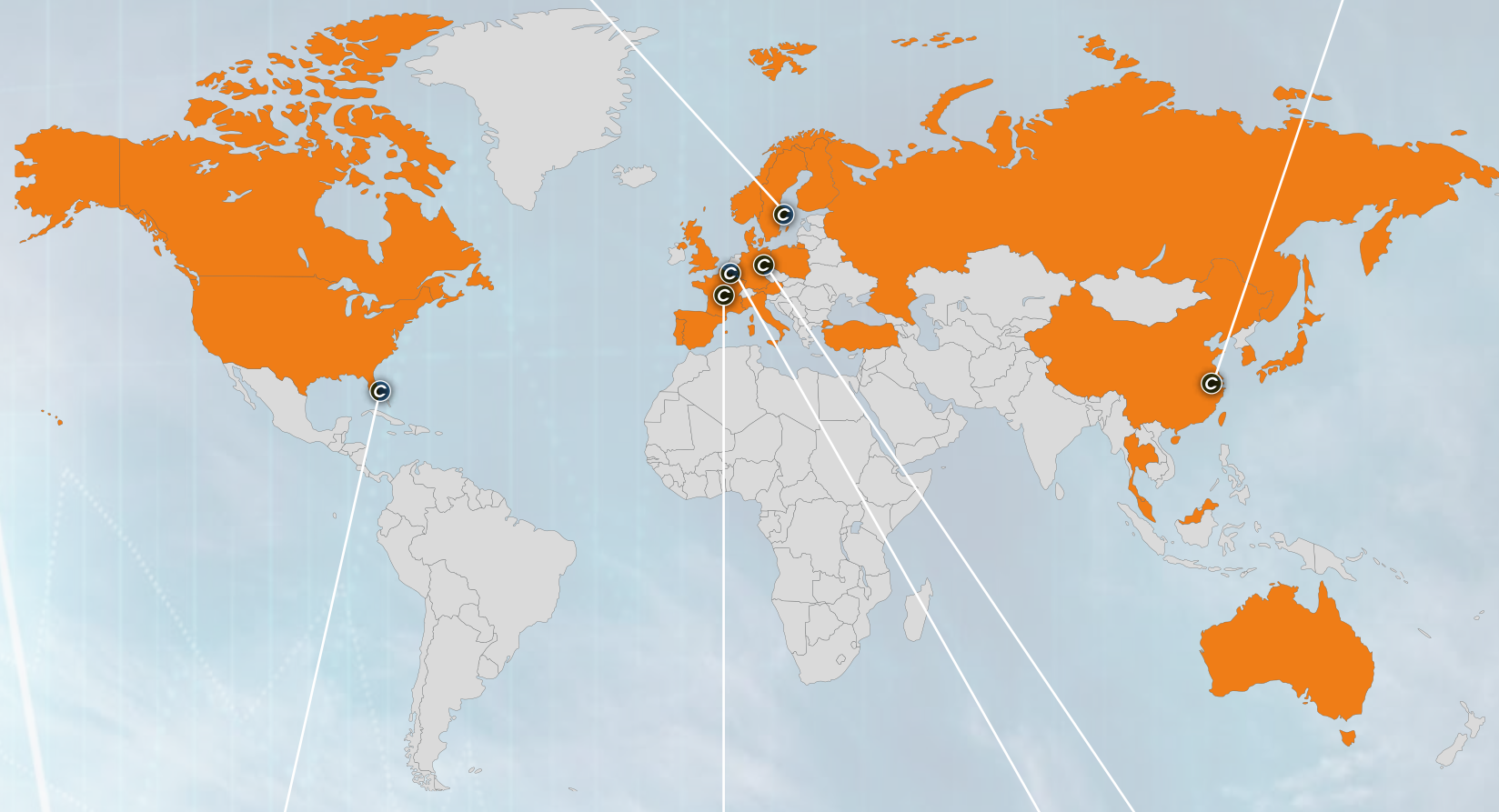
NORTH AMERICA - The North American market, with almost 3000 radiation therapy centers, accounts for almost half the global market. The market showed a positive development during 2015, with an increase in order intake of about 30 percent compared to the year before, making it the strongest sales region for C-RAD. The main products for C-RAD are Sentinel 4DCT as well as the Catalyst HD. C-RAD achieved several important milestones in executing our strategy. Important clinical sites have been build up as reference sites in the US, such as Yale-New Haven Hospital in Connecticut and the University of Texas in San Antonio. During the ASTRO meeting in San Antonio we also held our first user meeting, where we highlighted our main products Catalyst and Sentinel. Two new sales people were hired in the spring of 2015. The size of the market shows still a high unexploited potential for the C-RAD product portfolio. In 2016 we will further strengthen our sales and service force in the North American market to give more customers the chance to benefit from C-RAD's technology.

EUROPE - Central Europe developed very strongly in 2015. C-RAD established direct sales and service in France, with the first results becoming visible the same year. The French market has about 170 radiotherapy centers with about 470 linear accelerators installed. Beside the Sentinel and Catalyst or Catalyst HD, C-RAD is also expecting a good market for C-RAD services. As this market is still new for C-RAD it is important to increase visibility by building up reference centers during 2016. Italy was very strong during 2015. Here C-RAD is working with a distributor with an excellent track record. After the financial crisis, 2015 was the first year in which private and governmental project tenders were released.

In the German-speaking countries – Germany, Austria and Switzerland – order intake showed an increase, making the region the third-largest territory measured by order intake. To support further growth C-RAD is planning to increase its sales force in 2016. The size of this market indicates further potential.

Lars Lilja, Sales Manager Nordics and Sweden – The Nordic market is our home base, with 55 radiation therapy centers. We have reference customers within both traditional radiation therapy and proton therapy (Skandion).

Markus Braun, President C-RAD China and Asia-Pacific region, Shanghai, China – We're at the center of an exciting region that is making a large addition to global radiation therapy. We've been in Shanghai since 2012, to serve our customers in China and other important Asian markets. We recently got approval for Cyrpa laser products on the Chinese market. The next step is getting approval for the Catalyst System from the China Food and Drug Administration.



Kent Öbrink, Regional Sales Manager West

– The US now accounts for about half of the global market and is increasingly gearing up for more advanced system solutions, such as those for proton therapy. Over the last two years we have developed our footprint in the US, establishing scientific contacts, reference centers and solid partnerships. The Sentinel 4DCT and Catalyst HD are attracting the most attention, especially when it comes to treating breast cancer. Kent is also responsible for sales activities in Europe and the US.

Rocio Hernandez Viciana, Vice President Cyrpa, Belgium

– C-RAD and Cyrpa have been cooperating for three years, since 2013. Since July 2015 Cyrpa is part of the C-RAD Group. Our laser alignment and positioning systems complement C-RAD products well and are gaining a great deal of attention around the world.

Célya Lopez, Sales Manager, France

– France is Europe's second-largest radiation therapy market with about 200 cancer clinics, divided between public and private ownership. We began direct sales at the beginning of 2015.

Dr. Franco Canestri, Sales Manager for German-speaking countries

– From Berlin we've been covering Germany, Austria and Switzerland since 2012. This is the largest European market for radiation therapy, with a total of 350 radiation therapy centers. The region includes reference customers for Catalyst and Catalyst HD, with most using C-RAD's equipment for treating breast cancer.

The head office of the C-RAD Group is located in **Uppsala, Sweden**. Sales and services offices are located in **Berlin, Germany; Shanghai, China; Delray Beach, Florida, USA; and Paris, France**. Cyrpa, a wholly owned subsidiary, has its head office in **Brussels, Belgium**.



C-RAD INSTALLATIONS



C-RAD OFFICES

CLINICAL WORKFLOW

C-RAD's high-performance products support integration in end-to-end multi-vendor treatment workflows, from the computed tomography room to the treatment room. The c4D interface acts as a universal software interface to other vendors' systems. Support is assured patient compliance and advanced quality assurance procedures.



SENTINEL™ 4DCT

- Laser-based optical surface scanning system
- Functionality for 4D CT reconstruction and gated imaging in a CT room.
- Easy to use and integrate



CATALYST

- Advanced IMRT
- Optical surface scanning and back-projection
- Highly optimized application software for workflow integration.
- Automatically and independently verifies many critical parameters that were previously only possible to check manually
- Real-time decision support system

CATALYST HD

- For advanced stereotactic radiation therapy
- Three cameras at optimal angles
- Maximum patient coverage
- Accurate positioning during non-coplanar treatments
- Intra-fraction motion detection to help maintain initial patient position
- Maximum dose delivery within the target



CYRPA LASER

- Laser systems for virtual simulation required for all CT in radiotherapy
- Double diodes for each laser line
- SmartPhantom™ RT automatic calibration of laser system in the CT room.
- Only positioning system guaranteeing accuracy of 0.1mm



CATALYST JPT

- Dedicated proton and particle therapy solution
- Multiple cameras for full patient coverage, independent of couch rotational position.
- Automatic reference adjustments ensure uninterrupted motion monitoring
- Highly flexible with tailored, optimized mounting solutions
- Additional neutron shielding

PRECISION IN ADVANCED RADIATION THERAPY



The Catalyst HD™ system is based on a new-generation hardware and software platform for high-performance optical surface scanning and augmented reality through re-projection. It contains advanced optimized algorithms for non-rigid registration and deformable models that help doctors to assess patient positioning in real time so that errors can be corrected before and during treatment. The modular software currently has three functions: Patient setup and positioning, motion monitoring and respiratory gating. The interface for linear accelerators from Varian and Elekta has been developed for respiratory gating, table control and patient synchronization.



SENTINEL™ 4DCT

The Sentinel 4DCT™ system makes it possible to carry out computed tomography with improved image quality for tumors that move because of the patient's respiratory movements. Patients with left-sided cancers of the breast, lung or liver in particular benefit greatly from the new technology during treatment. Major benefits for the cancer center include integrated workflows, ease of use, and convenience for both patient and staff. In addition, the system can be integrated with the Catalyst system for both Free Breathing and Breath Hold treatments. The system is compatible with CT scanners from General Electric, Philips, Siemens and Toshiba.



4D IMAGING, AND VIRTUAL SIMULATION

This unique product combination for the CT room is based on the Sentinel 4DCT™ system, the Cyrpa HIT laser system and the c4D software platform. Virtual simulation is used to mark the tumor's position on the patient's skin and is a required step in radiation therapy. Almost all radiotherapy centers purchase laser systems for virtual simulation. 4DCT Imaging is used to improve image quality for tumors that move because of the patient's respiratory movements. The major advantage for the customer is a simplified, integrated workflow in the clinic.



GEMini™

GEMini™ is an X-ray detector that has been developed from the beginning to comply with the new requirements for imaging systems in radiation therapy. The original technology is licensed from CERN in Geneva, and has been further developed by C-RAD through a number of its own patents. Late in 2014 C-RAD intensified its cooperation with CERN on physics simulations and production technology. Recent tests conducted in cooperation with clinical partners showed a continuous improvement in the robustness of the detector for clinical use.



SENIOR EXECUTIVES



CRISTINA SVENSSON

Cristina Svensson has been R&D manager since 2010 and employed at C-RAD since the company was founded. Born 1967. Cristina has long experience as a software architect, programmer and project director in both the mobile phone and life science industries.

Holdings in C-RAD: 0 A shares, 2,625 B shares

KENT ÖBRINK

Kent Öbrink has been Global sales manager West sedan 2010. Born 1965. Kent has 25 years of experience of different positions in sales in the pharma industry as well as the radiation therapy industry. Before he came to C-RAD he worked as Nordic sales manager at Nucletron for 5 years. He is currently responsible for sales in large regions in Europe as well as the US.

Holdings in C-RAD: 0 A shares, 5,490 B shares

MATS GRANLUND

Manager quality & regulatory affairs. Born 1967. Mats was employed at C-RAD in October 2014. He has over 20 years of experience in medical technology, most recently as Senior Director Quality at St. Jude Medical Systems AB.

Holdings in C-RAD: 0 A shares, 10,000 B shares

ERLING TOMASSON

CFO since August 2013. Born 1978. Erling Tomasson previously worked at Deloitte Iceland between 2000 and 2012, where he provided auditing, accounting and corporate finance advisory services. Erling became a partner at Deloitte Iceland in 2007 and was an authorized public accountant between 2005 and 2012.

Holdings in C-RAD: 0 A shares, 4,000 B shares

LING ZHANG

Ling Zhang, MD, has been Global Marketing Manager since April 2015. Born 1971. Ling worked between 2007 and 2015 in China as marketing manager for Varian Medical Systems. During the period 1997-2007 he held a number of positions at Siemens Healthcare.

Holdings in C-RAD: 0 A shares, 0 B shares

TIM THURN

CEO of C-RAD AB and President since July 2013. CEO of C-RAD Positioning AB since 2011. Acting CEO of C-RAD Imaging AB since 2014. Born 1981. Tim Thurn has worked in the field of radiation therapy since 2003 and previously worked with product development at the German laser company LAP GmbH, where he also held the positions of product manager and sales manager.

Holdings in C-RAD: 0 A shares, 70,000 B shares.

BOARD OF DIRECTORS



BÖRJE BENGTSSON *Chairman of the Board*

Chairman of the Board since 2007. Born 1947. Extensive experience from leading positions in listed and unlisted companies, including CEO/Executive Vice President of the Setra Group, Expanda, Mekonomen, Securum Industri and Addum Industri.

Holdings in C-RAD: 0 A shares, 55,750 B shares.



BENGT ROLÉN *Director*

Board member since 2014. Born 1953. Management consultant and business developer at Lyktan Invest AB. Temporary CEO/President of the Ergofast Group, part of the Fairford Group. 1992-2010 CEO and president of the Combisafe Group. 1988-2008 partner, Combisafe Group. BSc in Finance, Umeå University.

Holdings in C-RAD: 0 A shares, 127,000 B shares.



FRANK LOHR *Director*

Board member since 2013. Born 1966. Chairman of the Department of Radiation Oncology at the University Medical Center in Modena, Italy since 2015. Previously Vice Chairman, Department of Radiation Oncology at University Medical Center in Mannheim, Germany. He began his career in 2002 at the University Medical Center, where he became assistant professor in 2005. Researcher at Duke University in the US after earning his PhD at the German Cancer Research Center.

Holdings in C-RAD: 0 A shares, 0 B shares.



PETER HAMBERG *Director*

Board member since 2013. Born 1973. BA, San Francisco State University. CEO at Hamberg Förvaltning AB. Several directorships in the real estate and IT industries. Board member of Net Entertainment AB since 2007.

Holdings in C-RAD: 303,810 A shares, 389,842 B shares, held through a company.



BRIAN HOLCH KRISTENSEN *Director*

Board member since 2014. Born 1974. Head Physicist at the Radiation Department, Herlev Hospital in Denmark. MSc in physics and mathematics.

Holdings in C-RAD: 0 A shares, 0 B shares.



KICKI WALLJE-LUND *Director*

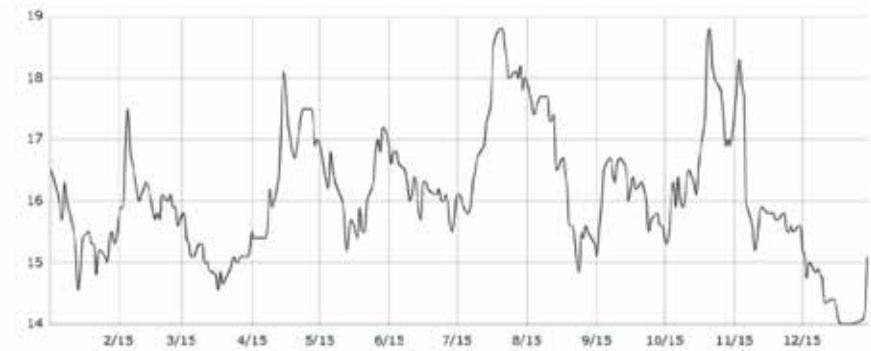
Board member since 2015. Born 1953. Kicki Wallje-Lund has experience in business development in a number of international companies, primarily in banking and finance. She has held senior positions at NCR, Digital Equipment, AT&T, Philips, ICL and Unisys. Other board assignments include Betsson AB, Wellnet AB and Linkura AB.

Holdings in C-RAD: 0 A shares, 0 B shares.

All directors are independent of the Company and its management and the Company's major shareholders, with the exception of Peter Hamberg, who is independent of the Company and its management, but is not independent of the Company's major shareholders.

