

Interim report for Bactiguard Holding AB (publ)

Corporate registration number 556822-1187

Second quarter (April-June 2016)

- During the second quarter, a total of approx. 110 000 (58 000) BIP products were delivered.
- Revenues amounted to SEK 33.8 (28.5) million, an increase of approx. 19 % compared to the corresponding quarter previous year.
- EBITDA amounted to SEK 2.4 (-8.4) million.
- Operating profit amounted to SEK -5.9 (-16.5) million.
- Net profit/loss for the quarter amounted to SEK -7.7 (-10.2) million, corresponding to SEK -0.23 (-0.31) per share. Net profit/loss for the quarter has been positively affected by market valuation of the bond loan of SEK 0.7 (11.0) million.
- Operating cash flow for the quarter amounted to SEK -2.2 (-7.8) million, corresponding to SEK -0.07 (-0.23) per share.

First half year (January-June 2016)

- During the first half year, a total of approx. 198 000 (63 000) BIP products were delivered.
- Revenues for the period amounted to SEK 59.8 (57.5) million, an increase of 4 % compared to the corresponding period previous year.
- EBITDA for the period amounted to SEK 0.8 (-8.2) million.
- Operating profit amounted to SEK -15.8 (-24.5) million.
- Net profit/loss for the period amounted to SEK -18.9 (-13.8) million corresponding to SEK -0.57 (-0.42) per share. Net profit/loss for the period has been positively affected by market valuation of the bond loan of SEK 1.4 (17.9) million.
- Operating cash flow for the period amounted to SEK -0.5 (-16.4) million corresponding to SEK -0.01 (-0.49) per share.

Key events during the second quarter

- EU research grant to develop a new generation of vascular access catheters
- New clinical study for patients with spinal cord injury
- Marie Wickman-Chantereau new board member
- Executive Management invests in Bactiguard

Key events after the end of the second quarter

- New major order from India of 60 000 catheters
- Extended maturity for credit facility

Key figures ¹	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Full year
	2016	2015	2016	2015	2015
Revenues ² , SEKm	33,8	28,5	59,8	57,5	138,5
EBITDA ³ , SEKm	2,4	-8,4	0,8	-8,2	20,2
EBITDA margin ³ , %	7%	-29%	1%	-14%	15%
Operating profit, SEKm	-5,9	-16,5	-15,8	-24,5	-12,7
Net profit/loss for the period ² , SEKm	-7,7	-10,2	-18,9	-13,8	-26,5
Operating cash flow, SEKm	-2,2	-7,8	-0,5	-16,4	-32,5
Earnings per share ² , SEK	-0,23	-0,31	-0,57	-0,42	-0,80
Operating cash flow per share, SEK	-0,07	-0,23	-0,01	-0,49	-0,97
Equity ratio, %	61%	58%	61%	58%	62%
Net debt ³ , SEKm	118,7	88,5	118,7	88,5	120,0
Number of shares at the end of period	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373
Weighted average number of shares ²	33 302 373	33 302 373	33 302 373	33 302 373	33 302 373

¹ Definition of key figures are presented on page 16

² Defined according to IFRS

³ Reconciliation of key figure see page 16

Comments by the CEO

The positive trend with increased sales of our own portfolio of infection prevention products for the healthcare sector has continued during the second quarter. The largest shipment went to China as a result of the order we received in January this year, in connection with the product approval. In the second quarter, we delivered almost 110 000 units, which means that we have delivered a total of approximately 200 000 products so far this year. This is well above the total annual volume for 2015 and we are well under way towards our goal of at least doubling sales volumes this year.

We also report significantly higher revenues in the second quarter of 2016 compared to the corresponding quarter of 2015. This is both due to higher revenue from C.R. Bard and that the revenue from sales of BIP products increased as a result of higher delivered volumes. Our focus on keeping costs under control has also produced results and taken together we could see a strong improvement in EBITDA for the second quarter, compared to the corresponding period last year. It does not mean that we are satisfied, and we are working hard towards our long-term financial target of an EBITDA margin of at least 30 percent.

In sales- and marketing, the second quarter continued with intense preparations for the launch of our urinary catheters in the Chinese market. In May, Madame Li Bin, China's Minister of Health visited Sweden and, together with the Swedish Minister of Health Gabriel Wikström, she highlighted the importance of working together to prevent further spread of multiresistant bacteria, where prevention of infections is of strategic importance.

During a few intense days in July, the largest training effort ever in Bactiguard's history was initiated, when some 100 product specialists and sales managers at our Chinese distributor Jian An were trained. From now on they are approaching the Chinese hospitals, while further training efforts and clinical tests are planned. In order to regularly train our distributors and support this massive educational effort, we have developed a digital platform, "Bactiguard Academy", which will be launched in all markets in several languages during the third quarter of this year.