THE C-RAD SHARE

Share price - SEK 2015-01-01 - 2015-12-31



Largest shareholders per 2015-12-31

Shareholder	Class A	Class B	Total	Capital (%)	Votes (%)
Olle Stenfors	280 000	1 828 000	2 108 000	9,57	16,39
Per Hamberg, incl Hamberg Förv. AB	303 810	1 670 975	1 974 785	8,97	16,68
Avanza Pension, insurance company		1 987 194	1 987 194	9,02	7,04
Nordnet Pensionsförsäkring AB		1 589 546	1 589 546	7,22	5,63
Lars Kling		1 465 230	1 456 230	6,65	5,19
Anders Brahme	106 500	106 500	213 000	0,97	4,15
Robur Försäkring		381 940	381 940	1,73	1,35
Handelsbanken Liv		379 844	379 844	1,72	1,35
Bengt Lind		359 644	359 644	1,63	1,27
Other		11 566 140	11 566 140	52,51	40,96
Total	690 310	21 335 013	22 025 323	100,00%	100,00%

SHARE CAPITAL

The share capital in C-RAD is SEK 3,303,799 divided between 690,310 Class A shares and 21,335,013 Class B shares. The total number of outstanding shares is 22,025,323 shares with a par value of SEK 0.15 per share. All outstanding shares are fully paid. C-RAD’s Articles of Association provide that share capital shall amount to not less than SEK 1,000,000 and not more than SEK 4,000,000. In addition, the number of shares shall be at least 6,666,680 shares and a maximum of 26,666,720 shares. Holders of Class A shares of C-RAD may submit a request to the Board of Directors to convert Class A shares into Class B shares. Class A and Class B shares may each be issued to the maximum number that corresponds to 100 percent of the share capital.

TRADING IN C-RAD SHARES

C-RAD shares have traded since December 16, 2014 on NASDAQ Stockholm, Small Cap, under the ticker CRAD and ISIN code SE00 0201 6352. The closing price on December 31, 2015 was SEK 15.1 (16.5), corresponding to a market value of SEK 314 million (323), calculated on the total number of outstanding shares. The lowest closing price in 2015 was SEK 14 on December 22, 2015 and the highest was 18.8 on July 20, 2015. Average number of shares traded is 63,339 (84,112), worth about SEK 1.0 million (1.5) with an average of 73 trades per trading day (89).

ADMINISTRATION REPORT

The Board of Directors and CEO of C-RAD AB (publ), Company reg. no. 556663-9174, hereby submit the annual accounts and consolidated accounts for financial year 2015. The Board’s registered office is in Uppsala. The financial reports were adopted by the Board and approved for publication on March 14, 2016. The consolidated and Parent Company financial statements will be submitted for approval at the Annual General Meeting on April 14 2016.

Figures in parentheses refer to the previous year.

C-RAD started its operations at the turn of 2004/2005. At first the company focused on research and development. Today the company delivers its products to radiation therapy centers worldwide.

Over the past years, C-RAD has pursued an expansion strategy. The prospects for growth with profitability remain strong, based on innovative and clinically accepted products and systems, as well as the continued expansion of the sales organization and service.

ABOUT C-RAD IN GENERAL

CC-RAD is a Swedish company that is headquartered in Uppsala. The company develops, manufactures and sells products and systems in the global market that ensure higher precision, efficiency and safety in radiotherapy of patients with cancer. The company’s innovations originate from Karolinska Institutet and Karolinska Hospital in Solna.

C-RAD sells its systems directly to customers, through diagnostic and accelerator companies and through specialized distributors. The company’s own direct-selling organization has become increasingly important. C-RAD currently has its own sales organization for the Nordic countries, the German-speaking countries, France, East Asia and North America. C-RAD acquired the remaining 71% shares in the associated company Cyrpa International on July 15, 2015. After the acquisition, Cyrpa is now a wholly owned subsidiary of C-RAD and fully included in the consolidated financial statements from the acquisition date. CYRPA develops innovative products for positioning and virtual simulation within radiotherapy.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

C-RAD SIGNS SALES AND SERVICE AGREEMENT FOR SWITZERLAND

C-RAD has signed a distribution agreement with MedTech Consulting Cossmann GmbH to market the C-RAD product portfolio to Swiss customers. The new partner will also provide service and clinical training.

C-RAD STARTS DIRECT SALES IN FRANCE

C-RAD is further developing its direct sales organization, and has appointed a new sales manager for France. With around 200 radiation therapy centers, France is the second largest radiotherapy market in Europe. The previous sales and distribution agreement with Eckert & Ziegler Bebig GmbH in France has been terminated.

C-RAD FURTHER STRENGTHENING ITS GLOBAL SALES ORGANIZATION

C-RAD has released its strategy for further growth, including a measure to strengthen the sales force in key markets. The direct sales department expanded to 10 persons in 2016. The expansion will be focused on the US market, the German-speaking countries and Asia.

ORDER FOR THREE C-RAD SYSTEMS FROM DRESDEN, GERMANY

C-RAD secured an order for two Catalyst™ systems as well as a Sentinel™ system from Städtisches Klinikum Dresden-Friedrichstadt, which operates the radiation oncology clinic in the capital of Saxony in the eastern part of Germany. The order includes a service contract for 8 years. Delivery and installation of the systems took place in Q2 2015.

ORDER FOR FOUR C-RAD SYSTEMS FROM ESTONIA

C-RAD was awarded with an order of two Catalyst™ systems as well as two Sentinel™ systems from Tartu University Hospital in Estonia. The Catalyst™ systems will be installed together with Varian TrueBeam linear accelerators. Delivery and installation will take place in several phases. The first system was installed in summer 2015.

ORDER FOR THREE C-RAD SYSTEMS FROM ITALY

C-RADs Italian distributor – TecnoSan S.a.s – secured an order for two Catalyst™ systems as well as one Sentinel™ 4DCT system from the Ospedale del Mare cancer clinic in Naples. The cancer center is part of a newly build hospital Ospedale del Mare. The oncology department is expected to be open for patients at the beginning of 2016. C-RAD and TecnoSan will use this site as a reference to present the products in the clinical environment to other clinics in southern Italy.

C-RAD GROWS SALES ORGANIZATION IN THE UNITED STATES

C-RAD released its strategy for further growth in February, including the expansion of the direct sales and service force in key markets. C-RAD has now further increased its presence in the US.

C-RAD COMPLETES PRIVATE PLACEMENT OF 25 MSEK

The board of C-RAD decided on a directed share issue to the long-term institutional and private investors of circa 25 MSEK before issue expenses. The decision was taken with the authorization from the Annual General Meeting 2015. The proceeds will be used to (I) finance the expansion of the sales organization within the company's core markets, (II) commercialize the spread of the GEMini system and (III) allow for a bigger investment in partnerships.

EMPLOYEE WARRANT PROGRAM OVERSUBSCRIBED

C-RAD has launched a warrant program for its employees, which has generated a great interest. Employees have signed up for a total of 284,330 options, which is 42% more than the initial volume offered.

C-RAD VALIDATES ITS RESPIRATORY GATING INTERFACE FOR IBA PROTON AND PARTICLE THERAPY

C-RAD has successfully validated the interface for its Catalyst™ product line, which controls the radiation beam for proton and particle treatment systems. The IBA gating interface validation was performed at Westdeutsches Protonentherapiezentrum Essen, in Germany. With the implementation of this interface C-RAD is now able to also offer the Catalyst to clinics that use an IBA proton therapy system. The validation confirmed the compatibility of IBA's UBTI interface for respiratory gated treatments in proton therapy.

ORDER FOR THREE C-RAD SYSTEMS FROM BAYREUTH, GERMANY

C-RAD secured an order for a Catalyst™, a Catalyst HD™, and a Sentinel™ system from Klinikum Bayreuth GmbH, which operates the radiation oncology clinic in Upper Franconia, Bavaria in southern Germany. Delivery of the systems took place in 2015. The installation will be done in Q1 2016.

C-RAD SECURES FIRST ORDER FROM JAPAN FOR HIGH-END PATIENT MONITORING SYSTEM

C-RAD received the first order for a Catalyst™ and a Sentinel™ 4DCT system for a cancer treatment center in Japan, the second largest radiotherapy market worldwide. Both systems will be installed in the Katsura University Hospital located at the University of Kyoto. C-RAD presented its certified products at the International Technical Exhibition of Medical Imaging (ITEM) conference in Japan in April 2015.

ORDER FOR THREE C-RAD SYSTEMS FROM HOSPITAL IN NORWAY

C-RAD secured a large order including two Catalyst HD™ systems and a Sentinel 4DCT™ system for Gjøvik Hospital in Norway, about 120 km north of Oslo. As part of a comprehensive tender the hospital is now upgrading its radiation oncology department with the high-end solution for patient positioning and monitoring from C-RAD. The delivery and installation of the first two systems took place in Q3 2015 and the third system during the first half of 2016.

C-RAD ACQUIRES ALL OUTSTANDING SHARES IN CYRPA INTERNATIONAL

C-RAD has acquired the remaining 71% of the shares in the Franco-Belgian Cyrpa group. The purchase price consists of a conditional earn-out payment based on 2.5% of sales of Cyrpa products as well as three fixed partial payments of 120 KEUR, payable over a three-year period, with the first part payable 12 months after the acquisition. If sales of Cyrpa products exceed 4.8 MEUR during the coming 36-month period, then the earn-out is activated, as it exceeds the fixed payments of 120 KEUR. The fair value of the contingent consideration is 0.5 MSEK, while the fixed payments' present value is 0.9 MSEK. The consideration transferred for 100% of the shares in Cyrpa amounted to 1.9 MSEK. Since the consideration is lower than the fair value of acquired net assets, a negative goodwill of 0.9 is recognized as income and presented within other income in the profit and loss statement.

Cyrpa develops innovative laser solutions for patient positioning and virtual simulation within radiation therapy. C-RAD and Cyrpa launched their first joint product for 4D Imaging and Virtual Simulation in 2014. The C-RAD management team decided to bring forward the acquisition to further leverage offering the joint product portfolio to OEM partners and clinical customers. In the new arrangement, both companies will have an even closer cooperation. Cyrpa International SPRL is integrated as a wholly owned subsidiary of C-RAD AB.

C-RAD SIGNED CONTRACT WITH SKANDION CLINIC

C-RAD signed a contract to equip Skandion Clinic in Uppsala, Sweden, with its surface tracking solution, following a successful public tender. This means that the clinic will equip its proton therapy center with the C-RAD surface tracking solution. Both of the clinic's treatment rooms will be equipped with a Catalyst system, and a CT room and the patient preparation room will be equipped with the C-RAD system. The clinic decided to equip a total of four rooms with C-RAD surface tracking systems in the first phase. The tender also included an option for additional two systems as well as a multiple-year service contract. The clinic can call exercise these options until 2017.

The Skandion Clinic published its first tender in mid-2014. When it was decided in C-RAD's favor, the decision was appealed by Uppsala-based Radiotherapy Equipment Scandinavia (Radeq), which distributes a competitive product. The tender was then relaunched and decided in C-RAD's favor for the second time. The same competitor again filed an appeal, but withdrew it in September 2015.

C-RAD ANNOUNCES CONNECTIVITY BETWEEN ITS CATALYST SURFACE TRACKING TECHNOLOGY AND VARIAN’S TRUEBEAM®

C-RAD has released a new interface that links the C-RAD Catalyst™ system to TrueBeam® linear accelerators from Varian Medical Systems for treating cancer with image-guided radiotherapy and radiosurgery. The interface supports advanced treatment techniques. With this release, C-RAD has become a leading provider of optical surface tracking solutions that can connect to linear accelerators from the two main system suppliers.

The first sites equipped with the new C-RAD interface to a TrueBeam system are St. Vincentus Hospital in Karlsruhe, Germany and Skåne University Hospital in Lund, Sweden.

C-RAD SIGNS SALES AND DISTRIBUTION AGREEMENT WITH GE HEALTHCARE

GE Healthcare has entered into a sales and distribution agreement for C-RAD’s Sentinel 4DCT™ systems and Cyrpa High Impact Technology (HIT) laser systems. These systems are used for 4D imaging and virtual simulation in radiation therapy. GE will offer these solutions through its price book, making them available to the GE salesforce and their customers worldwide.

C-RAD and Cyrpa products are included in GE’s price book from the fourth quarter of 2015. First orders are expected during the first half of 2016. C-RAD will be ready to deliver from January 2016 on.

C-RAD SIGNS AGREEMENT WITH YALE-NEW HAVEN HOSPITAL

Yale-New Haven Hospital (YNHH) in Connecticut, USA and C-RAD have signed a procurement agreement in which C-RAD receives a multi-site purchase order to supply Smilow Cancer Hospital and their satellite facilities with surface tracking technology. Yale-New Haven Hospital has placed orders for four surface tracking systems for radiation therapy – involving both Catalyst HD™ and Sentinel 4DCT™ products. Prior to the agreement, Yale-New Haven evaluated several surface tracking systems.

ORDER FOR EIGHT C-RAD SYSTEMS FROM ITALY

C-RADs Italian distributor – TecnoSan S.a.s – secured an order for four Catalyst™ systems as well as four Sentinel™ 4DCT systems, to be installed in three cancer treatment clinics in the Campania region in southern Italy. Delivery of the systems took place in the fourth quarter of 2015, and they are expected to be operational and ready for treatment of patients at the beginning of 2016.

CHINA APPROVES C-RAD’S CYRPA LASER POSITIONING PRODUCTS FOR USE IN RADIATION THERAPY

The China Food and Drug Administration has approved the sale of C-RAD’s Cyrpa laser systems on the strategically important Chinese market. These systems are already installed in all three sales regions – Asia, North America and Europe – and after making a strong presence at medical trade fairs, China’s approval meant that pending orders could be confirmed.

C-RAD SIGNS SALES AND SERVICE AGREEMENT FOR AUSTRALIA AND NEW ZEALAND

C-RAD has signed a distribution agreement with Gamma Gurus Pty. Ltd. to market the C-RAD Sentinel and Catalyst product portfolio to customers in Australia and New Zealand. Service and application training will be provided by Gamma Gurus as well. The Australian and New Zealand market has approximately 80 radiation therapy centers.

FOUR C-RAD SYSTEMS ORDERED BY CHINESE CUSTOMERS

C-RAD secured an order for Catalyst and Sentinel systems from two Chinese customers. The delivery will be contingent on C-RAD receiving regulatory approval for sales of the Catalyst system in China. The order has a value of approximately 3 MSEK. C-RAD is working in China with direct sales and a distributor, Beijing HGPT Technology & Trade Co, to market its products.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

EIGHT C-RAD SYSTEMS ORDERED BY U.S. CUSTOMERS

C-RAD secured orders for Catalyst HD™ and Sentinel 4DCT™ systems from four customers in the U.S. The orders have a total value of approximately 7.9 MSEK. The orders are recognized as order intake during Q4 2015. Delivery for most of the systems is scheduled for the first half of 2016. The Catalyst™ and Sentinel™ systems offer the required technology to perform the high-end treatment techniques within radiation therapy that are increasingly common in the U.S.

C-RAD RECEIVES FIRST U.S. ORDER FOR A PROTON THERAPY CENTER

C-RAD secured an order for a Catalyst PT™ system from a major health group in the U.S. for its proton therapy treatment center in Phoenix, Arizona. The order has a value of 1.7 MSEK. The site in Phoenix is expected to open in the spring of 2016.

C-RAD HAS SECURED FINANCING OF OPERATIONS

C-RAD has secured the finance requirements through the following measures. I) Loan from largest shareholders of total 5 MSEK, the loan bears 8% interest, has a due date January 31, 2017 and can be repaid partially or in full in advance if desired by C-RAD. The loan receipts have been received. II) Increased bank overdraft from 5 MSEK up to 10 MSEK from Nordea bank. The overdraft runs until December 31, 2016 and can be extended for 12 months. The increase is linked to covenants where C-RAD needs to achieve certain levels of revenues and net results as budgeted by the company. III) Bridge loan of 10 MSEK from Nordea bank. As requested by the bank largest shareholders have guaranteed that at least 20 MSEK will be covered in the share increase which is planned this year. IV) The board has decided to raise further capital, which will cover financing of operations and budgeted activities over the next 12 months, through share increase.

THE BOARD OF C-RAD PROPOSES A RIGHTS ISSUE

The Board of Directors of C-RAD AB (publ) resolved to propose a new share issue of a maximum of 5,506,330 shares with preferential right for the Company’s existing shareholders. Since the Rights Issue is fully guaranteed, the Company will be provided with approximately SEK 45.4 million before deduction of transaction costs. The subscription price in the Rights Issue is proposed to be SEK 8.25 per share, regardless of class.

The Board has further resolved to propose to issue a maximum of 1,818,181 B shares under an over-allotment option which would provide the Company with proceeds of up to approximately SEK 15.0 million. The use of the Over-allotment Option is conditional upon the Rights Issue being oversubscribed.

The Rights Issue and the Over-allotment Option are subject to resolutions by the Annual General Meeting to be held on 14 April 2016. The Company has issued a notice to the Annual General Meeting.

C-RAD intends to use the proceeds from the Rights Issue to cover the working capital needs up until the Company has become long-term cash flow positive, which it is expected to become during 2017, as well as to finance increased sales and marketing activities in the Company’s core markets. In addition, approximately SEK 15 million will be used to repay a shareholder loan and a bridge loan. Proceeds from the Over-allotment Option are intended to be used for faster growth.

UPDATE ON THE LAWSUIT BROUGHT BY BEAMOCULAR

The background to the dispute is that C-RAD was subject to a lawsuit filed by Beamocular AB on 28 November 2014 at the District Court of Stockholm regarding better title to patent. The parties have filed briefs in the District Court and have recently filed their statements of evidence. The Company’s expectation is that the main proceedings will be held at the earliest sometime during October-December 2016, but it may very well take until sometime in the beginning of 2017. The Company’s assessment is, however, that C-RAD Positioning has very good chances to win the case, and the evidence.

OWNERSHIP

At the end of the year C-RAD had 2,874 shareholders according to Euroclear. The three largest shareholders together held 25.19 percent of the shares. As of the record date for the Meeting, the company’s share capital will amount to SEK 3,303,799 with a par value SEK 0.15 per share, divided into 22,025,323 shares, of which 690,310 are Class A shares and 21,335,013 B shares. Each Class A share entitles the holder to ten votes and each Class B share carries one vote at the Annual General Meeting. Total number of votes in the company is 28,238,113. No known shareholder agreements exist.

FINANCIAL PERFORMANCE

SALES

Consolidated sales amounted to SEK 66,161 thousand (53,192), an increase of about 24 percent from last year. The increase is mainly attributable to changes in the Positioning segment. A large part of sales of Sentinel and Catalyst occur in foreign currency, primarily EUR and USD.

OPERATING PROFIT/LOSS AND EXPENSES

The operating loss was SEK 20,412 thousand (loss: 13,852). Depreciation in the Group amounted to SEK 5,567 thousand (5,876) for the period.

Capitalized development costs for the Group totaled SEK 4,266 thousand (3,460) during the year. Total investments in capitalized expenditures, distribution rights and patents amounted to SEK 27,839 thousand (19,165). Comprehensive income for the year was a loss of SEK 21,105 thousand (loss: 7,769).

FIVE-YEAR SUMMARY

Key ratios	2015	2014	2013	2012	2011
Net sales, SEK thousand	66 161	53 192	45 036	25 776	14 909
Operating profit/loss, SEK thousand	(20 412)	(13 852)	(20 318)	(19 050)	(42 104)
Resultat before skatt, SEK thousand	(21 184)	(14 240)	(20 995)	(19 389)	(42 606)
Total assets	73 625	71 603	61 772	38 125	54 204
Equity ratio, %	54	54	62	43	66
Average number of employees	34	26	26	21	20

CASH FLOW

Consolidated cash and cash equivalents at December 31, 2015 totaled SEK 4,426 thousand (7,623). Cash flow was SEK -3,172 thousand (2,848). Cash flow from operating activities and investments was SEK -28,905 thousand in 2015 (-18,683). Cash flow from financing activities totaled SEK 25,733 thousand (15,835). Proceeds from the share issue in Q2 2015 covered the negative cash flow from operations and working capital needs, as well as repayment of a short-term loan. As planned, we have also heavily increased our personnel, mainly our direct sales force, which requires financial resources. In accordance with the Board’s statement in the Q3 report regarding the need for additional financing, we have analyzed different financing alternatives. Since the beginning of 2016 the company has obtained a 5 MSEK loan from major shareholders and confirmation from our bank for additional bank facilities for 15 MSEK. The board has decided that further growth financing shall be raised through a new share increase, which will cover financing of operations and budgeted activities over the next 12 months and will therefore make such a proposal to the coming annual meeting. The largest shareholders are willing to support the growth and have therefore committed to the planned new share increase by guaranteeing a minimum of 20 MSEK of the planned share increase.

EQUITY

The Group’s equity amounted to SEK 40,048 thousand (38,484). The Group’s equity ratio, 54 percent, has not changed since last year.

NON-CURRENT LIABILITIES

C-RAD has seven outstanding convertible loans totaling SEK 11,829 thousand (11,667 thousand). In January 2016 their due date extended until January 31, 2018. At the same time, the interest terms changed from STIBOR 3m + 1.8% up to

STIBOR 3m + 2.8%. Assuming full exercise of conversion rights, 1,225,383 shares will be issued, resulting in a dilution of 6 percent. Conversion to shares will not result in new cash flow.

The long-term part of the estimated earn-out payable balance from the acquisition of the remaining shares in Cyrpa is included in non-current liabilities and amounted to 993 KSEK.

DEFERRED TAX ASSET

The deferred tax asset is reviewed every quarter. The deferred tax asset is based on the fundamental that operations will generate taxable income. 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 120 MSEK and there are currently no time constraints regarding utilization of the losses against future taxable profits.

PARENT COMPANY

The Parent Company’s sales amounted to SEK 20,246 thousand (15,732) and profit before tax was SEK -18,065 thousand (loss: 772). The Parent Company incurs the majority of the Group’s administrative expenses. Revenues in the Parent Company consist of invoiced administrative fees to subsidiaries.

During the fourth quarter the parent company wrote down inter-company receivables of 18.4 MSEK towards two subsidiaries, C-RAD Innovation AB and C-RAD Incorporated. Cash flow for the Parent Company was SEK -2,918 thousand (794). Negative cash flow from investing activities totaled SEK -14,100 million (-15,841). Positive cash flow from financing activities comes from the private placement.

RESEARCH AND DEVELOPMENT

A prerequisite for C-RAD’s business success is a strong and innovative R&D team with experience in clinical applications as well as hardware and software. To maintain our leading position in the market, we have established direct clinical contacts with leading university hospitals and key personnel in radiation therapy worldwide. Our “Research Fellow Program” is a new and ambitious platform developed for this purpose. It gives us the opportunity to evaluate and improve existing products and explore new ideas and technologies, all with the goal of contributing to better cancer treatment and making the difference for our users and patients.

Examples of close cooperation that we started during 2015: University of Texas Health Science Center; Yale New Haven Hospital in USA; Lund and Uppsala University hospitals in Scandinavia; Huaxi Hospital at Sichuan University in Asia.

In the fall of 2014 the development team for the GEMini was restructured to focus on two main items: I) elevate image quality II) increase detector robustness in clinical operation. A development partnership with CERN was started.

The development resulted in a detector system with significantly improved performance. C-RAD considers this work to be successful and started performance tests to verify the detector against existing standards as well as competitive products. At the same time C-RAD started the commercialization of the new detector system. In the first phase we are addressing the detector to dedicated clinical sites. Commercial activities with larger customers have been initiated.

Capitalized development costs in 2015 amounted to 4.3 MSEK. They are attributable to the GEMini project, 2.4 MSEK, and to the new interfaces with CT and Linac products, 1.9 MSEK.

SIGNIFICANT RISKS AND UNCERTAINTIES

A number of risks have been identified and the impact of these factors is difficult to assess. These factors could have both a negative and a positive effect on the company. The risks are described in Note 32.

When assessing the continued development of the company, these risks must also be considered. The factors are listed below in no particular order.

MARKET GROWTH

The market for advanced radiation therapy is expected to face continued strong growth, especially in the US, which accounts for almost half of the global market. There is a risk that this growth will slow down and that the market in the rest of the world may not grow at the expected rate. A lower growth rate could have an adverse impact on the company's business, earnings and financial position.

TECHNOLOGICAL DEVELOPMENT AND MARKET ACCEPTANCE

The medical device industry is still undergoing major changes, largely as a result of technological developments in the field. C-RAD develops solutions for use in advanced radiation therapy. There is a risk that these solutions may not gain broad market acceptance, whereby the market could prefer different price levels or other performance/ functionality than what C-RAD offers. The company believes that radiation therapy centers are often cautious about introducing new methods and technologies, in part as a result of approval procedures and compensation systems in health care. This may delay market penetration of C-RAD's products. Moreover, competing solutions that are not currently known could be introduced. If a completely new technology should arise in the field in which C-RAD is active, combined with changing demands and preferences of customers, this could adversely affect market acceptance of the products, which could have a negative impact on the company's business, earnings and financial position.

INTELLECTUAL PROPERTY RIGHTS

Business and sales are to some extent dependent on C-RAD applying for and receiving patent protection for its innovations in the field of radiation therapy in strategically important markets. There are no guarantees that the company will receive patents that are pending or that it will be able to protect patents that have been granted. Even if the company receives patent protection, competing solutions could be developed. There is also no guarantee that in the future a third party will not bring an infringement action against the company. The above risks related to intellectual property rights may have adverse effects on C-RAD's business, earnings and financial position.

PERMITS AND APPROVALS

Marketing and sales of C-RAD products often require regulatory approvals in the relevant markets. The approval process for medical device products varies between countries and between different healthcare systems, which means that it can be difficult to predict what resources in terms of time and costs will be required to obtain product approvals in different markets. There is also no guarantee that the company will be able to obtain and maintain such permits. If C-RAD does not receive strategically important permits and maintain the permits it has for products marketed and sold in strategic markets, this could have material adverse effects on the company's business, earnings and financial position.

TECHNICAL RISK

The C-RAD Group has products that are in both the commercialization and the development stage. Although extensive work has been dedicated to verifying the selected technical solutions, development work could result in technical setbacks, requiring new solutions to be chosen. The result could be costlier development, as well as delayed market introduction and cash flows. The company manufactures and sells the Sentinel, Catalyst and Catalyst HD systems and Cyrpa lasers. Interest in the systems is strong and the company's assessment is that the cash flow for the systems will provide good profitability, which means that no indication of impairment is present. Should this investment fully or partially fail the company may be forced to write down parts or all of the projects. The company plans to launch the GEMini image plate in 2016. The assessment is that GEMini will provide good profitability and that no impairment of the investment is present. If delays or major obstacles should arise, the company may be forced to write down the book value of the project.

COMPETITORS IN THE ACCELERATOR FIELD

If a competitor of C-RAD were to initiate a major investment and product development, this could have a negative impact on C-RAD's sales. Moreover, companies with global operations that currently work in adjacent areas may decide to become established in the same areas of business. Such companies could have larger financial and organizational resources than C-RAD. If C-RAD is unable to adapt its business and products to meet market demand, there is a risk of losing competitiveness, which in turn could have an impact on the company's business, earnings and financial position.

POOR PRODUCT QUALITY

In the medical device field, especially for products related to treatment, high product quality is a critical factor. Even if quickly corrected, quality problems could lead to loss of customers and product liability claims against the company, which could result in increased costs and damage confidence in the company and its products. Such events could have an adverse impact on the company's business, earnings and financial position.

DEPENDENCE ON KEY PERSONNEL

Success is based largely on the skills of the employees in general and of key personnel in particular. The future development of the company largely depends on the ability to attract and retain skilled personnel. If any key personnel should choose to leave the company, it could result in delays in development and higher costs for both product development and recruitment, at least in the short term.

DEPENDENCE ON SUPPLIERS

C-RAD's products are usually manufactured by subcontractors. It cannot be excluded that one or more of these would choose to terminate cooperation with C-RAD and that the company cannot replace the subcontractor in a timely, qualitatively or financially satisfactory manner. There is also a risk that C-RAD's suppliers and manufacturers fail to meet quality requirements. Similarly, establishment of new suppliers or manufacturers could become more expensive and take longer than C-RAD has calculated. Sentinel, Catalyst and GEMini all contain components with long delivery times that are currently only available from a few suppliers. If these components could not be delivered for any reason, or if deliveries should be delayed, deliveries to C-RAD's customers could be delayed. Overall, this could have an adverse impact on the company's business, earnings and financial position.

DEPENDENCE ON COOPERATION AGREEMENTS

C-RAD's sales are made directly to radiation therapy centers and in cooperation with distributors and industrial partners. Building an efficient distribution network is of great importance for the company's sales performance and requires time and costs for training initiatives and visits to key customers. The company is, and will continue to be, dependent on cooperation agreements with external parties for the sale of the products. If such collaborations with external partners should fail, the company will find it difficult to implement its development plans. There is also a risk that the companies with which C-RAD has signed or will sign, cooperative agreements will be unable to meet their obligations under these agreements. Existing cooperation agreement may also be terminated or changed. Overall, this could have an adverse impact on the company's business, earnings and financial position.

ABILITY TO MANAGE GROWTH

C-RAD's business may grow substantially through a sudden and unexpected increase in demand for its products, which would place great demands on management as well as the operational and financial structure of the company. As the business grows, the company needs to ensure that efficient planning and management processes are in place, which may require investments and allocation of management resources to be able to implement the business plan in a market undergoing rapid development. A fast and strong market response could result in delivery problems. The inability to handle such increased capacity requirements could have a negative impact on the business, earnings and financial position.

INTEGRATION OF ACQUISITIONS

Acquisitions always entail a risk in terms of errors of judgment at the time of acquisition, integration of the acquired business and its staff, as well as increased costs associated with restructuring and administrative measures as a result of the acquisition.

C-RAD acquired on July 15, 2015 the remaining shares in the associated company Cyrpa International. After the acquisition, Cyrpa is now a wholly owned subsidiary and consolidated in C-RAD from the third quarter of 2015.

FINANCIAL RISK

The company is exposed to potential financial risks such as currency risk, credit risk, interest rate risk and cash flow risk.

Currency risk is associated primarily with future transactions, booked assets and debts, as well as investments in foreign subsidiaries.

Credit risk is associated with accounts receivable and the Parent Company’s loans to subsidiaries. Customers largely consist of public and private cancer centers around the world. The company has thus far not written off any accounts receivable due to a customer’s inability to pay. Interest rate risks are associated with changes in interest rates that affect the company negatively. The company’s long-term interest-bearing notes are in the form of a convertible loan from Norrlandsfonden. The interest on these loans follows STIBOR 90 + 2.8 percent. Excess liquidity is placed in the bank and/or fixed income securities with high ratings.

Cash flow risk is the risk of not being able to meet payment obligations due to insufficient liquidity or a difficulty in obtaining external loans. The Group has products in the early commercialization phase and technical risks as well as market acceptance could lead to delays in cash flow.

See note 6 for more information on financial risks and financial risk management.

PERSONNEL

At year-end the Group had a total of 41 employees. The average number of employees in 2015 was 34. The company hired new employees in Sweden during the year. The majority of employees work in research and development. Recruitment of new employees for the C-RAD companies has been successful over the years. The employees have cutting-edge expertise in their respective disciplines. Several also have extensive experience in radiation therapy and radiation physics.

ENVIRONMENT

The Group’s environmental impact mainly involves transports and electricity consumption that delivered and installed products require for their operation. The Group’s operations are not subject to licensing or reporting requirements under the Swedish Environmental Code.

FUTURE DEVELOPMENT

C-RAD is displaying all the hallmarks of rapid growth: increasing patient needs, vibrant markets, growing sales in many core regions, and healthy profit margins. We also firmly believe that our products and solutions offer outstanding value.

GROWING SALES AND ORDER INTAKE

Our activity level continued to increase in 2015. Order intake was 88.1 MSEK (68.4), increasing by 29 percent compared to 2014.

Another positive aspect is that we are obtaining earlier orders because we are becoming involved earlier in the sales process – a sign of market confidence and organizational maturity – but the lead time between order and delivery is greater, leading to order stock growth exceeding sales growth.

MANAGING RAPID GROWTH

We have addressed the growth challenge by setting ambitious financial targets, aiming to grow by 50 percent on average for the two-year period ending 2017, with an average gross profit margin of 60 percent. In order to achieve this, we are concentrating our strategic efforts in business development.

Besides expanding in the US, the German-speaking region, and France (the second-largest European market) we added additional resources to strengthen our presence in Asia. The approval for Catalyst from the Food and Drug Administration in China is under way. Once this is in place, we are eligible for procurements for government-funded hospitals in China. Furthermore, C-RAD will strengthen its direct sales force in 2016.

Another contributing factor to rapid sales growth and customer satisfaction is a strong service organization to back up our clinical customers all the way. In our key markets of Germany, France, Scandinavia and the US, we deploy our own service engineers. Other regions are either covered by distributors who take care of service or by our own service team. This way C-RAD can maintain a high service standard throughout the sales regions.

CYRPA – C-RAD acquired the remaining 71% of the shares in the Franco-Belgian Cyrpa group. After the acquisition, Cyrpa is now a wholly owned subsidiary and consolidated in C-RAD from the third quarter of 2015. Cyrpa develops innovative laser solutions for patient positioning and virtual simulation within radiation therapy. C-RAD and Cyrpa launched their first joint product for 4D Imaging and Virtual Simulation in 2014.