In India, sales and marketing activities continued unabated. The initial deliveries, which were completed in June, have been forwarded to dealers and sub-distributors in several major metropolitan areas and have started to reach end customers. A handful of reputable hospitals have tested our product, started using it, and are now placing repeat orders. In order to meet market needs, the other day we received another order from our distributor of approximately 60,000 catheters. The clinical study involving a total of 1 000 patients has reached a level of around 250 patients and the recruitment of new patients is now faster than before since five of the six hospitals have received ethical approval and are up and running.

We are also intensifying efforts in Europe, which has produced results in the form of increased volumes, albeit from a low level. At the same time, we are evaluating new partnerships for expansion in several European markets. In Sweden, we meet an increasing interest in our products and we are involved in more and more public tenders where the need for preventive actions to fight hospital acquired infections have been identified. In late April, a clinical study together with the Centre for Spinal Cord Injury in Stockholm was initiated. The purpose of the study is to evaluate Bactiguard's anti-infective catheter, to improve the quality of life for patients with spinal cord injuries, who often suffer from recurring urinary tract infections.

Within research and development, Bactiguard has received a European research grant aimed at developing a new generation of vascular access catheters. The development will be run in a joint project, financed by VINNOVA and Innovative UK.

The cooperation with our new license partner in orthopaedic implants, Vigilenz Medical Devices, is in full progress and we are now waiting to start clinical trials and obtaining product approval. We also continue to evaluate new potential partnerships and licensing opportunities, where our objective is to sign at least one new license agreement before the end of the year.

In connection with the Annual General Meeting in May, the industry experience on the Board was strengthened by Marie Wickman-Chantreau as new Board member. She works as business area manager for specialist care in Stockholm at Aleris, a private healthcare provider, and Adjunct Professor of Plastic Surgery at the Karolinska Institute, Stockholm.

In our ongoing effort to secure long-term financing, the maturity of the credit facility that we signed an agreement of, in November 2015, was extended to 31 December, 2017.

In May, the management showed its strong commitment to Bactiguard by making a major investment in the company in order to, also as shareholders, take part in the company's future development. Altogether, the management invested in shares to a value of about SEK 9.2 million. I believe this demonstrates the conviction management shares with the main shareholders of Bactiguard's potential and possibility to act as a driving force in the war against hospital acquired infections.

Christian Kinch

CEO

Key events during the second quarter

EU research grant

Bactiguard has received a European research grant aimed at developing a new generation of vascular access catheters, with new bio-smart materials for medical devices. The technology will be developed in a project financed by VINNOVA and Innovate UK. The research grant within the European Programme Eurostars covers more than SEK 6 million, of which Bactiguard's share is approx. SEK 4 million over a period of two and a half years.

New clinical study to help patients with spinal cord injury

Many spinal cord injured patients use indwelling suprapubic urinary catheters. A large number of these patients suffer from recurring urinary tract infections, requiring antibiotic treatment, which has a negative impact on their quality of life. In order to reduce the number of infections for these patients, Bactiguard has started a clinical study together with the Centre for Spinal Cord Injury, Sweden's leading clinic for spinal cord injured patients, at the Rehab Station Stockholm.

New Board member

In connection with Bactiguard Holding AB's Annual General Meeting May 19, 2016, the industry experience on the Board was strengthened through the election of Marie Wickman-Chantereau as new Board member. Marie works as a business area manager in specialist care in Stockholm at Aleris and Adjunct Professor of Plastic Surgery at the Karolinska Institute, Stockholm. The directors Stanley Broden (Chairman), Mia Arnhult, Peter Hentschel and Christian Kinch were reelected.

Executive Management Invests in Bactiguard

The Executive Management in Bactiguard was offered an opportunity to invest in the company by purchasing a sizeable number of shares. Other members of the senior management were also offered the opportunity to purchase shares.

The transaction was enabled by the two major shareholders Christian Kinch and Thomas von Koch, who offered the management to purchase a total of 751 013 shares of serie B, corresponding to a value of approx SEK 9.2 million. The total number of shares in the company amounts to 33 302 373. After the transaction, the two main shareholders each own shares representing 29.4 percent of the shares and 40.1 percent of the votes in the company

Key events after the second quarter

New major order from India

The initial order from India, which was received in December 2015, consisted of some 50 000 Foley catheters for infection prevention (BIP Foleys). The new order consists of some 60 000 BIP Foleys and will generate direct sales revenues of approximately 2 million SEK at product delivery.

Extended maturity for credit facility

The maturity of the credit facility of SEK 100 million that Bactiguard received as a loan commitment in November 2015 has been extended until 31 December, 2017.

Consolidated revenues and earnings

Revenues

Bactiguard has two revenue streams.

Sales of BIP products

The BIP portfolio currently includes sales of the BIP Foley, BIP ETT and BIP CVC products.

License revenues

License revenues are attributable to sales of products under license, which currently includes the Group's licensing agreement with C.R. Bard regarding Bactiguard coated Foley catheters for the USA, Japan, the UK, Ireland, Canada and Australia as well as license agreement with Vigilenz Medical Devices for Bactiguard coated orthopaedic implants, covering the Asean region.