GEMINI – GEMini technology, licensed from CERN in Geneva specifically for use in radiation therapy, offers unique advantages in imaging systems and dosimetry. C-RAD has further developed the original technology, and CERN – with its expertise in manufacturing methods and physics – is supporting us in improving the robustness of the device.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

C-RAD is a Swedish public limited company based in Uppsala. Corporate governance at C-RAD AB is based on Swedish legislation, primarily the Swedish Companies Act, the Swedish Code of Corporate Governance (the “Code”), the NASDAQ OMX Stockholm’s listing requirements as specified in the “Rules for Issuers” and the internal instructions and policy documents that the company has established and adopted. The company’s shares have been admitted to trading on NASDAQ OMX Stockholm since December 16, 2014. As of this date, the company is obligated to apply the Code. The Company intends to apply the Code from the time of admission to trading of its shares on NASDAQ OMX Stockholm. If any deviation from the Code should arise, such deviations must be explained in connection with each section. No deviation has occurred.

ANNUAL GENERAL MEETING

The Annual General Meeting is the Company’s highest decision-making body. By law, the Annual General Meeting must be held within six months following the end of the financial year. The Annual General Meeting decides on issues such as adopting the income statement and balance sheet, the disposition of the company’s earnings, discharge from liability, election of directors and appointment of auditors. Notice of the Annual General Meeting, as well as extraordinary general meetings where questions regarding amendments to the Articles of Association are addressed, must be issued no earlier than six and no later than four weeks before the Meeting. Notice of other General Meetings must be issued no earlier than six and no later than three weeks before the Meeting. Shareholders recorded in the register maintained by Euroclear on behalf of C-RAD no later than five business days before the meeting and who have expressed their intention to participate to the Company as described in the Notice of the Meeting have the right to attend and vote at the Annual General Meeting. Shareholders may be represented by proxy. Notice of the meeting is issued in accordance with the Companies Act no earlier than six and no later than four weeks before the meeting.

AUTHORIZATION 2015 PROVIDED BY THE GENERAL MEETING

The AGM authorized the Board to decide if C-RAD will issue a maximum of 2,000,000 new B-shares. During the month of May 2015 a private placement was conducted for 25 MSEK.

ARTICLES OF ASSOCIATION

C-RAD’s Articles of Association contain no restrictions on how many votes each shareholder may cast at a General Meeting. Each Class A share entitles the holder to ten votes and each Class B share carries one vote at the Annual General Meeting. The total number of shares is 22,025,323. Moreover, C-RAD’s Articles of Association do not include any specific provisions on the appointment and dismissal of directors or on amending the Articles of Association.

NOMINATION COMMITTEE

The Nomination Committee’s task is to submit proposals prior to the Annual General Meeting regarding, among other things, Chairman of the Board, directors, auditors, remuneration to the Board and, where appropriate, proposals for appointment of auditors and for their fees. Principles for appointing the Nomination Committee are resolved by the Annual General Meeting. C-RAD’s Nomination Committee prior to the 2016 Annual General Meeting consists of Olle Stenfors, Börje Bengtson and Peter Hamberg. The Nomination Committee appointed Börje Bengtsson to be chairman of the Committee.

BOARD OF DIRECTORS

The Board conducts its work as described in the Swedish Companies Act, the Code and other rules and regulations applicable to the company. The overarching task of the Board of Directors is to manage the company’s affairs and organization. The Board currently consists of six members and the company has ensured that the composition is adapted to meet the requirements of the Code. For additional information about the current Board of Directors and Group management, please see the relevant sections on pages 24 & 25.

RULES OF PROCEDURE AND BOARD MEETINGS

At the Board meeting following the Annual General Meeting, the Board of Directors of C-RAD adopts the rules of procedure with instructions regarding the rules of procedure between the Board and the Chief Executive Officer, as well as instructions for financial reporting. The Board holds at least four ordinary meetings in addition to the statutory meeting. Meetings are coordinated as far as possible with the timing of financial reporting and the Annual General Meeting. In addition to regular meetings, the Board is called to other meetings as situations dictate. In 2015, the Board met 13 times, including the statutory meeting.

ATTENDANCE AT BOARD MEETINGS IN 2015

Director:	Number of meetings
Börje Bengtsson	12
Peter Hamberg	12
Frank Lohr	10
Brian Holch Kristensen	12
Bengt Rolén	10
Kicki Wallje-Lund*	6

***Kicki Wallje-Lund became a member of the Board of Directors at the Annual General Meeting in April 2015.*

Evaluation of the Board’s work is done once per year. The Chairman organizes evaluation through questionnaires, compile the results and present at the following board meeting where the discussions are ongoing and any area for improvement identified.

BOARD COMMITTEES AND COMMITTEE WORK

The Board does not currently have a remuneration committee, audit committee or any other committee. Instead, the Board has held the opinion that the tasks that would otherwise be performed by such Committees are better performed by the Board of Directors in its entirety.

INTERNAL CONTROL

According to Swedish corporate governance rules, the Board of Directors shall ensure that C-RAD has adequate internal controls and remains informed of and evaluates the Company’s internal control systems. An important part of the control environment is that the organization and decision-making

procedure, as well as responsibilities and authorities are clearly defined and communicated in policy documents. C-RAD has adopted policies and procedures relating to financial reporting, as well as a financial manual that includes accounting policies, financial policy and reporting procedures. Control activities are designed to prevent, detect and correct errors and deviations and include, for example, comparison of profit and loss items, account reconciliation, monitoring and reconciliation of Board decisions and policies adopted by the Board. The Board reviews the interim and the annual reports before publication.

Levels and rules for approval of transactions within the company and with external partners are set through an authorization procedure. The company also has rules for approval of transactions.

INTERNAL AUDIT

The Board has determined that existing internal control processes and functions at C-RAD are adequate and there is no need to introduce an internal audit function. The monitoring provided by the Board, management and the Company’s external auditors is currently considered to fulfill this need. However, the Board conducts an annual assessment to determine whether such a function is necessary to maintain good control of the Company and the Group.

FINANCIAL REPORTING AND FOLLOW-UP

Under applicable laws and stock exchange rules as well as other regulations applicable from time to time, the company strives to regularly provide accurate, reliable and timely financial information. Financial information is published regularly as quarterly reports, annual reports and press releases containing news and significant events that may affect the share price. The company’s CFO prepares a monthly report on key performance indicators for the Board.

OWNERSHIP STRUCTURE – OWNERS OF AT LEAST 10 PERCENT OF VOTES

Shareholders	A shares	B shares	Total shares	Capital (%)	Votes (%)
Olle Stenfors	280 000	1 828 000	2 108 000	9,57 %	16,39 %
Per Hamberg, inklusive Hamberg Förv. AB	303 810	1 670 975	1 974 785	8,97 %	16,68 %
Other	106 500	17 836 038	17 942 538	81,46 %	66,93 %
Total	690 310	21 335 013	22 025 323	100 %	100 %

REMUNERATION TO THE BOARD OF DIRECTORS

The Annual General Meeting decides on remuneration to the Board of Directors. At the Annual General Meeting April 16, 2015 it was resolved that the Chairman shall be paid SEK 200,000 in remuneration for 2015 and the other Directors shall each be paid SEK 100,000.

REMUNERATION TO SENIOR EXECUTIVES

Total remuneration to senior executives Tim Thurn, Erling Tomasson, Kent Öbrink, Cristina Svensson, Mats Granlund and Ling Zhang in 2015 was SEK 6.2 million, of which SEK 1.5 million related to remuneration to Tim Thurn, CEO. All amounts relating to remuneration to senior executives do not include social security contributions. Pension costs for senior executives in 2015 totaled SEK 639,791. Pension terms for Executive Management are in line with those of other employees within the Group. Tim Thurn, Erling Tomasson and Kent Öbrink are employed by the Parent Company C-RAD AB while Cristina Svensson, Mats Granlund and Ling Zhang are employed by the affiliate C-RAD Positioning AB.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The 2016 Annual General Meeting will decide on guidelines for remuneration to senior executives. The Board of Directors proposes the following guidelines for remuneration to senior executives. The term ‘senior executives’ refers to the CEO and the people who are in Group management. Remuneration to the CEO and other senior executives will consist of fixed salary, other benefits and pension provisions. The total remuneration will be market-based and competitive, and also be related to responsibility and authority. Upon termination of the employment contract by the Company, termination and severance pay will not exceed eight (8) months’ salary. Pension benefits will follow the ITP plan and any additional portions will be based on defined contributions, unless specific reasons are present to indicate otherwise. The retirement age for Executive Management shall normally be 65 years. The Board may only deviate from these guidelines if special reasons are present in individual cases.

REMUNERATION TO AUDITORS

At the 2015 Annual General Meeting, Grant Thornton was appointed to serve as auditor for the company, with Mia Rutenius as principal auditor. Remuneration is paid to the auditor on a time and materials basis. For further information on fees, see note 13 of the 2015 Annual Report. Audit assignments refer to auditing of the annual accounts, accounting records and administration by the Board and the CEO, as well as other duties that the company’s auditor is obligated to perform, as well as the provision of advice or other assistance as a result of observations made in conjunction with such an examination or the performance of other such duties. Everything else is classified as other assignments.

PROPOSED APPROPRIATION OF PROFITS

The following funds in the Parent Company are at the disposal of the Annual General Meeting, in SEK:

Retained loss	- 63 862 990
Share premium reserve	186 328 110
Profit for the year	-18 064 922
Total retained earnings	104 400 198

The Board and the President propose that the retained earnings of SEK 104,400,198 be carried forward.





OUR CORE VALUES
PROFESSIONAL
HONEST
ORGANIZED



FINANCIAL REPORTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	2015	2014
Operating income			
Net sales	11	66 160 751	53 191 613
Own work capitalized	20	4 265 767	3 460 326
Other operating income	12	4 536 583	4 031 971
Total operating income		74 963 102	60 683 910
Operating expenses			
Purchased goods and services		-32 082 943	-21 289 961
Other external costs	13,14	-26 627 610	-22 361 312
Personnel costs	15	-31 098 130	-25 009 391
Depreciation and amortization of property plant and equipment, as well as intangible assets	19,20	-5 566 722	-5 876 128
Other operating expenses		0	0
Total operating expenses		-95 375 405	-74 536 792
Operating profit/loss (EBIT)		-20 412 304	-13 852 882
Profit (loss) from shares in associated companies	21	43 289	-260 889
Financial income	16	23 083	153 375
Financial expenses	16	-837 911	-279 767
Profit (loss) before tax		-21 183 842	-14 240 163
Tax on profit/loss for the period	17,18	0	7 094 209
Profit (loss) for the year		-21 183 842	-7 145 954
Other comprehensive income			
Translation difference from foreign operations		79 028	-623 366
Total comprehensive income for the year (1)		-21 104 815	-7 769 320
Earnings per share			
Earnings per share, basic		-0.99	-0.38
Earnings per share, diluted		-0.93	-0.36

(1) 100 percent attributable to Parent Company shareholders.

All amounts in SEK unless otherwise specified

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	NOTE	12-31-2015	12-31-2014
NON-CURRENT ASSETS Intangible assets			
Capitalized development expenditure	20	20 839 216	10 901 443
Distribution rights	20	6 073 626	6 921 070
Patents, licenses and similar rights	20	925 907	1 342 029
		27 838 749	19 164 542
Property, plant and equipment			
Equipment	19	4 582 811	4 057 105
Financial assets			
Shares in associated companies	21	0	0
Non-current receivables	6,21	152 732	5 282 928
Total financial assets		152 732	5 282 928
Other non-current assets			
Deferred tax assets	18	7 094 209	7 094 209
Total non-current assets		39 668 500	35 598 784
CURRENT ASSETS			
Inventories	7	10 342 084	8 032 454
Accounts receivable	6,27	12 910 054	15 241 464
Other receivables		2 358 817	4 690 063
Prepaid expenses and accrued income	8	3 919 500	417 372
Cash and bank balances	6,26	4 426 075	7 623 092
Total current assets		33 956 531	36 004 445
Total assets		73 625 032	71 603 228

All amounts in SEK unless otherwise specified

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	NOTE	12-31-2015	12-31-2014
Equity 22			
Share capital		3 303 799	3 041 299
Additional paid-in capital		193 978 600	171 332 029
Retained earnings		-136 050 911	-128 743 324
Profit (loss) for the year		-21 183 842	-7 145 955
Total equity		40 047 645	38 484 049
Non-current liabilities 23			
Convertible bonds		11 829 115	11 667 483
Other non-current liabilities		992 905	5 000 000
		12 822 020	16 667 483
Current liabilities			
Accounts payable		9 013 795	6 635 323
Warranty provisions	28	1 064 000	900 000
Other current liabilities		6 730 407	4 111 543
Accrued expenses and deferred income	29	3 947 167	4 804 830
		20 755 368	16 451 696
Total liabilities		33 577 388	33 119 179
Total equity and liabilities		73 625 032	71 603 228
Pledged assets		13 620 000	13 620 000
Contingent liabilities		Inga	Inga

All amounts in SEK unless otherwise specified

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2015	2014
Operating activities			
Operating profit/loss before financial items		(20 412 304)	(13 852 882)
Adjustments for non-cash items		587 004	3 354 321
Interest received		23 083	0
Interest paid		(837 911)	(279 767)
“Cash flow from operating activities before working capital changes”		(20 640 127)	(10 778 328)
Increase (decrease) operating receivables		269 017	(1 946 086)
Increase (decrease) inventories		(2 838 410)	(3 926 994)
Increase (decrease) operating liabilities		258 502	3 499 900
Cash flow from operating activities		(22 951 019)	(13 151 508)
Investing activities			
Acquisition of intangible assets		(4 265 767)	(3 460 326)
Acquisition of property, plant and equipment		(1 953 034)	(2 070 836)
Acquisition associated companies		0	0
Cash and cash equivalents from acquired subsidiaries		264 375	0
Loans provided/granted		0	0
Cash flow from investing activities		(5 954 426)	(5 531 162)
Financing activities			
Rights issue		25 146 258	10 834 687
Warrants		298 702	0
Debt repayment		(4 506 372)	0
Borrowings	23	4 794 886	5 000 000
Cash flow from financing activities		25 733 474	15 834 687
Cash flow from financing activities		25 733 474	15 834 687
Cash flow for the year		(3 171 971)	(2 847 983)
Opening cash and cash equivalents		7 623 092	10 261 549
Exchange rate differences in cash and cash equivalents		(25 046)	209 526
Closing cash and cash equivalents	26	4 426 075	7 623 092

All amounts in SEK unless otherwise specified

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Closing equity Dec. 31, 2013	2 936 639	161 222 725	(126 131 526)	38 027 838
Correction opening balance			(706 233)	(706 233)
Restated opening balance	2 936 639	161 222 725	(126 837 759)	37 321 605
Rights issue	105 000	11 270 000		11 375 000
Issue expenses		(540 313)		(540 313)
Other transfers equity		(620 723)	(1 120 568)	(1 741 291)
Equity component, convertible loan			(161 632)	(161 632)
Total transactions with owner	105 000	10 108 964	(1 282 200)	8 931 764
2014 profit/loss			(7 145 954)	(7 145 954)
Translation difference, foreign operations			(623 366)	(623 366)
Total comprehensive income for the year			(7 769 320)	(7 769 320)
Closing equity Dec. 31, 2014	3 041 639	171 331 689	(135 889 279)	38 484 049
Previously reported opening equity Jan 1, 2015	3 041 639	171 331 689	(135 889 279)	40 037 758
Correction opening balance*				(1 553 709)
Restated opening balance	3 041 639	171 331 689	(135 889 279)	38 484 049
Rights issue	262 500	24 920 000		25 182 500
Issue expenses		(16 150)		(16 150)
Other transfers equity	(341)	(2 256 940)		(2 257 281)
Equity component, convertible loan			(161 632)	(161 632)
Total transactions with owner	262 160	22 646 911	(161 632)	22 747 438
2015 profit/loss			(21 262 870)	(21 262 870)
Translation difference, foreign operations			79 028	79 028
Total comprehensive income for the year			(21 183 842)	(21 183 842)
Closing equity Dec. 31, 2015	3 303 799	193 978 600	(157 234 753)	40 047 646

* Retrospectively adjusted allocation of the purchase price for the acquisition of 29 percent of the shares in Cyrpa in February 2013 has affected the comparative figures and the opening balance of equity 2015. For further details, please refer to note 31.