Other revenue

Comprises mainly foreign exchange differences and other operating income.

Bactiguard's BIP (Bactiguard Infection Protection) product portfolio includes medical devices in three areas: urinary tract, respiratory tract and blood streams.

BIP Foley	BIP ETT	BIP CVC
 <ul style="list-style-type: none">BIP Foley is the company's urinary catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated infections of the urinary tract.	 <ul style="list-style-type: none">BIP ETT is the company's endotracheal tube, which uses the Bactiguard coating intended to reduce the risk of patients contracting ventilator-associated pneumonia.	 <ul style="list-style-type: none">BIP CVC is the company's central venous catheter, which uses the Bactiguard coating to reduce the risk of patients contracting catheter-associated blood infections.

Revenue distribution

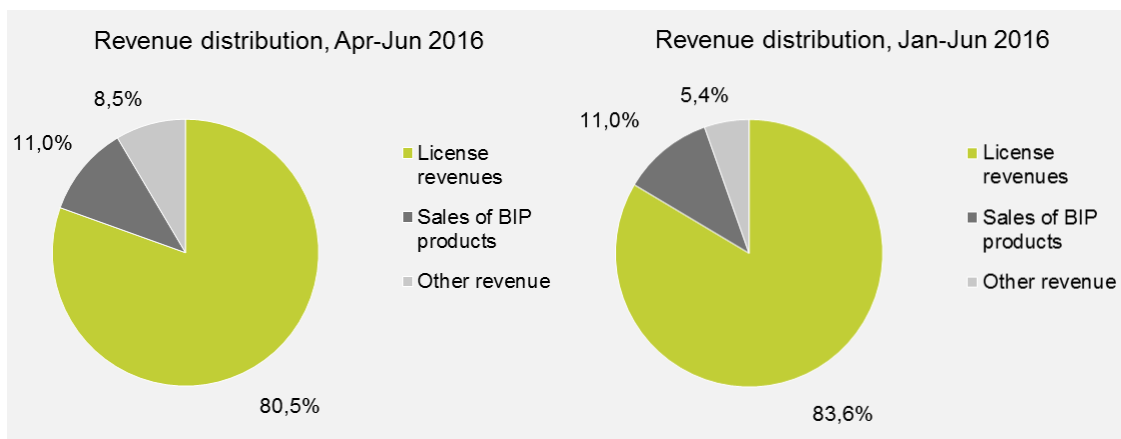
Second quarter (April-June)

Consolidated revenues for the second quarter amounted to SEK 33.8 (28.5) million, which is an increase of approx. 19 % compared with the corresponding quarter previous year. The increase for the quarter mainly relates to higher License revenues from C.R. Bard and higher revenue from Sales of BIP products attributable to a major improvement in delivered volumes.

The bulk of revenues during the second quarter (80.5 %) came from License revenues. These amounted to SEK 27.2 (25.8) million, including a positive currency effect of SEK 0.5 (5.7) million.

Sales of BIP products amounted to 11.0 % of revenues or approx. SEK 3.7 (2.3) million in the second quarter, with sales primarily to China, Europe and India. Out of SEK 3.7 million in revenues, SEK 1.6 million had a cash flow effect. The remaining revenues correspond to a reduction of the debt item deferred revenue in the balance sheet.

Other revenues during the quarter amounted to 8.5 % or approx. SEK 2.9 (0.4) million and are attributable to exchange rate differences and EU grants for development projects

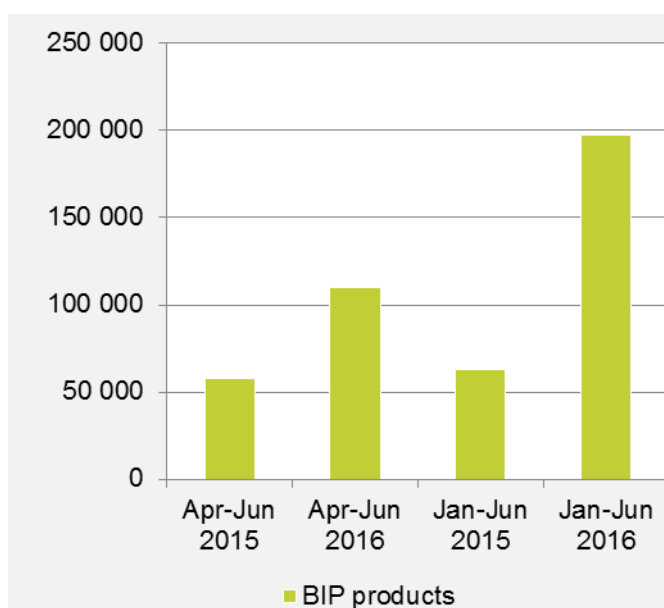


First half year (January-June)

Consolidated revenues for the first half year amounted to SEK 59.8 (57.5) million, an increase of approx. 4 % compared to the first half year 2015. The bulk of the revenue 84 % (92 %) or SEK 50.0 (52.6) million was attributable to License revenues. The decrease in License revenues compared with the corresponding period previous year is mainly a result of the adjustment of the additional one-off order from C.R. Bard resulting in lower revenues in the first quarter 2016. The decrease also includes a negative currency effect on License revenues amounted to approx. SEK -0.2 (11.3) million.