All amounts in SEK unless otherwise specified

PARENT COMPANY - INCOME STATEMENT

	NOTE	2015	2014
Operating income			
Net sales		20 245 834	15 731 597
Total operating income		20 245 834	15 731 597
Operating expenses			
Other external costs	13,14	-11 063 299	-7 609 181
Personnel costs	15	-7 255 904	-6 395 941
Depreciation/amortization	19,20	-868 248	-869 922
Other operating expenses		0	0
Total operating expenses		-19 187 451	-14 875 044
Operating profit/loss (EBIT)			
		1 058 383	856 552
Profit/loss from shares in and receivables from Group companies	21	0	0
Interest income and similar profit/loss items	16	5 358	153 734
Interest expense and similar profit/loss items	16	-19 128 664	-238 418
Profit (loss) before tax		-18 064 922	771 868
Tax on profit/loss for the period		0	0
Profit (loss) for the year		-18 064 922	771 868
Translation difference from foreign operations		0	-623 366
Other comprehensive income		0	0
Comprehensive income for the year		-18 064 922	148 502

All amounts in SEK unless otherwise specified

PARENT COMPANY - BALANCE SHEET

ASSETS	NOTE	12-31-2015	12-31-2014
NON-CURRENT ASSETS			
Intangible assets			
Distribution rights	19	6 073 626	6 921 070
Property, plant and equipment			
Equipment	20	61 617	82 420
Financial assets			
	21		
Shares in Group companies		84 512 355	68 874 000
Shares in associated companies		0	192 841
Receivables from Group companies		33 628 156	37 479 921
Other non-current receivables		0	318 673
		118 140 511	106 865 435
Total non-current assets		124 275 753	113 868 925
CURRENT ASSETS			
Other receivables		296 439	5 346 662
Prepaid expenses and accrued income	8	635 521	411 019
Cash and bank balances	26	94 835	3 012 761
Total current assets		1 026 795	8 770 442
Total assets		125 302 548	122 639 367

All amounts in SEK unless otherwise specified

PARENT COMPANY - BALANCE SHEET

EQUITY AND LIABILITIES	NOTE	12-31-2015	12-31-2014
EQUITY			
Restricted equity	22		
Share capital		3 303 799	3 041 639
Non-restricted equity			
Share premium reserve		186 328 110	161 636 064
Retained earnings		-63 862 990	-65 145 209
Profit (loss) for the year		-18 064 922	771 868
		104 400 198	97 262 723
Total equity		107 704 000	100 304 363
Non-current liabilities			
Convertible bonds	23	11 718 442	11 718 442
Non-current liabilities	23	992 905	5 000 000
		12 711 347	16 718 442
Current liabilities			
Accounts payable		1 675 658	881 675
Other current liabilities		1 256 928	2 630 728
Accrued expenses and deferred income	29	1 954 616	2 104 159
		4 887 202	5 616 562
Total liabilities		17 598 549	22 335 004
Total equity and liabilities		125 302 548	122 639 367
Pledged assets		0	0
Contingent liabilities, guarantee commitment subsidiary		2 000 000	2 000 000

All amounts in SEK unless otherwise specified

STATEMENT OF CASH FLOWS, PARENT COMPANY

	NOTE	2015	2014
Operating activities			
Operating profit/loss before tax		(18 064 922)	771 868
Adjustments for non-cash items		19 298 852	954 607
Other non-cash items			
Interest received		5 358	89 283
Interest paid		(179 387)	(173 967)
“Cash flow from operating activities before working capital changes”		1 059 901	1 641 791
Increase (decrease) operating receivables		(9 260 417)	(179 022)
Increase (decrease) accounts payable		793 983	374 971
Increase (decrease) operating liabilities		(1 875 952)	(1 036 899)
Cash flow from operating activities		(9 282 485)	800 842
Investing activities			
Acquisition of property, plant and equipment		0	0
Shareholder contributions		(14 100 000)	(11 750 000)
Loans provided/granted to associated companies		0	0
Acquisition associated companies		0	0
Payment of loan to subsidiary		0	(4 091 216)
Investments in subsidiary		0	0
Cash flow from investing activities		(14 100 000)	(15 841 216)
Financing activities			
Rights issue		25 166 350	10 834 687
Warrants		298 210	0
Increase (decrease) current financial liabilities		(5 000 000)	0
Borrowings		0	5 000 000
Cash flow from financing activities		20 464 559	15 834 687
Cash flow for the year		(2 917 926)	794 314
Opening cash and cash equivalents		3 012 761	2 218 448
Exchange rate differences in cash and cash equivalents		0	0
Closing cash and cash equivalents	26	94 835	3 012 761

All amounts in SEK unless otherwise specified

STATEMENT OF SHAREHOLDERS' EQUITY, PARENT COMPANY

	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	TOTAL
Closing equity Dec. 31, 2013	2 936 639	150 906 377	(64 438 979)	89 404 037
Correction opening balance			(706 233)	(706 233)
Restated opening balance	2 936 639	150 906 377	(65 145 212)	88 697 804
Rights issue	105 000	11 270 000		11 375 000
Issue expenses		(540 313)		(540 313)
Other transfers equity				
Equity component, convertible loan			0	0
Total transactions with owner	105 000	10 729 687	0	10 834 687
2014 profit/loss			771 868	771 868
Closing equity Dec. 31, 2014	3 041 639	161 636 064	(64 373 343)	100 304 362
Previously reported opening equity Jan 1, 2015	3 041 639	161 636 064	(62 819 634)	101 858 069
Correction opening balance*				(1 553 709)
Restated opening balance	3 041 639	161 636 064	(64 373 343)	100 304 360
Rights issue	262 500	24 920 000		25 182 500
Issue expenses		(16 150)		(16 150)
Other transfers equity	(340)	(211 806)	510 353	298 207
Equity component, convertible loan			0	0
Total transactions with owner	262 160	24 692 044	510 353	25 464 557
2015 profit/loss			(18 064 922)	(18 064 922)
Closing equity Dec. 31, 2015	3 303 799	186 328 110	(81 927 912)	107 704 000

* Retrospectively adjusted allocation of the purchase price for the acquisition of 29 percent of the shares in Cyrpa in February 2013 has affected the comparative figures and the opening balance of equity 2015. For further details, please refer to note 31.
All amounts in SEK unless otherwise specified

NOTES
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1. NATURE OF THE BUSINESS

The primary business of C-RAD AB and its subsidiaries (the Group) is to develop, manufacture and sell products and systems that ensure high precision, efficiency and safety in radiotherapy of patients with cancer.

2. GENERAL INFORMATION AND COMPLIANCE WITH IFRS

C-RAD AB, the Group’s Parent Company, is a public company incorporated and domiciled in Sweden. Its headquarters and principal place of business is located at Bredgränd 18, 753 20 Uppsala, Sweden. C-RAD AB’s shares are listed on NASDAQ OMX in Stockholm.

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board’s recommendation RFR 1, Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU Commission for application within the EU. The preparation of financial statements in compliance with IFRS requires the use of a number of important estimations for accounting purposes. Furthermore, when applying the Group’s accounting policies, management must make certain assessments. The areas which involve a high degree of assessment, which are complex, or such areas in which assumptions and estimations are of material significance for the consolidated financial statements, are set forth in Note 32.

The Parent Company applies the same accounting policies as the Group except in the cases described under “Parent Company accounting policies”. The differences arising between the Parent Company and the Group’s accounting policies are attributable to limitations on the ability to apply IFRS in the Parent Company as a result of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act, and to some extent based on tax considerations.

The consolidated financial accounts for the year ended December 31, 2015 (including comparatives) were approved for issue by the Board on March 14, 2016. Regulations in Sweden stipulate that the financial statements may not be changed after they have been approved.

3. NEW AND UPDATED STANDARDS APPLICABLE FOR FINANCIAL YEARS BEGINNING ON JANUARY 1, 2016 AND LATER.

A number of new and updated standards are applicable for financial years beginning on January 1, 2016 and later. The updated IFRS standards and IFRIC interpretations are not expected to have any impact on the Group’s or Parent Company’s earnings or financial position.

4. STANDARDS, AMENDMENTS AND INTERPRETATIONS RELATING TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards were published by the IASB. These have not yet entered into force and have not been early adopted by the Group.

Group Management expects that all relevant statements will be implemented in the Group’s accounting policies during the first reporting period beginning after the date the statement becomes effective. Information on new standards, amendments and interpretations that are expected to be relevant to the consolidated financial statements is given below. Certain other new standards and interpretations have been issued but are not expected to have any material impact on the consolidated financial statements.

IFRS 9 Financial Instruments

The IASB recently released IFRS 9 Financial Instruments (2014) which involves completion of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new expected credit loss model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Board of Directors and the CEO of the Group have not yet assessed the impact of IFRS 9 on these consolidated financial statements. The new standard must be applied for financial years beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning January 1, 2018 or later. The Board of Directors and the CEO of the Group have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

IFRS 16 Leases

New standard relating to accounting for leases. For lessees, the distinction under IAS 17 between operating and finance leases is no longer made and is replaced with a model in which assets and liabilities for all leases are recognized on the balance sheet. Exceptions for recognition on the balance sheet are leases of low value items and short term leases of less than 12 months. In the income statement, depreciation is reported separately from interest expense related to the lease liability. This standard is not expected to have a material impact on the financial position of the Group. A detailed analysis and quantification of the impact has not yet been carried out. IFRS 16 is effective beginning January 1, 2019. Early application is permitted provided that IFRS 15 is also applied from the same date.

5. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies used in preparing the consolidated financial statements are summarized below.

5.1 BASIS OF CONSOLIDATION

The consolidated financial statements include the operations of the Parent Company and the subsidiaries through December 31, 2015. The Parent Company has a controlling influence over the subsidiary if the company is exposed, or has rights to variable returns from its involvement in the subsidiary, and has the ability to affect yields by exercising its dominant influence over the subsidiary. The balance sheet date for all subsidiaries is December 31.

The consolidated accounts include C-RAD AB, the wholly owned subsidiaries C-RAD Positioning AB, C-RAD Imaging AB, C-RAD Innovation AB and the US wholly-owned C-RAD Incorporated and the German wholly-owned C-RAD GmbH and the Belgian wholly owned subsidiary CYRPA International.

All intercompany transactions and balance items are eliminated on consolidation, including unrealized losses on intercompany sales of assets which are reversed on consolidation.

Net income and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the date on which the acquisition or disposal enters into force, as appropriate.

The purchase method is used to recognize the Group’s acquisitions of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable acquired assets and assumed liabilities and contingent liabilities in an acquisition of a business are initially measured at the fair values on the acquisition date, regardless of the scale of any non-controlling interests. The surplus that comprises the difference between the cost and the fair value of the Group’s share of identifiable acquired net assets is recognized as goodwill. Acquisition costs are expensed as incurred.

5.2 INVESTMENTS IN ASSOCIATES

Associates are those entities in which the Group is able to exercise significant influence, but which are not subsidiaries. Investments in associates are recognized using the equity method. Any goodwill or value adjustment attributable to the Group’s interest in an associate is not reported separately but is included in the carrying amount of the investment. The carrying value of investments in associates increases or decreases by the Group’s share of the associate’s profit.

5.3 TRANSLATION OF FOREIGN CURRENCIES

The consolidated financial statements are presented in SEK, which is also the Parent Company’s functional currency. Transactions in foreign currencies are translated to the functional currency of each Group company, based on the prevailing exchange rates on the date of the transaction (spot rate). Gains and losses on foreign currency as a result of settlement of such transactions and due to the revaluation of monetary items using the closing rate are recognized in profit or loss.

Non-monetary items are not translated on the balance sheet date, but are valued at historical cost (adjusted for the rate on the transaction date), except for non-monetary items measured at fair value, which are translated at the exchange rate at the date when fair value was determined.

5.4 FINANCIAL STATEMENT OF FOREIGN OPERATIONS

Assets and liabilities of foreign subsidiaries are translated from the respective Group company’s functional currency to the Group’s reporting currency at the rate on the balance sheet date. Revenues and expenses in foreign operations are translated into SEK at the average rate, which is an approximation of the rates on each transaction date. The average rate is calculated quarterly. Exchange differences arising on translation of foreign operations are recognized in other comprehensive income. The functional currency of Group companies has remained unchanged during the reporting period.

5.5 SEGMENT REPORTING

The Group has two operating segments: positioning and imaging. When identifying operating segments, Group management usually follows the Group’s business areas, which correspond to the main products and services that the Group offers. (see Note 11).

Each operating segment is managed separately because each requires different resources and methods. All transactions between segments are carried out on a commercial basis.

The Group uses the same valuation principles for segment reporting under IFRS 8 as in its financial statements.

5.6 REVENUE

Revenue arises from the sale of goods and provision of services. Revenue is measured at the fair value of the consideration the Group receives or will receive for goods supplied and services rendered, excluding sales tax, rebates and trade discounts.

Sales of goods are recognized when the Group has transferred the significant risks and rewards associated with ownership to the buyer, normally when the customer has possession of the goods, usually at delivery or installation, depending on the agreed terms of delivery. Sales of services are recognized when services are rendered. Multi-annual service agreements are recognized over the term of the contract.

5.7 OPERATING EXPENSES

Operating expenses are recognized in profit or loss when the service is utilized or when the event occurs. Warranty costs are recognized when the Group incurs an obligation, which usually occurs when the product is sold.

5.8 BORROWING COSTS

Borrowing costs directly attributable to acquisitions, construction or production of a qualifying asset are capitalized during the period of time required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period incurred and recognized in “Financial expenses.” The Group currently has no qualifying assets.

5.9 INTANGIBLE ASSETS

Expenses directly attributable to the development phase of a project are recognized as intangible assets provided they meet the following requirements:

- The development expenditure can be reliably measured.
- The project is technically and commercially feasible.
- The Group intends and has sufficient resources to complete the project.
- The Group has the ability to use or sell the product.
- The product will generate probable future economic benefits.

Development expenditures that do not meet these criteria for capitalization are expensed as incurred. Directly attributable costs include personnel costs incurred during product development, along with an appropriate portion of relevant overhead and borrowing costs.

Reporting in subsequent periods

All intangible assets, including capitalized internal development, have a finite useful life. They are therefore recognized at cost, whereby capitalized costs are depreciated over their estimated useful lives. Residual values and useful lives are reviewed at each balance sheet date. In addition, impairment testing is carried out as described in note 20.

Other intangible assets

Other intangible assets acquired by the Group are recognized at cost less accumulated amortisation and impairment.

The following useful lives are applied:

- Capitalized development costs: 5 years
- Patent: 10 years

Internally developed products that are not yet finalized and that have been capitalized, are not amortized but tested for impairment in accordance with Note 20.

Depreciation is included in the item “Depreciation and amortization of property plant and equipment, as well as intangible assets”.

Subsequent expenditures on maintenance of products and patents are expensed as incurred.

5.10 PROPERTY, PLANT AND EQUIPMENT

Assets are initially recognized at cost or manufacturing costs, including expenses for putting the asset in place and in condition to be used according to Group management’s intentions. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is linear based on cost less the estimated residual value. The following useful lives are applied: IT equipment and other equipment: 3-10 years

Significant estimates of residual values and estimated useful lives are updated as necessary, though at least once a year.

Operational leasing

All leased assets are attributable to operating leases in that the economic benefits associated with ownership of the object, in all material respects, are not transferred to C-RAD. The leasing fee is therefore allocated linearly over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

5.11 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

When there is an indication that an asset or group of assets declined in value, its carrying value is assessed. In cases where the carrying amount exceeds the estimated recoverable amount, the carrying amount is immediately written down to the recoverable amount. Impairment testing of intangible assets is reviewed annually and when indications of impairment are present. The recoverable amounts of assets are determined based on calculations of useful value. When determining value in use, the present value of the future cash flows that the asset is expected to give rise to during its useful life is estimated. Impairment testing is performed at the lowest level at which separate cash flows can be identified. Future cash flows are taken from the company’s business plan.

The amount by which the asset’s carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use, is recognized as an impairment loss. To determine value in use, Group management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of these cash flows. The data used for impairment testing purposes are directly connected to the Group’s budget, adjusted as necessary to exclude the effects of future reorganizations and improvements of assets.

Discount factors are determined individually for each cash-generating unit and reflect Group management’s assessment of their respective risk profiles, such as market and asset-specific risk factors.

5.12 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized, according to IAS39, when the Group becomes a party to the contractual provisions of the financial instrument. These are measured at initial recognition at fair value, adjusted for transaction costs.

Financial assets are removed from the statement of financial position when the contractual rights relating to the financial asset expire, or when the financial asset and significant risks and rewards are transferred. A financial liability is derecognized from the statement of financial position when it is extinguished, discharged, canceled or expires.

Classification and subsequent measurement of financial assets

At subsequent valuation, those financial assets that are not identified and effective as hedging instruments, are classified in the following categories at initial recognition:

- loans and receivables.
- financial assets at fair value through profit or loss.
- held to maturity investments.
- available-for-sale financial assets

The impairment of financial assets except those measured at fair value through profit or loss should be tested at least once each reporting period to determine whether there is objective evidence of impairment of a financial asset or group of financial assets. Different criteria to determine impairment are used for each category of financial assets, which are described below.

All revenues and expenses relating to financial assets that are recognized in profit or loss are classified as “Financial expenses”, “Financial income” or “Other financial items” except for impairment of accounts receivable classified as “Other expenses”.

Loans and receivables

The category includes financial assets that are not derivatives with fixed or determinable payments, and which are not quoted in an active market. After initial recognition, they are measured at amortized cost, using the effective interest method, less provisions for any impairment losses. All of the Group’s financial assets belong to this category.