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
License revenues	80,5%	90,5%	83,6%	91,5%	90,5%
Sales of BIP products	11,0%	8,1%	11,0%	4,5%	4,4%
Other revenue	8,5%	1,3%	5,4%	4,1%	5,1%

Product deliveries



During the second quarter of 2016, a total of approx. 110,000 BIP products were delivered compared to approx. 58,000 in the corresponding quarter of 2015, an increase of approx. 90 %.

During the first half year 2016, a total of approx. 198,000 products were delivered compared to approx. 63,000 in the corresponding period of 2015, an increase of approx. 214 %.

During the full year 2015, a total of approx. 152,000 products were delivered.

Financial results

Second quarter (April-June)

EBITDA for the second quarter amounted to SEK 2.4 (-8.4) million. The positive change compared to the corresponding quarter last year is a result of higher revenues and lower costs, primarily due to lower non-recurring costs.

Consolidated operating profit for the second quarter 2016 amounted to SEK -5.9 (-16.5) million. The cost item Raw materials and consumables includes, in addition to cost of goods sold and other production-related costs, a provision for inventory obsolescence which negatively impacted the result in the second quarter with SEK 1.7 million. The change in personnel costs -12.1 (-18.5) million compared with the corresponding quarter last year is mainly related to the non-recurring effect in June 2015 regarding the provision for severance pay to the former CEO of SEK -4.6 million.

Financial items for the quarter amounted to SEK -2.9 (5.0) million. The effects of market valuation of the bond loan, which have no effect on cash flow, are recognised as financial items in the income statement. During the second quarter of 2016, market valuation of the bond affected financial items positively by SEK 0.7 (11.0) million. Interest expense related to the bond loan amounted to SEK -3.8 (-5.0) million in the second quarter.

Tax for the quarter amounted to SEK 1.2 (1.4) million. Reported income tax refers to the change in deferred taxes attributable to temporary differences relating to the Group's intangible assets.

Consolidated net profit for the second quarter amounted to SEK -7.7 (-10.2) million.

First halv year (January-June)

EBITDA for the first half year amounted to SEK -0.8 (-8.2) million.

Consolidated net profit for the first half year amounted to SEK -18.9 (-13.8) million. Net profit for the first half year is affected by the market valuation of the bond loan, which have no effect on cash flow, of SEK 1.4 million. The first half year previous year, the effects of market valuation of the bond loan, had a significantly positive effect on net profit by SEK 17.9 million.

Cash flow

Second quarter (April-June)

Operating cash flow for the second quarter amounted to SEK -2.2 (-7.8) million. Cash flow from operating activities before changes in working capital contributed positively by SEK 4.5 (-8.5) million but was burdened by a negative contribution from changes in working capital by -4.9 (3.7)

Cash flow from financing activities amounted to SEK 0 (0) million. Consequently, the total cash flow for the second quarter amounted to SEK -2.2 (-7.8) million.

First half year (January-June)

Operating cash flow for the first half year 2016 amounted to SEK -0.5 (-16.4) million.

Total cash flow for the first half year was SEK -0.5 (-21.6) million. In the comparative figure for the corresponding period last year, repurchase of bonds amounted to SEK 5.2 million.

Investments

Investments in property, plant and equipment during the second quarter amounted to SEK 0.3 (2.2) million, mainly related to the integrated headquarters and production facility in Tullinge. Investments in intangible assets during the quarter, mainly related to capitalised development expenditures, amounted to 1.5 (0.8) million. No investments were made in financial non-current assets during the quarter SEK 0.0 (0.0) million.

Financial position

The consolidated equity ratio was 61 % at 30 June 2016 (62 % at 31 December 2015) and equity amounted to SEK 397.9 (417.4 at 31 December 2015) million.

Bactiguard has a bond loan that matures on 12 December 2016, with an annual coupon of 11 %, payable in December each year. After completion of the set-off issue in connection with the listing of the company's shares on Nasdaq Stockholm in 2014, when holders of bonds with a total nominal value of SEK 222.5 million chose to offset bonds against shares, the nominal value of the outstanding bond loan was SEK 227.5 million. Subsequently, bonds have been repurchased in the market, which further has reduced the outstanding nominal value.

The bond is listed on Nasdaq Stockholm. The nominal value of the outstanding bond loan after repurchases is SEK 138 million.

The bond is valued at market value and on 30 June 2016, net outstanding bond (nominal value SEK 138 million) was valued at SEK 140.8 million (price 102.0, which is a decrease from 102.5 at the end of the first quarter 2016).

Consolidated cash position at 30 June 2016 amounted to SEK 22.1 million (SEK 22.1 million at 31 December 2015). Net debt amounted to SEK 118.7 million (SEK 120.0 million at 31 December 2015).

The total assets of the group at 30 June 2016 amounted to SEK 656.2 million (676.2 million at 31 December 2015). The largest asset item in the balance sheet is technology related to Bactiguard's product portfolio, which at 30 June amounted to SEK 248.5 million (260.4 million at 31 December 2015).

Accounts receivable (short- and long term) amounted to SEK 54.7 million at 30 June 2016, which is a decrease of SEK 2.9 million since 31 December 2015.

Other disclosures

The share and share capital

Trade in the Bactiguard share takes place on Nasdaq Stockholm under the ticker symbol "BACTI". The last price paid for the listed B share at 30 June 2016 was SEK 13.90, and the market capitalization amounted to SEK 463 million.

The share capital of Bactiguard at 30 June 2016 amounted to SEK 0.8 million divided into 29,302,373 B shares, each with one vote (29,302,373 votes) and 4,000,000 A shares, each with ten votes (40,000,000 votes). The total number of shares and votes in Bactiguard at 30 June 2016 amounted to 33,302,373 shares and 69,302,373 votes.

Ownership

At 30 juni 2016 Bactiguard had 2,970 shareholders.

Shareholders	No. of A shares	No. of B shares	Total number	% of capital	% of votes
CHRISTIAN KINCH WITH FAMILY AND COMPANY	2 000 000	7 784 977	9 784 977	29,4%	40,1%
THOMAS VON KOCH WITH COMPANY	2 000 000	7 784 878	9 784 878	29,4%	40,1%
HANDELSBANKEN FONDER AB		973 925	973 925	2,9%	1,4%
ROBUR FÖRSÄKRING		702 171	702 171	2,1%	1,0%
AVANZA PENSION		600 173	600 173	1,8%	0,9%
STÅHLBERG, JAN		582 544	582 544	1,8%	0,8%
FRÖAFALL INVEST AB		516 000	516 000	1,6%	0,7%
NORDNET PENSIONS FÖRSÄKRING AB		492 168	492 168	1,5%	0,7%
CANCERFONDEN		366 437	366 437	1,1%	0,5%
SARGAS EQUITY AB		364 090	364 090	1,1%	0,5%
Total, major shareholders	4 000 000	20 167 363	24 167 363	72,6%	86,8%
Total, others	0	9 135 010	9 135 010	27,4%	13,2%
Total number of shares	4 000 000	29 302 373	33 302 373	100%	100%

Human resources

The average number of employees in the Group in the period January to June 2016 amounted to 56 (66), of which 33 (37) are women.

Accounting and valuation principles

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Reporting and the Annual Accounts Act. Disclosures in accordance with IAS 34 Interim Reporting are submitted both in notes and elsewhere in the interim report. The parent company financial statements have been prepared in accordance with the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting and valuation principles are unchanged from those applied in the Annual Report 2015. In 2015 the accounting principle, regarding accounting of revenues relating to territorial fees, was changed. In earlier delivered annual and consolidated financial statements, territorial fees were accounted for upon signing the contract. In connection with the year-end accounts for 2015, Bactiguard has decided to change its accounting principle and instead report such fees at delivery of products. The part of the territorial fees and associated market contribution on the balance date that are subject to future deliveries of products are recognized as deferred revenue until the delivery has been made. Settlement of deferred income is made upon delivery. The new principle increases transparency and provides a better link between income and delivered products. The change of accounting principle has been recognized in accordance with IAS 8 and the effects of the change are shown in Note 1 on page 15 and in the annual report 2015 in Note 36 on page 58.

The new and amended standards and interpretations that are in place from 1 January, 2016 have not had any significant effect on the Group's financial reports. ESMA's guidelines on "alternative performance measures" are applied from 3 July 2016. They include disclosure requirements related to financial measures that are not defined under IFRS.

Financial assets and financial liabilities measured at fair value in the balance sheet are classified into one of three levels based on the information used to determine fair value. Bactiguard bond loan is valued using level 1, is listed on Nasdaq Stockholm and is valued at quoted price.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may derive revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which there is discrete financial information. The company's reporting of operating segments is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function that assesses the operating segment performance and decides how to allocate resources. The company has determined that the Group executive management constitutes the chief operating decision maker.

The company is considered in its entirety to operate within one business segment.

Related-party transactions

Transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation.

Services and other transactions between companies within the Group are charged according to commercial principles. Bactiguard has received a loan commitment of SEK 100 million. If the loan commitment is utilized, the board member - who is also the CEO and major shareholder - Christian Kinch and major shareholder Thomas von Koch have agreed to, without compensation, enter into guarantee commitments for Bactiguard Holding AB's obligations under the loan agreement.

Other than as described above, neither Bactiguard nor its subsidiaries have granted loans, guarantees or sureties to, or for the benefit of, any directors or senior managers of the Group. None of these persons has any direct or indirect participation in any other business transaction with any entity of the Group which is, or was, unusual in its nature or with regard to its terms.