Loans

Loans are initially recognized at fair value, net of transaction costs and subsequently measured at amortized cost using the effective interest method.

Accounts receivable

Accounts receivable are reported net of allowances for doubtful receivables. Provision for doubtful receivables are based on individual assessment of accounts receivable made with regard to expected bad debts. Since accounts receivable have a short maturity, they are reported at the amount expected to be received based on an individual assessment of doubtful receivables without discounting using the amortized cost method. Impairment of accounts receivable (if any) affects operating income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with financial institutions and short-term investments with original maturities of three months or less. Cash and cash equivalents are carried at nominal amounts.

Loans payable

Loans payable are initially recognized at fair value, net of transaction costs and subsequently measured at amortized cost using the effective interest method.

Convertible loan

A convertible loan is recognized as a compound financial instrument divided into a liability component and an equity component. Upon initial recognition of the convertible loan, the fair value of the liability component is determined based on the present value of the contractually determined stream of cash flows based on a discount rate determined from the market rate of comparable instruments without the conversion option. Subsequent to initial recognition, the liability component is measured based on its amortized cost, using the effective interest method. The carrying value of the liability component then gradually approaches the nominal value of the convertible loan. The gradual increase in the debt component is recognized in the income statement as interest expense and, together with the coupon rate comprises the total reported interest on the convertible loan. The equity component is calculated as the difference between the nominal value of the convertible loan and the initially recognized fair value of the liability component and is carried at a fixed value in shareholders’ equity. Transaction costs related to the issue of the convertible loan are distributed between the liability and equity component in proportion to the distribution of the issue proceeds. The transaction costs are included in the calculation of amortized cost, using the effective interest method, and are expensed over the term of the convertible loan.

Accounts payable

The valuation principle for accounts payable is the amortized cost principle. The expected lifetime for accounts payable is short and thus the payables are reported at nominal value without discounting.

5.13 PROVISIONS

Provisions are recognized when the Group has or may be considered to have an obligation as a result of past events and it is probable that payments will be required to settle the obligation. A further condition is that a reliable estimate can be made of the amount that has to be paid. Estimated costs for product guarantees are charged against operating expenses in conjunction with income recognition of the products.

5.14 FAIR VALUE

Group management uses valuation techniques in calculating the fair value of financial instruments in those cases where there are no prices in active markets and for non-financial assets. This involves making estimates and assumptions that are consistent with how market participants would price the instrument.

Group management bases its assumptions as far as possible on observable data, but these are not always available. In these cases, Group management uses the best information available. An estimated fair value may differ from the actual price that could be achieved in a transaction on commercial terms on the balance sheet date.

5.15 INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost includes all costs directly attributable to the manufacturing process. Costs for commonly replaceable articles are allocated according to the first in, first out principle. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

5.16 CAPITAL AND RESERVES

Share capital represents the nominal value of issued shares.

Share premium includes premiums (if any) received on issue of share capital. Transaction costs directly attributable to the issue of new shares or warrants are recognized, net of tax, in equity as a deduction from the proceeds.

5.17 DEFERRED TAX

Deferred tax is recognized using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated based on the tax rates decided on or announced as of the balance sheet date, which can be expected to be in effect when the relevant deferred tax asset is realized or the deferred tax liability is paid.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

5.18 PENSIONS AND REMUNERATION TO EMPLOYEES

Pension plans have been classified as defined contribution plans and correspond with the public pension plan. Remuneration to employees in the form of salary, paid holiday, etc., are reported as they are earned.

5.19 GOVERNMENT GRANTS

Government grants are recognized at fair value when there is reasonable assurance that the grant will be received and that the company will comply with all attached conditions.

Government grants related to expected costs are reported as deferred income. The grant is recognized in the period when the costs for which the grant is intended to compensate arise.

Government grants relating to the acquisition of property, plant and equipment reduces the carrying amount of the asset.

5.20 RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Expenditures on development, where research findings or other knowledge is applied to produce new products or applications, are recognized as intangible assets when the criteria for capitalization under IAS 38 are met. The carrying amount includes all directly attributable costs, such as materials, purchased services and benefits to employees.

5.21 STATEMENTS OF CASH FLOWS

The statement of cash flows is prepared using the indirect method. The reported cash flow includes only transactions involving payments and disbursements.

5.22 PARENT COMPANY TACCOUNTING POLICIES

The Parent Company has prepared its annual accounts according to the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for Legal Entities. RFR 2 means that the Parent Company shall apply IFRS standards as far as this is possible within the framework of the Annual Accounts Act and with consideration given to the relationship between accounting and taxation. The differences between the Group’s and the Parent Company’s accounting policies are stated below. The following accounting policies for the Parent Company were applied consistently in all periods shown in the Parent Company’s financial reports.

Shareholder contribution

Shareholder contributions are recognized directly in equity by the recipient and capitalized as shares and participations by the issuer, to the extent no impairment loss is identified.

Revenue

The Parent Company’s income consists primarily of invoiced management fees from subsidiaries.

Shares in Group companies

Shares in Group companies are recognized using the cost method less impairment. Acquisition-related transaction costs are included in cost. When there is an indication that shares in subsidiaries or associated companies decreased in value, the recoverable amount is estimated. If this is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized in financial items in the income statement.

6. ASSET MANAGEMENT, RISKS AND RISK MANAGEMENT

Asset management

The Group’s objective for asset management is to ensure the ability to continue operations and to provide adequate return to shareholders by pricing products and services at an equivalent level of risk.

Financial risk management

The Group is exposed to various kinds of financial risk in its business operations. Financial risks refer to fluctuations in the company’s profits and cash flow as a result of changes in currency exchange rates, interest levels, financing and credit risks. The Group’s finance policy for managing financial risks has been prepared by the Board and forms a framework of guidelines.

The Group does not engage in active trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Sensitivity to foreign currency

Most of the Group’s transactions are denominated in SEK. Exposure to exchange rate fluctuations arises from the Group’s sales to and purchases from other countries. These sales and purchases are mainly denominated in USD and EUR.

The Group monitors cash flows that are not denominated in SEK to reduce its exposure to foreign exchange risk. The Group does not use foreign exchange forward contracts to reduce its currency risk.

Disclosure of financial assets and liabilities in foreign currencies that expose the Group to foreign currency risk is provided below.

SHORT-TERM EXPOSURE				LONG-TERM EXPOSURE
2015-12-31		EUR	USD	EUR
Financial assets		11 918 242	2 588 536	46 570
Financial liabilities		(4 786 731)	(1 114 205)	(992 905)
Total exposure		7 131 511	1 474 331	(946 335)

2014-12-31				
Financial assets		8 360 658	4 850 257	4 858 093
Financial liabilities		(2 905 297)	(1 247 549)	-
Total exposure		5 455 361	3 602 708	4 858 093

The following table shows the sensitivity of income and equity in terms of the Group’s financial assets and financial liabilities and exchange rates: USD/SEK and EUR/SEK “all else being equal”. A change of +/- 10% of the exchange rate SEK/USD is assumed for the year that ended December 31, 2015 (2014: 10%). A change of +/- 5% is assumed for the exchange rate SEK/EUR (2014: 5%). Both of these percentages were determined based on average market volatility in exchange rates during the previous twelve months. The sensitivity analysis is based on the Group’s consolidated financial assets and financial liabilities in foreign currency held on each balance sheet date.

If the SEK had appreciated against the USD by 10% (2014: 10%) and against the EUR by 5% (2014: 5%), this would have had the following effect:

PROFIT (LOSS) FOR THE YEAR			EQUITY	
	EUR	USD	EUR	USD
December 31, 2015	(309 259)	(147 433)	(309 259)	(147 433)
December 31, 2014	(515 673)	(360 271)	(515 673)	(360 271)

If the SEK had depreciated against the USD by 10% (2014: 10%) and against the EUR by 5% (2014: 5%), this would have had the following effect:

PROFIT (LOSS) FOR THE YEAR			EQUITY	
	EUR	USD	EUR	USD
December 31, 2015	309 259	147 433	309 259	147 433
December 31, 2014	515 673	360 271	515 673	360 271

Sensitivity to interest rate risk

The Group’s policy is to minimize exposure to interest rate risk relating to cash flows in long-term financing. As at December 31, the Group is exposed to changes in market interest rates through convertible loans from Norrlandsfonden which have variable interest rates (Stibor 3m + 2.8%). There are no other borrowings with variable interest rates.

The following table shows the sensitivity of income and equity to a possible 1% increase in interest rates (2015: +1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at each balance sheet date that are sensitive to changes in interest rates. All other variables are held constant.

PROFIT (LOSS) FOR THE YEAR/EQUIT		
	2015	2014
1% increase in interest rates would have a negative impact on earnings in the following amounts:	-118 291	-116 675

The Group is not exposed to other price risks.

All amounts in SEK unless otherwise specified

Credit risk analysis

Credit risk is the risk that a counterparty will not fulfill an obligation to the Group. The Group is exposed to this risk by granting loans to and receivables from customers. The Group’s maximum exposure to credit risk is limited to the carrying amount of financial assets at 31 December, as summarized below:

Types of financial assets - carrying amounts	2015	2014
Accounts receivable	12 910 054	15 241 463
Loans	152 732	4 964 255
Cash and cash equivalents	4 426 075	7 623 092
	17 488 861	27 828 810

The Group continuously monitors defaults from customers and other counterparties. The Group’s credit risk is limited since customer operations are usually funded directly or indirectly by public funds. Credit losses have historically been low.

GROUP		
Accounts receivable aging, total accounts receivable	2015	2014
Less than 3 months	9 443 330	12 072 643
3 to 6 months	2 269 984	3 168 821
Over 6 months	1 196 740	
Total accounts receivable	12 910 054	15 241 464
Past due at the end of the financial year	3 541 125	4 176 648

GROUP		
Currency analysis, total accounts receivable	2015	2014
SEK	2 901 050	1 832 080
EUR	8 709 685	8 658 230
USD	1 272 245	4 751 154
Other	27 074	0
	12 910 054	15 241 464

All amounts in SEK unless otherwise specified

Financial instruments

The table below shows the Group’s financial assets and liabilities by measurement category as well as carrying amount and fair value per item.

	2015-12-31		2014-12-31	
Loans and receivables	Fair value	Carrying amount	Fair value	Carrying amount
Accounts receivable	12 910 054	12 910 054	15 241 463	15 241 463
Loans	152 732	152 732	4 964 255	4 964 255
Cash and cash equivalents	4 426 075	4 426 075	7 623 092	7 623 092

Financial liabilities recognized at amortized cost:				
Non-current interest-bearing liabilities	992 905	992 905	5 000 000	5 000 000
Convertible bonds	11 829 115	11 829 115	11 667 483	11 667 483
Accounts payable	9 013 795	9 013 795	6 635 323	6 635 323

Liquidity risk analysis

Liquidity risk is the risk that the Group is unable to meet its obligations. The Group manages liquidity needs by monitoring scheduled debt payments and projected cash inflows and outflows in daily operations.

On the balance sheet date the Group had external financing through convertible loans from Norrlandsfonden with maturity February 28, 2018 (see note 21), and an overdraft facility of SEK 5 million from Nordea, of which SEK 4.8 million was used. After the balance sheet date, the credit limit was increased to SEK 10 million, on condition that the Company achieves a certain result in 2016. The company also received confirmation that a bridge loan from Nordea of SEK 10 million was granted, provided that shareholders undertake to guarantee at least SEK 20 million in the planned rights issue. In early 2016 the company received a loan of SEK 5 million from the company’s principal owner. The loan matures on January 31, 2017 and carries an interest rate of 8 percent.

In accordance with the Board’s presentation of the need for increased funding in the third quarter report, we have analyzed different funding options. The Board has decided that further growth will be financed through a rights issue and will therefore propose this to the Annual General Meeting.

7. INVENTORIES

Inventories consist of:	2015	2014
Spare parts	859 430	344 120
Finished goods	9 482 654	7 688 334
	10 342 084	8 032 454

No impairment losses were recognized in inventories.

8. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses relate to rent, leasing costs, insurance and other accrued costs

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Prepaid expenses	911 704	417 372	635 521	411 019
Accrued income	3 007 796	0	0	0
	3 919 500	417 372	635 521	411 019

9. RELATED-PARTY TRANSACTIONS

Per Hamberg, one of the largest shareholders of C-RAD, lent SEK 5 million to the company on December 1, 2014. The loan, which was unsecured, carried an annual interest rate of 8 percent, which was paid quarterly. The loan was repaid on June 30, 2015. In January 2016 both Per Hamberg and Lars Kling, who is also one of the largest shareholders, each lent SEK 2.5 million to the Company on the same terms as the loan from 2014.

On July 15, 2015, C-RAD acquired the remaining shares in the associated company CYRPA, which means that CYRPA is now a wholly owned subsidiary. In 2013, 2014 and up until the acquisition in 2015 C-RAD invoiced CYRPA SEK 9.3 million.

C-RAD’s Board member Brian Holch Kristensen, who took office in April 2014, is a head physicist at the radiation therapy treatment unit at Herlev Hospital. Herlev Hospital invoiced C-RAD SEK 590,152 in 2015 and C-RAD invoiced Herlev Hospital SEK 485,173 in 2015.

Other than the above, no transactions with related parties occurred since the end of financial year 2015.

10. GROUP

Parent Company

The Parent Company is a limited liability company based in Uppsala, Uppsala County.

Purchasing and sales between Group companies

Below is the percentage of purchases and sales for the year regarding Group companies.

	2015	2014
Purchases	0%	0%
Sales	100%	100%

Operating assets/liabilities in respect of related party	2015	2014
C-RAD AB (Parent Company) has a claim on C-RAD Positioning AB	30 882 257	20 943 242
C-RAD AB (Parent Company) has a claim on C-RAD Imaging AB	8 097 042	16 551 765
C-RAD Imaging AB has a claim on C-RAD Positioning AB	0	11 103 634
C-RAD Positioning AB has a claim on Innovation AB	0	254 500
C-RAD AB (Parent Company) has a claim on C-RAD Innovation AB	368 955	220 991
C-RAD AB (Parent Company) has a claim on C-RAD Incorporated	17 249 406	12 576 429
C-RAD AB (Parent Company) has a claim on C-RAD Gmbh	4 054 954	1 265 547
C-RAD Positioning AB has a claim on C-RAD Inc	9 843 353	8 867 092
C-RAD Positioning has a claim on C-RAD Gmbh	2 382 093	1 109 603
C-RAD Innovation has a claim on C-RAD Imaging AB	0	34 086
C-RAD AB (Parent Company) has a claim on CYRPA	5 143 147	0
C-RAD Positioning has a claim on CYRPA	4 719 051	0

Loans or commitments to, or for related parties and senior executives	2015	2014
Loans from shareholders total	0	5 000 000

Share options issued to directors

There are no share options issued to directors. Senior executives have received 150,000 issued stock options and others received 154,330.

11. SEGMENT REPORTING

Group Management has analyzed the Group’s internal reporting and determined that the Group’s operations are managed and evaluated based on the following segments:

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

Assets and liabilities are not analyzed on segment level by chief decision-makers; they are therefore excluded from this segment reporting. Activities between segments: Some of the personnel employed within the Imaging segment have conducted work for the Positioning segment. Internal sales cover the direct costs of these cross-segment services.

	SEGMENT REVENUE		SEGMENT OPERATING PROFIT/LOSS	
	2015	2014	2015	2014
Positioning external sales	65 583 751	46 922 027	-19 622 318	-17 687 604
Imaging external sales	577 000	6 269 585	-789 986	3 834 722
Imaging internal sales	0	1 095 458	0	0
Elimination internal sales	0	-1 095 458	0	0
Total	66 160 751	53 191 613	(20 412 304)	(13 852 882)
Profit (loss) from shares in associated companies			43 289	-260 889
Financial income and expenses			-814 828	-126 392
Profit (loss) before tax			(21 183 842)	(14 240 163)

Segment reporting is based on the same accounting policies as applied in the consolidated reporting in 2014. No impairment losses were recognized. Sales by country based on sales to customers in each country. Two customers each represent over 10 percent of net sales in 2015.

Revenue by area	2015	2014
Nordic region	19 378 810	11 067 938
Germany	14 289 279	12 965 831
Rest of Europe	17 348 006	14 243 343
US	9 468 079	7 949 991
Asia	5 676 578	6 964 511
	66 160 751	53 191 613

12. OTHER REVENUES

	GROUP	
	2015	2014
Foreign exchange gains	2 220 375	3 736 873
Contributions received	185 232	198 395
Other revenues	2 130 976	96 703
	4 536 583	4 031 971

All amounts in SEK unless otherwise specified

13. REMUNERATION TO AUDITORS

Grant Thornton Sweden AB	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Audit assignment	686 216	563 040	460 734	284 332
Audit work in addition to the audit assignment	146 546	56 372	146 546	56 372
	832 762	619 412	607 280	340 704

Audit assignments refer to auditing of the annual accounts, accounting records and administration by the Board and the CEO, as well as other duties that the company’s auditor is obligated to perform, as well as the provision of advice or other assistance as a result of observations made in conjunction with such an examination or the performance of other such duties.. Audit work in addition to audit assignments refers to certificates provided with issuances or similar items.

14. OPERATIONAL LEASING

Leasing costs related to operating leases for cars, one server and two copiers during the year:

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Leasing costs	352 315	336 786	214 652	306 224
Due within one year:			305 803	212 520
Due later than 1 year but within 5 years:			310 070	386 296

15. COSTS FOR EMPLOYEE BENEFITS

Average number of employees, broken down into women and men:

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Women	8	8	1	2
Men	26	18	4	3
Total	34	26	6	5
Salaries and remuneration:				
Board of Directors and Chief Executive Officer	2 009 014	3 431 559	2 009 014	2 709 240
Other employees	21 521 846	15 493 374	3 412 533	2 125 290
Total salaries and remuneration	23 530 860	18 924 933	5 421 547	4 834 530
Social security and pension costs:				
Social security contributions according to law and agreements	5 394 398	4 717 768	1 542 893	1 279 420
Pension costs Board and CEO	138 269	253 072	138 269	205 254
Pension costs other employees	1 313 012	909 088	273 948	96 165
Total social security and pension costs:	6 845 679	5 879 928	1 955 110	1 580 839
Total payroll	30 376 539	24 804 861	7 376 657	6 415 369

All amounts in SEK unless otherwise specified

Directors’ fees are included under “Other external costs” in the income statement. Additional personnel costs are included in “Personnel costs” in the income statement.

GROUP 2015			GROUP 2014	
Directors and senior executives	Number on balance sheet date	Men	Number on balance sheet date	Men
Directors	6	83%	5	100%
CEO and other senior executives	6	83%	2	100%

Remuneration to senior executives

The Annual General Meeting decides on remuneration to the Board of Directors. The Annual General Meeting April 16, 2015 resolved that the Chairman of the Board shall be paid SEK 200,000 in remuneration and the other Directors shall be paid SEK 100,000 each.

Remuneration to the CEO and other senior executives employed by the company comprises a basic salary and other benefits. Other senior executives refers to the person who together with the CEO constitutes Group management.

Upon termination by the company, there is a notice period of 4 months for the CEO. Other senior executives have a notice period under the Employment Protection Act, though at least three months. There are no severance pay agreements for the CEO or other senior executives.

REMUNERATION AND OTHER BENEFITS DURING THE YEAR - BOARD OF DIRECTORS

Chairman of the Board	Director’s fees
Börje Bengtsson	200 000

Director	
Bengt Rolén	100 000
Frank Lohr	100 000
Peter Hamberg	100 000
Brian Kristensen	100 000
Kicki Wallje-Lund	75 000
Total remuneration - Board of Directors	675 000

Kiki Wallje-Lund was elected to serve as a new board member at the Annual General Meeting on April 16, 2015.

Remuneration and other benefits during the year - CEO and other senior executives

Variable remuneration for Tim Thurn is based on sales, orders and share performance.

	Basic salary	Variable remuneration	Pension and health insurance	Other remuneratio	Total
Tim Thurn VD	1 140 000	69 500	138 269	174 514	1 522 283
Other senior executives [5]	3 690 333	257 971	501 492	184 791	4 634 587
Total	4 830 333	327 471	639 761	359 305	6 156 870

16. FINANCIAL INCOME AND FINANCIAL EXPENSES

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Interest income on cash and cash equivalents	23 083	153 375	5 358	153 734
	23 083	153 375	5 358	153 734
Interest expense on other liabilities	319 855	1 526	319 269	-186
Borrowing costs	518 057	278 241	378 791	238 604
Impairment intercompany receivables	0	0	18 430 604	0
	837 911	279 767	19 128 664	238 418

17. TAX EXPENSE

KONCERNEN		
	2015	2014
Profit (loss) before tax	-21 183 842	-13 392 687
Adjustment depreciation CYRPA 2014	0	-847 478
Profit (loss) before tax, after adjustment	-21 183 842	-14 240 165
Tax rate	22%	22%
Expected tax income	-4 660 445	-3 132 836

Adjustment for non-deductible expenses		
Profit (loss) from shares in associated companies	9 524	-57 396
Other non-deductible expenses	-82 211	16 980
Deferred tax asset not recorded	4 733 133	2 872 015
Loss carryforwards utilized during the year not previously recognized as an asset	0	-7 094 209
Tax recognized in income statement	0	-7 094 209

Tax expense consists of the following components:		
Utnyttjade skattemässiga underskottsavdrag	0	-7 094 209
Average tax rate	-	50%

18. DEFERRED TAXES

At the beginning of the year, the Group had a fiscal deficit of SEK 98 million. Remaining unused taxable losses amount to SEK 120 million and there is currently no time limit regarding utilization of these losses against future taxable profits.

Deferred taxes arising from temporary differences and unused tax losses are as follows:

	GROUP	
	2015	2014
Tax loss carryforwards	7 094 209	7 094 209
Recognized as:		
Deferred tax asset	7 094 209	7 094 209

19. PROPERTY, PLANT AND EQUIPMENT

GROUP	EQUIPMENT
Accumulated cost	
Opening balance Jan. 1, 2014	6 028 372
Reclassifications	596 831
Purchases	1 992 584
Closing balance Dec. 31, 2014	8 617 787
Disposals	-1 607 542
Purchases	2 092 086
Closing balance Dec. 31, 2015	9 102 331
Accumulated depreciation/amortization	
Opening balance Jan. 1, 2014	2 733 898
Reclassifications	404 054
Depreciation/amortization	1 422 730
Closing balance Dec. 31, 2014	4 560 682
Reclassifications	(1 361 383)
Disposals	1 320 221
Closing balance Dec. 31, 2015	4 519 520
Carrying amount	
Per Dec. 31, 2013	3 294 474
Per Dec. 31, 2014	4 057 105
Per Dec. 31, 2015	4 582 811
Depreciation percent	20-35 %

All amounts in SEK unless otherwise specified

PARENT COMPANY	EQUIPMENT
Accumulated cost	
Opening balance Jan. 1, 2014	376 493
Purchases	0
Closing balance Dec. 31, 2014	376 493
Purchases	
Closing balance Dec. 31, 2015	376 493
Accumulated depreciation/amortization	
Opening balance Jan. 1, 2014	271 629
Depreciation/amortization	22 444
Closing balance Dec. 31, 2014	294 073
Depreciation/amortization	20 844
Closing balance Dec. 31, 2015	314 877
Carrying amount	
Per Dec. 31, 2013	104 864
Per Dec. 31, 2014	82 420
Per Dec. 31, 2015	61 617
Depreciation/amortization percent	
IT equipment	3-5 years
Furniture and other equipment:	5-10 years

All amounts in SEK unless otherwise specified

20. INTANGIBLE ASSETS

GROUP	CAPITALIZED DEVELOPMENT EXPENDITURE	PATENTS, LICENSES AND SIMILAR RIGHTS	TOTAL
Accumulated cost			
Opening balance Jan. 1, 2014	50 236 175	11 846 167	49 641 967
Reclassifications	730 882		
Purchases	3 460 326		3 460 326
Closing balance Dec. 31, 2014	54 427 383	11 846 167	66 273 550
Purchases	15 965 733	0	15 965 733
Reclassifications			0
Closing balance Dec. 31, 2015	70 393 116	11 846 167	82 239 283
Accumulated depreciation/amortization			
Opening balance Jan. 1, 2014	39 881 828	2 051 742	41 933 570
Reclassifications	541 832	180 210	722 042
Depreciation/amortization	3 102 280	1 351 116	4 453 396
Closing balance Dec. 31, 2014	43 525 940	3 583 068	47 109 008
Reclassifications			
Depreciation/amortization	5 096 279	2 195 248	7 291 527
Closing balance Dec. 31, 2015	48 622 219	5 778 316	54 400 535
Carrying amount			
Per Dec. 1, 2013			20 148 771
Per Dec. 31, 2014			19 164 542
Per Dec. 31, 2015			27 838 750

Capitalized costs include both internally generated and externally acquired assets. Depreciation commences when development is completed. Depreciation periods vary between 5-10 years depending on the estimated useful lives of the projects.

	2015	2014
Capitalized costs		
Work performed in-house	3 520 996	2 596 107
Externally acquired	744 771	864 219
	4 265 767	3 460 326

Impairment test
Impairment testing of intangible assets was carried out on the balance sheet date in compliance with IAS 38. This year’s test showed no impairment.

The useful value of each asset was calculated by estimating future cash flows and includes assumptions such as growth and margin development. These estimates are based on the financial budget for the coming financial year as well as expected future developments for up to five years. For future periods after five years, extrapolation of expected cash flow was conservatively assumed at minus 5%. A discount factor of 12.5 to 13.2% was used.

	Catalyst/Sentinel	Gemini	Patent	Total
Impairment	0	0	0	0

Sensitivity analysis
Sensitivity analyses conducted in 2015 showed that impairment is sensitive to changes in sales. Management has determined that no impairment loss is present as per the financial statements in 2015, but will, in accordance with IAS 38, carefully monitor any negative changes that may suggest impairment.

IMPAIRMENT	
Current discount rate	0
Discount rate increased by 2%	0
Depreciation/amortization percent	
Capitalized expenditure	5 years
Patent	10 years

PARENT COMPANY

Accumulated cost			TOTAL
Opening balance Jan. 1, 2014			8 474 779
Purchases			0
Closing balance Dec. 31, 2014			8 474 779

Purchases			0
Closing balance Dec. 31, 2015			8 474 779

Accumulated depreciation/amortization			
Opening balance Jan. 1, 2014			706 232
Depreciation/amortization			847 477
Closing balance Dec. 31, 2014			1 553 709

Depreciation/amortization			847 444
Closing balance Dec. 31, 2015			2 401 153

Carrying amount	
Per Dec. 31, 2013	7 768 547
Per Dec. 31, 2014	6 921 070
Per Dec. 31, 2015	6 073 626

Depreciation/amortization percent	
Distribution rights	10 years

21. FINANCIAL ASSETS

PARENT COMPANY		
Shares in Group companies	2015	2014
Opening cost	103 340 000	91 590 000
Shareholder contribution C-RAD Innovation AB	100 000	550 000
Shareholder contribution C-RAD Imaging AB	0	0
Shareholder contribution C-RAD Positioning AB	14 000 000	11 200 000
Acquisition Cyrpa	1 538 355	0
Closing balance	118 978 355	103 340 000

Opening impairment	-34 466 000	-34 466 000
Impairment for the year	0	0
Closing accumulated impairment	-34 466 000	-34 466 000

Carrying amount at year-end	84 512 355	68 874 000
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Specification of Parent Company's holdings of shares and participations in Group companies:

Subsidiary/corp. ID. no./domicile	Number of shares	Percentage	Carrying amount
C-RAD Positioning AB/556643-6035/Uppsala	110 000	100	76 310 000
C-RAD Imaging AB/556643-6043/Uppsala	116 000	100	5 600 000
C-RAD Innovation AB/556602-5382/Uppsala	100 000	100	750 000
C-RAD Incorporated/Florida/USA	1 000	100	64 000
C-RAD GmbH/Berlin/Tyskland	1 000	100	250 000
CYRPA Int. /Brussels/Belgien	200	100	1 538 355

PARENT COMPANY		
Receivables, Group companies	2015	2014
Opening balance, carrying amount	37 479 921	33 388 705
Payment of loan to subsidiary	14 578 839	4 091 216
Impairment	(18 430 604)	0
Closing balance, carrying amount	33 628 156	37 479 921

22. SHARE CAPITAL

The share capital consists only of fully paid ordinary shares with a nominal value of SEK 0.15. The number of shares is 690,310 A shares with 10 votes per share and 21,335,013 B shares with one vote per share. The total number of shares is 22,025,323 and the number of votes is 28,238,113.

	2015	2014
Opening balance	3 041 299	2 936 299
Private placement	262 500	105 000
Closing balance	3 303 799	3 041 299

The share	2015	2014
Number of shares per Dec. 31	22 025 323	20 275 323
Average number of shares	21 339 906	20 143 101
Number of outstanding warrants	1 529 746	1 225 416
Number of outstanding warrants with dilution effect	1 529 746	1 225 416
Number of outstanding shares incl. warrants with dilution effect	23 555 069	21 500 739
Earnings per average number of shares	-0,99	-0,38
Earnings per share, diluted	-0,93	-0,36
Equity per share	1,82	1,91
Equity per share, diluted	1,70	1,80
Share price, balance sheet date	15,10 kr	16,50 kr
Dividend per share	-	-

Number of outstanding warrants at year end is 1,529,746. All warrants belong to convertible loans from Norrlandsfonden (see note 23).

Group – Additional paid-in capital Mainly share premium from previous share issues including deduction of directly related share issue costs.

Parent Company – Share premium reserve: share premium from previous share issues including deduction of directly related share issue costs.

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Opening balance	171 332 029	161 223 065	161 636 064	150 906 377
Rights issue	24 920 000	10 729 687	24 920 000	10 729 687
Other	[2 571 635]	[620 723]	[526 160]	0
Warrants	298 206	0	298 206	0
Closing balance	193 978 600	171 332 029	186 328 110	161 636 064

Group/Parent Company– Retained earnings: Accumulated profit or loss from previous year.

Group/Parent Company– Profit (loss) for the year: Reported profit (loss) for the year

23. NON-CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
Interest-bearing liabilities	2015	2014	2015	2014
Convertible bonds	11 829 115	11 667 483	11 718 442	11 718 442
Other non-current liabilities	992 905	5 000 000	992 905	5 000 000
Total interest-bearing liabilities	12 822 020	16 667 483	12 711 347	16 718 442

Convertible bonds
The nominal value, maturity and period of conversion rights for the convertible notes are shown below. The loans carry an annual interest rate of STIBOR 90 + 2.8% of the nominal amount.

The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for similar non-convertible bonds. The remainder, which represents the value of the equity component, is included in the item Additional paid-in capital. The fair value was calculated based on cash flows discounted at an interest rate of STIBOR 90 days + 4%.

	Nominal value	Maturity through	Conversion through	Conversion price	Share capital, conversion
Loan #060088	1 600 000	2018-02-28	2018-01-31	7,59	31 621
Loan #050069	500 000	2018-02-28	2018-01-31	6,67	11 244
Loan #070058	1 800 000	2018-02-28	2018-01-31	8,20	32 927
Loan #080104	1 300 000	2018-02-28	2018-01-31	10,00	19 500
Loan #100013	1 768 000	2018-02-28	2018-01-31	13,00	20 400
Loan #110120	2 096 450	2018-02-28	2018-01-31	9,00	34 941
Loan #130031	2 653 992	2018-02-28	2018-01-31	12,00	33 175
Less equity portion	110 673				
	11 829 115				

Other non-current liabilities
The long-term portion of the valued additional consideration from the acquisitions of the remaining shares in Cyrpa is SEK 992,905.

24. PLEDGED ASSETS

	GROUP	
For own provisions and liabilities	2015-12-31	2014-12-31
Mortgages on business assets NUTEK	1 470 000	1 470 000
Mortgages on business assets Nordea	10 600 000	10 600 000
Mortgage on business assets Erik Penser	1 550 000	1 550 000
Total pledged assets	13 620 000	13 620 000

The Parent Company has no pledged assets. The Parent Company has a guarantee commitment in relation to the subsidiary C-RAD Positioning AB for SEK 2 million.

25. ADJUSTMENT FOR NON-CASH ITEMS, ETC.

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Depreciation/amortization	5 566 722	5 876 128	868 248	869 922
Provisions	164 000	220 000	0	0
Work performed	(4 265 767)	(3 460 326)	0	0
Other adjustments	(877 951)	718 519		84 685
Impairment of shares in or claims on subsidiaries	0	0	18 430 604	0
	587 004	3 354 321	19 298 852	954 607

26. CASH AND BANK BALANCES

Group	2015-12-31		2014-12-31	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents in SEK	131 488	131 488	3 016 862	3 016 862
Cash and cash equivalents in EUR	3 642 188	3 642 188	4 148 988	4 148 988
Cash and cash equivalents in USD	652 398	652 398	457 241	457 241
Total cash and bank balances	4 426 075	4 426 075	7 623 092	7 623 092

Parent Company				
Cash and cash equivalents in SEK	68 697	68 697	2 881 522	2 881 522
Cash and cash equivalents in EUR	26 129	26 129	131 029	131 029
Cash and cash equivalents in USD	6	6	210	210
Total cash and bank balances	94 835	94 835	3 012 761	3 012 761

27. ACCOUNTS RECEIVABLE

	GROUP	
	2015-12-31	2014-12-31
Accounts receivable gross	12 910 054	15 541 464
Provision for bad debts	0	(300 000)
Accounts receivable	12 910 054	15 241 464

All amounts are current. The carrying amount net of provision is considered to be a reasonable approximation of fair value. All the Group's accounts receivable and other receivables have been reviewed for indications of impairment.