Parent company

Revenues consist of invoiced intercompany expenses (management fees). During the period the parent company received interest on its receivables from group companies. Company costs primarily relate to financial expenses of which the interest due on the bond loan is the single largest item. No investments were made during the period.

Risk factors

Companies within the Group are exposed to various types of risk through their activities. The company continually engages in a process of identifying all risks that may arise and assessing how each of these risks shall be managed. The Group is working to create an overall risk management programme that focuses on minimising potential adverse effects on the company's financial results. The company is primarily exposed to market related risks, operational risks and financial risks. A description of these risks (which are still valid) can be found on page 30 and 47-49 in the Annual Report for 2015.

Financial targets

Bactiguard's goal is to create value and generate good returns for the shareholders. One financial target is to have an average growth of 20 % per year over a five year period, with 2015 (adjusted for the effect of the additional order from C.R. Bard) as the base year – starting point SEK 118.5 million. Another target is to achieve an EBITDA margin of at least 30 % at the end of the five year period. Bactiguard will continue to expand the business by strengthening the sales- and marketing organization, developing new products to the existing BIP portfolio and by entering new license agreements in new therapeutic areas. Other financial targets are to have an equity ratio of at least 30 % and a long-term objective of a dividend of 30-50 % of profit after tax, taking into consideration the company's financial position. The company is in an expansion phase and will therefore in the coming years, prioritize growth over dividends.

Condensed consolidated income statement

Amounts in TSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
<i>Revenues</i>					
License revenues	27 207	25 820	49 976	52 610	125 292
Sales of BIP products	3 717	2 313	6 603	2 560	6 128
Other revenue	2 882	383	3 234	2 329	7 043
	33 805	28 516	59 813	57 499	138 463
<i>Raw materials and consumables</i>	-6 184	-2 208	-8 767	-3 743	-7 902
Other external expenses	-11 800	-13 647	-23 554	-30 403	-56 287
Personnel costs	-12 083	-18 469	-23 696	-30 672	-52 942
Depreciation and amortisation	-8 310	-8 155	-16 622	-16 264	-32 850
Other operating expenses	-1 346	-2 583	-2 967	-912	-1 148
	-39 724	-45 062	-75 606	-81 994	-151 129
Operating profit/loss	-5 918	-16 546	-15 794	-24 495	-12 666
<i>Profit/loss from financial items</i>					
Financial income	1 501	11 100	3 424	18 527	2 657
Financial expenses	-4 433	-6 139	-8 862	-10 431	-20 961
	-2 932	4 961	-5 438	8 096	-18 304
Profit before tax	-8 850	-11 585	-21 232	-16 399	-30 970
Taxes for the period	1 151	1 388	2 316	2 560	4 469
Net profit/loss for the period	-7 699	-10 197	-18 916	-13 839	-26 501
Attributable to:					
Shareholders of the parent	-7 699	-10 197	-18 916	-13 839	-26 501
Earnings per share, SEK*	-0,23	-0,31	-0,57	-0,42	-0,80

Condensed consolidated statement of comprehensive income

Amounts in TSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net profit/loss for the period	-7 699	-10 197	-18 916	-13 839	-26 501
<i>Other comprehensive income:</i>					
<u>Items that will be reclassified to profit or loss for the year</u>					
Translation differences	-1 058	609	-666	66	1 146
Other comprehensive income, after tax	-1 058	609	-666	66	1 146
Total comprehensive income for the period	-8 757	-9 588	-19 582	-13 773	-25 355
Attributable to:					
Shareholders of the parent	-8 757	-9 588	-19 582	-13 773	-25 355
Total earnings per share, SEK*	-0,26	-0,29	-0,59	-0,41	-0,76
Number of shares at the end of period ('000)	33 302	33 302	33 302	33 302	33 302
Weighted average number of shares ('000)	33 302	33 302	33 302	33 302	33 302
* no dilution effect					

Condensed consolidated statement of financial position

Amounts in TSEK	2016-06-30	2015-06-30	2015-12-31
ASSETS			
Non-current assets			
Goodwill	226 292	226 292	226 292
Technology	248 515	272 321	260 418
Brands	25 572	25 572	25 572
Customer relationships	12 318	13 498	12 908
Capitalised development expenditure	14 005	8 464	12 062
Patents	1 220	1 226	1 272
Intangible assets	527 922	547 373	538 524
Improvements, leasehold	17 397	17 410	17 917
Machinery and other technical plant	6 819	9 154	7 412
Equipment, tools and installations	4 742	6 182	5 432
Property, plant and equipment	28 958	32 746	30 761
Accounts receivable	4 325	7 962	6 012
Investments in associates	1 298	1 368	1 298
Financial assets	5 623	9 330	7 310
Total non-current assets	562 503	589 449	576 595
Current assets			
Inventory	9 336	10 422	11 687
Accounts receivable	50 373	48 098	51 634
Other current receivables	11 921	12 982	14 211
Cash and cash equivalents	22 058	84 034	22 119
Total current assets	93 688	155 536	99 651
TOTAL ASSETS	656 191	744 985	676 246
Equity attributable to shareholders of the parent			
Share capital	833	833	833
Other equity	397 028	428 192	416 610
Total equity	397 861	429 025	417 443
Non-current liabilities			
Bond loan	-	172 490	-
Deferred tax liability	32 451	36 677	34 767
	32 451	209 167	34 767
Current liabilities			
Bond loan	140 760	-	142 140
Accounts payable	3 007	6 367	4 017
Other current liabilities	4 135	2 869	3 996
Accrued expenses and deferred income	77 977	97 557	73 883
	225 879	106 793	224 036
Total liabilities	258 330	315 960	258 803
TOTAL EQUITY AND LIABILITIES	656 191	744 985	676 246

Condensed consolidated statement of changes in equity

Amounts in TSEK	Equity attributable to shareholders of the parent				Total equity
	Share capital	Other capital contributions	Translation reserve	Retained earnings including net profit for the period	
Adjusted opening balance, 1 January 2015	833	675 690	-794	-232 931	442 798
Profit/loss for the period	-	-	-	-13 839	-13 839
<i>Other comprehensive income:</i>					
Translation differences	-	-	66	-	66
Total comprehensive income after tax	0	0	66	-13 839	-13 773
Transactions with shareholders					
Total transactions with shareholders	0	0	0	0	0
Closing balance, 30 June 2015	833	675 690	-728	-246 770	429 025
Opening balance, 1 January 2016	833	675 690	352	-259 432	417 443
Profit/loss for the period	-	-	-	-18 916	-18 916
<i>Other comprehensive income:</i>					
Translation differences	-	-	-666	-	-666
Total comprehensive income after tax	0	0	-666	-18 916	-19 582
Transactions with shareholders					
Total transactions with shareholders	0	0	0	0	0
Closing balance, 30 June 2016	833	675 690	-314	-278 348	397 861

Condensed consolidated statement of cash flows

Amounts in TSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Cash flow from operating activities					
Net profit/loss for the period	-7 699	-10 197	-18 916	-13 839	-26 501
Accrued interest expense	-	-	-	-	-
Adjustments for depreciation and amortisation and other non-cash items	12 216	1 677	20 774	5 700	26 595
	4 517	-8 520	1 858	-8 139	94
Cash flow from changes in working capital					
Increase/decrease inventory	547	1 391	-114	-1 403	-2 628
Increase/decrease accounts receivable	-1 580	250	2 948	226	-4 747
Increase/decrease other current receivables	1 396	2 206	3 093	2 347	141
Increase/decrease accounts payable	-1 262	-5 294	-977	-6 751	-7 371
Increase/decrease other current liabilities	-4 058	5 164	-3 412	2 560	-6 280
	-4 957	3 717	1 538	-3 021	-20 885
Cash flow from investing activities					
Investments in intangible assets	-1 517	-784	-2 985	-1 256	-5 921
Investments in property, plant and equipment	-262	-2 171	-868	-4 008	-5 744
Investments in associates	-	-	-	-	-
	-1 779	-2 955	-3 853	-5 264	-11 665
Operating cash flow	-2 219	-7 758	-457	-16 424	-32 456
Cash flow from financing activities					
Amortisation of debt	-	-	-	-5 150	-50 827
	0	0	0	-5 150	-50 827
Cash flow for the period	-2 219	-7 758	-457	-21 574	-83 283
Cash and cash equivalents at start of period	24 094	91 851	22 119	105 147	105 147
Exchange difference in cash and cash equivalents	183	-59	396	461	255
Cash and cash equivalents at end of period	22 058	84 034	22 058	84 034	22 119

Condensed parent company income statement

Amounts in TSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Revenues	2 237	2 753	4 391	4 981	7 036
Operating expenses	-2 663	-8 629	-5 186	-11 556	-15 502
Operating profit/loss	-426	-5 876	-795	-6 575	-8 466
Net financial items	-6 223	-5 519	-12 343	-10 879	-22 399
Profit/loss after financial items	-6 649	-11 395	-13 138	-17 454	-30 865
Tax for the period	-	-	-	-	-
Net profit/loss for the period	-6 649	-11 395	-13 138	-17 454	-30 865

Condensed parent company statement of comprehensive income

The parent company has no items in 2016 or 2015 recognised in other comprehensive income. Net profit/loss for the period for the parent company thereby also constitutes the comprehensive income for the period. The parent company therefore presents no separate statement of comprehensive income.