Change in provision for doubtful receivables

	GROUP	
	2015-12-31	2014-12-31
Carrying amount, January 1	300 000	300 000
Provision for doubtful receivables	(300 000)	0
Carrying amount, December 31	0	300 000

28. PROVISIONS

The Group has obligations relating to products for which the Group owns the product rights. This applies only to Catalyst, Sentinel and HIT products. Generally, a one-year warranty is included where C-RAD manages the warranty process. Direct costs to C-RAD include management, travel and service. For hardware problems, costs arise for C-RAD's subcontractors. Based on our experience of current warranty-related costs, management has determined that 2% of invoiced sales from the Catalyst, Sentinel and HIT systems is a reasonable estimate of the actual cost during the warranty period.

In 2015, a new provision was made of SEK 164,000. No other significant liabilities are expected to be generated through these provisions.

Opening provision Jan. 1, 2014	680 000
New provision, net	220 000
Closing balance Dec. 31, 2014	900 000
New provision, net	164 000
Closing balance Dec. 31, 2015	1 064 000

No further payments are expected as at the date of these financial statements.

29. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
Accrued personnel-related expenses	2 783 715	3 110 579	1 035 852	949 882
Other	1 163 451	1 694 251	918 764	1 154 277
	3 947 167	4 804 830	1 954 616	2 104 159

30. ACQUISITION ANALYSIS

On July 15, C-RAD acquired the remaining 71 percent of shares in the associate Cyrpa International. Following the acquisition Cyrpa is now a wholly owned subsidiary of C-RAD and fully included in the consolidated financial statements in the report for the third quarter of 2015. The purchase price is based on an additional consideration of 2.5 percent of sales of Cyrpa products as well as three fixed installment payments totaling EUR 120,000 over a three-year period, with the first installment due twelve months after the acquisition. If the sale of Cyrpa products exceeds EUR 4.8 million over the coming 36-month period, the additional consideration will be activated since it then exceeds the amount of the fixed installment payments. The additional consideration is currently valued at SEK 0.5 million and the fixed installment payments at SEK 0.9 million. The purchase price for 100 percent of the shares in the company amounted to SEK 1.9 million. Since the purchase price is less than the fair value of the acquired net assets, negative goodwill of SEK 0.9 million arises which is recognized in revenue as other operating income.

As part of the acquisition, the owners wrote off their loans to Cyrpa. Cyrpa’s debt thus consists only of a liability to C-RAD and the usual trade payables. Cyrpa reported sales growth of 34 percent in 2015 compared with 2014, while net income improved from a loss of EUR 303,000 in 2014 to a loss of EUR 64 million in 2015. Cyrpa is included in the consolidation from July 15, 2015 and its contribution to consolidated profit was SEK 5.4 million in revenue and a loss before tax of SEK 1.4 million. If Cyrpa had been consolidated from January 1, 2015, the consolidated income statement would have shown net sales of SEK 71.3 million. If Cyrpa had been consolidated from July 1, 2015 it would not reasonably have affected reported revenue during the period. Direct costs associated with the acquisition totaled SEK 0.3 million.

(Amount in SEK 000s)

Purchase price	
Cash and cash equivalents (initially 29% acquisition)	550
Contingent consideration, fair value	1 346
Total purchase price	1 895
Fair value of identifiable assets acquired and liabilities assumed	
Intangible assets	8 880
Property, plant and equipment	168
Current assets	2 358
Cash and cash equivalents	264
Current liabilities	-8 899
Net identifiable assets and liabilities	2 772
Negative goodwill	-878
Total provided net assets	1895

31. CORRECTION OF COMPARATIVE FIGURES

When C-RAD acquired 29 percent of Cyrpa in February 2013, the purchase price was allocated entirely to investments in associates and accounted for in accordance with IAS 28. This does not reflect the full acquisition, since the agreement, in addition to 29 percent of the shares in Cyrpa, also includes intangible assets in the form of exclusive distribution rights and manufacturing rights, as well as a financial asset in the form of a call option for the remaining 71 percent of shares. The purchase price of SEK 8,986,293 would have been allocated as follows: shares in associates SEK 193,000, intangible assets SEK 8.5 million and financial assets SEK 319,000. Three different groups of assets are involved and they differ in terms of accounting. Regarding the shares in Cyrpa, the equity method correctly applied. In the period up to July 2015, when C-RAD acquired the remaining shares in Cyrpa, C-RAD reported losses that exceeded the investment. The reason for this is that C-RAD had an obligation to ensure, together with other shareholders, that Cyrpa met the minimum requirements for equity capital under Belgian law. Consequently a liability is reported. Since the distribution rights have a finite useful life they are amortized. We apply straight-line depreciation for the estimated lifespan of 10 years. This affects the income statement and equity as presented below. The call option is recognized as a financial asset measured at fair value.

Below is a summary of translation adjustments and the comparative balances in the report.

Correction of consolidated statement of comprehensive income
(Amount in SEK)

2013-12-31	RECOGNIZED	ADJUSTMENTS	CORRECTED
NON-CURRENT ASSETS Intangible assets			
Capitalized development expenditure	10 836 871	0	10 836 871
Distribution rights	0	7 768 547	7 768 547
Patents, licenses and similar rights	1 543 353	0	1 543 353
	12 380 224		20 148 771
Property, plant and equipment			
Equipment	3 294 475	0	3 294 475
Financial assets			
Shares in associated companies (*)	8 560 713	-8 793 452	-232 739
Non-current receivables	4 766 623	318 673	5 085 296
	13 327 335		4 852 556
Other non-current assets			
Deferred tax assets	0	0	0
Total non-current assets	29 002 034		28 295 802

2013-12-31	RECOGNIZED	ADJUSTMENTS	CORRECTED
Current assets			
Inventories	4 105 460	0	4 105 460
Accounts receivable	11 956 816	0	11 956 816
Other receivables	5 645 889	0	5 645 889
Prepaid expenses and accrued income	800 108	0	800 108
Cash and bank balances	10 261 549	0	10 261 549
Total current assets	32 769 821		32 769 821
Total assets	61 771 857		61 065 623

[* Shares in associated companies are shown as a negative amount because C-RAD had the obligation to support the associated company, if necessary, up to C-RAD's share in the company (29%)

Correction of consolidated statement of financial position (Amount in SEK)	RECOGNIZED	ADJUSTMENTS	CORRECTED
Equity			
Share capital	2 936 639	0	2 936 639
Additional paid-in capital	161 222 725	0	161 222 725
Retained earnings	-105 136 796	0	-105 136 796
Profit (loss) for the year	-20 994 730	-706 232	-21 700 962
Total equity	38 027 838		37 321 606
Non-current liabilities			
Convertible bonds	11 505 851	0	11 505 851
Other non-current liabilities	0	0	0
	11 505 851		11 505 851
Current liabilities			
Accounts payable	3 711 703	0	3 711 703
Warranty provisions	680 000	0	680 000
Other current liabilities	4 587 518	0	4 587 518
Accrued expenses and deferred income Int.	3 258 947	0	3 258 947
Total current liabilities	12 238 168		12 238 168
Total liabilities	23 744 019	0	23 744 019
Total equity and liabilities	61 771 857		61 065 624

Correction of consolidated statement of financial position (Amount in SEK)	RECOGNIZED	ADJUSTMENTS	CORRECTED
2014-12-31			
NON-CURRENT ASSETS Intangible assets			
Capitalized development expenditure	10 901 443		10 901 443
Distribution rights	0	6 921 070	6 921 070
Patents, licenses and similar rights	1 342 029		1 342 029
	12 243 472		19 164 542
Property, plant and equipment			
Equipment	4 057 105		4 057 105
Financial assets			
Shares in associated companies	8 299 824	-8 299 824	0
Non-current receivables	4 964 255	318 673	5 282 928
	13 264 078		5 282 927
Other non-current assets			
Deferred tax assets	7 094 209		7 094 209
Total non-current assets	36 658 864		35 598 783
Current assets			
Inventories	8 032 454		8 032 454
Accounts receivable	15 241 464		15 241 464
Other receivables	4 690 063		4 690 063
Prepaid expenses and accrued income	417 372		417 372
Cash and bank balances	7 623 092		7 623 092
Total current assets	36 004 444		36 004 444
Total assets	72 663 309		71 603 227

Correction of consolidated statement of financial position
(Amount in SEK)

2014-12-31	RECOGNIZED	ADJUSTMENTS	CORRECTED
Equity			
Share capital	3 041 299		3 041 299
Additional paid-in capital	171 332 029		171 332 029
Retained earnings	-128 037 092	-706 232	-128 743 324
Profit (loss) for the year	-6 298 477	-847 478	-7 145 955
Total equity	40 037 759		38 484 049
Non-current liabilities			
Convertible bonds	11 667 483		11 667 483
Other non-current liabilities	5 000 000		5 000 000
	16 667 483		16 667 483
Current liabilities			
Accounts payable	6 635 323		6 635 323
Warranty provisions	900 000		900 000
Other current liabilities	3 617 915	493 628	4 111 543
Accrued expenses and deferred income Int.	4 804 830		4 804 830
Total current liabilities	15 958 068		16 451 696
Total liabilities	32 625 551		33 119 179
Total equity and liabilities	72 663 309		71 603 227

Correction of consolidated statement of financial position
(Amount in SEK)

JAN. - DEC. 2014	RECOGNIZED	ADJUSTMENTS	CORRECTED
Operating income			
Net sales	53 191 613		53 191 613
Own work capitalized	3 460 326		3 460 326
Other operating income	4 031 971		4 031 971
Total operating income	60 683 910		60 683 910
Operating expenses			
Purchased goods and services	-21 289 961		-21 289 961
Other external costs	-22 361 312		-22 361 312
Personnel costs	-25 009 391		-25 009 391
Depreciation and amortization of tangible and intangible assets	-5 028 650	-847 478	-5 876 128
Other operating expenses	0		0
Total operating expenses	-73 689 314		-74 536 792
Operating profit/loss	-13 005 404		-13 852 882
Profit (loss) from shares in associated companies	-260 889		-260 889
Financial income	153 375		153 375
Financial expenses	-279 767		-279 767
Profit (loss) before tax	-13 392 686		-14 240 163
Tax on profit/loss for the period	7 094 209		7 094 209
Profit (loss) for the period	-6 298 477		-7 145 954
Translation difference from foreign operations	-623 366		-623 366
Total comprehensive income for the year (1)	-6 921 843		-7 769 320
Earnings per share, basic	-0,31		-0,38
Earnings per share, diluted	-0,29		-0,36

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management has discussed the development, selection and disclosure of the Group’s critical accounting policies and estimates as well as the application of these policies and estimates. The estimates and judgments that involve significant risk for material adjustments to the carrying amounts during the upcoming financial year are discussed below:

A) Impairment testing of capitalized development costs. When assessing the value of cash generating units for assessment of impairment of capitalized development costs, several assumptions about future conditions have been made. Future conditions have been assessed in part based on the Group’s business plans.

B) Income taxes. The Group has tax loss carryforwards that may be offset against taxable profits in the future. Following substantial improvements from operations in recent quarters, management believes that taxable profits will be generated in the coming years. The Company has therefore recognized a deferred tax asset.

C) Investments in associates and loans issued to associates. Management included certain expectations about future developments of CYRPA’s operations and integration with C-RAD activities in its assessment of whether there is a need for impairment of assets related to the acquisition. If these expectations are not met, impairment losses may need to be recognized in subsequent periods. Management has determined that no impairment loss is present as per the financial statements in 2015.

D) Provision. A provision requires management to make a reliable estimate of the amount. A warranty usually runs 12 months after completion of installation. When the warranty provision is calculated based on the past year’s warranty costs, there is a risk that future warranty costs will be different, which also affects the financial statements.

E) On November 28, 2014 C-RAD Positioning AB was sued in Stockholm District Court by the Swedish company AB Beamocular, whose chairman, Erik Hedlund, was the former CEO of C-RAD AB. Beamocular claims that the company has rights to a patent application derived from an invention described in C-RAD’s patent application PCT/SE2008/050778 “Patient Radiation Monitoring Machines.” C-RAD is convinced that the claim is unfounded and will defend its intellectual property rights. No provision is booked because of this dispute. If C-RAD loses the dispute, it may have a negative impact on the income statement and balance sheet.

FIVE-YEAR SUMMARY

Key figures	2015	2014	2013	2012	2011
Net sales, SEK 000s	66 161	53 192	45 036	25 776	14 909
Operating profit/loss, SEK 000s	(20 412)	(13 852)	(20 318)	(19 050)	(42 104)
Profit (loss) before tax, SEK 000s	(21 184)	(14 240)	(20 995)	(19 389)	(42 606)
Total assets	73 625	71 603	61 772	38 125	54 204
Equity ratio, %	54	54	62	43	66
Average number of employees	34	26	26	21	20

Definitions

Equity ratio, % Equity including non-controlling interests as a percentage of total assets.

Average number of employees Average number of permanent full-time employees during the period.

The Board of Directors hereby provides assurance that the annual report was prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements were prepared in accordance with the international accounting standards referred to in the European Parliament and Council regulation (EC) no. 1606/2002 dated July 19, 2002 on the application of international accounting standards.

The annual report and consolidated financial statements give a fair view of the Parent Company’s and the Group’s financial position and results. If there are any discrepancies between the report in English and Swedish, the Swedish version shall prevail.

The administration report pertaining to the Parent Company and the Group gives a fair review of the development of the Parent Company’s and the Group’s operations, financial position and results, and describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.

The Annual Report and consolidated financial statements were, as noted above, adopted by the Board of Directors on March 16, 2016.

The consolidated statement of comprehensive income and the consolidated statement of financial position and the Parent Company’s income statement and balance sheet are subject to approval at the Annual General Meeting on April 14, 2016.

Börje Bengtsson
Chairman of the Board

Tim Thurn
Chief Executive Officer

Brian Holch Kristensen
Director

Bengt Rolén
Director

Frank Lohr
Director

Peter Hamberg
Director

Kicki Wallje-Lund
Director

Our Audit Report was submitted on March 22, 2016.

Grant Thornton Sweden AB
Mia Rutenius, Authorized Public Accountant

AUDIT REPORT

TO THE ANNUAL MEETING OF SHAREHOLDERS OF C-RAD AB (PUBL),
CORP. ID. 556663-9174

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of C-RAD AB (publ) for the 2015 financial year with the exception of the Corporate Governance Report on pages 38-40. The Company's annual accounts and consolidated accounts are included in the printed version of this document on pages 27-89.

Responsibilities of the Board of Directors and the Chief Executive Officer for the annual accounts and consolidated accounts

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts according to the Annual Accounts Act and consolidated accounts in accordance with International Financial Reporting Standards (IFRS), as endorsed by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers the elements of internal control relevant to the Company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive officer, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at December 31, 2015 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 38-40. The Administration Report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the Annual General Meeting of shareholders adopt the Income Statement and Balance Sheet for the Parent Company and for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of C-RAD AB (publ) for the 2015 financial year. We have also conducted a statutory examination of the Corporate Governance Report.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for administration under the Companies Act and that the Corporate Governance Report on pages 38-40 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and the consolidated accounts, we examined significant decisions, actions taken and circumstances of the Company in order to determine whether any member of the Board of Directors or the Chief Executive Officer is liable to the Company. We also

examined whether any member of the Board of Directors or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

In addition, we have read the Corporate Governance Report and based on this reading and our knowledge of the Company and the Group, we feel that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report has a different orientation and is significantly more limited in scope compared with the orientation and scope of an audit according to International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinion

We recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the Administration Report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

A Corporate Governance Report has been prepared and its statutory information is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm March 22, 2016
Grant Thornton Sweden AB

Grant Thornton Sweden AB
Mia Rutenius
Authorized Public Accountant

C-RAD AB (publ)**C-RAD Positioning AB****C-RAD Innovation AB****C-RAD Imaging AB**

Bredgränd 18, SE-753 20 Uppsala, Sweden

Telephone +46 18-66 69 30

www.c-rad.com

C-RAD Inc.

70 SE 4th Ave, Delray Beach, FL 33483, USA

Telephone: +1 561 742 9260

Fax: +1 561 742 9259

www.c-rad.com

C-RAD GmbH

Wittestr. 30 K, 13509 Berlin, Germany

Telephone: +49 30 609847560

Fax: +49 30 609847569

www.c-rad.com

C-RAD

Suite 1308, Bao Hua Tower, 13/F,

No 1211 Changde Road (Changshou Rd.),

Putuo District, Shanghai,

P.R. China, 200060