Condensed parent company balance sheet

Amounts in TSEK	2016-06-30	2015-06-30	2015-12-31
ASSETS			
Non-current assets			
Financial assets	699 774	666 574	699 774
Total non-current assets	699 774	666 574	699 774
Current assets			
Receivables from group companies	20 408	22 437	12 977
Prepayments and accrued income	887	479	1 457
Other current receivables	0	63	-
Cash and cash equivalents	7 000	68 991	16 052
Total current assets	28 295	91 970	30 486
TOTAL ASSETS	728 069	758 544	730 260
EQUITY & LIABILITIES			
Total equity	485 056	511 604	498 193
Non-current liabilities			
Liabilities to group companies	-	-	-
Bond loan	226 428	-	225 259
Other liabilities	16 585	22 850	6 808
Current liabilities	243 013	22 850	232 067
Total liabilities	243 013	246 940	232 067
TOTAL EQUITY AND LIABILITIES	728 069	758 544	730 260

Not 1: Effects from change of accounting principle in 2015

In 2015 the accounting principle for recognizing territorial fees was changed. The change for the group, which has had no effect on cash flow, is presented below. For more information, please refer to the Annual Report for 2015.

Bridge for new accounting policy	Q2 2015			Accumulated Q2 2015		
	Old policy	Adjustment	New policy	Old policy	Adjustment	New policy
Effect in income statement						
Revenues	27 733	783	28 516	56 567	932	57 499
Operating profit/loss	-18 166	1 619	-16 547	-53 086	28 591	-24 495
Net profit/loss for the period	-11 817	1 619	-10 198	-42 429	28 590	-13 839
Attributable to:						
Shareholders of the parent	-11 817		-10 198	-42 429		-13 839
Total earnings per share, SEK (no dilution effect)	-0,35		-0,31	-1,27		-0,42
Effect in balance sheet						
Assets	744 985	-	744 985	744 985	-	744 985
Equity	476 345	-47 320	429 025	476 345	-47 320	429 025
Current liabilities	59 473	47 320	106 793	59 473	47 320	106 793
Total equity and liabilities	744 985	-	744 985	744 985	-	744 985

Key figures

Equity ratio

Equity and untaxed reserves (less deferred tax) in relation to the balance sheet total

Net debt

Interest-bearing liabilities less cash and cash equivalents

EBITDA

Earnings before interest, taxes, depreciation and amortisation

EBITDA margin

EBITDA/revenue

Earnings per share

Earnings for the period/weighted average number of shares during the period, issue-adjusted

Operating cash flow

Cash flow from operating activities after investments and changes in working capital

Profit/loss from financial items

Financial income minus financial expenses

Alternative Performance Measures

The Company presents certain financial measures in the interim report that are not defined under IFRS. The Company believes that these measures provide useful supplemental information to investors and the company's management as they allow for the evaluation of the company's performance. Because not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. Therefore, these financial measures should not be considered as substitutes for measures as defined under IFRS.

The tables below present measures that are not defined under IFRS.

EBITDA

Amounts in TSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Operating profit/loss	-5 918	-16 546	-15 794	-24 495	-12 666
Depreciation and amortisation	<u>8 310</u>	<u>8 155</u>	<u>16 622</u>	<u>16 264</u>	<u>32 850</u>
EBITDA	2 392	-8 391	829	-8 231	20 184

Net debt

Amounts in TSEK	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Interest-bearing liabilities	140 760	172 490	140 760	172 490	142 140
Cash and cash equivalents	<u>-22 058</u>	<u>-84 034</u>	<u>-22 058</u>	<u>-84 034</u>	<u>-22 119</u>
Net debt	118 702	88 456	118 702	88 456	120 021

Forthcoming disclosures of information

10 November 2016	Interim report, 1 Jul– 30 Sep 2016
February 2017	Year-end report 2016

Contacts

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Signatories to the report

The Board of Directors and the CEO certify that the interim report, to the best of their knowledge, provides a fair overview of the parent company's and the group's operations, financial position and results and describes the material risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 11 August 2016

Stanley Brodén

Chairman

Mia Arnhult

Board member

Peter Hentschel

Board member

Marie Wickman-Chantereau

Board member

Christian Kinch

CEO and Board member

This interim report is unaudited

Bactiguard is a Swedish medtech company with a mission of preventing healthcare associated infections, reducing the use of antibiotics and saving lives by developing and supplying infection prevention solutions for the healthcare industry. The company's patented coating prevents healthcare associated infections by reducing bacterial adhesion and growth on medical devices. Bactiguard-coated urinary catheters are market leading in the US and Japan, and in recent years the company has developed its own product portfolio of catheters for the urinary and respiratory tract and the blood stream. Bactiguard is currently in a strong expansion phase, focused on new markets in the Europe, Middle East, Asia, South America and Southern Africa. The company has market presence in some 50 countries and has about 60 employees. Its headquarters is located in Stockholm and production facilities in Sweden and Malaysia. Bactiguard is listed on Nasdaq Stockholm. Read more about Bactiguard at www.bactiguard.com.

Bactiguard is required to disclose the information in this report under the provisions of the Securities Market Act (SFS 2007:528). The information was submitted for publication on 11 August 2016 at 08.00 CET.