

XCounter AB (publ)
Corporate Governance Statement

General

As a company incorporated in Sweden, XCounter AB (publ) (the "**Company**") is governed through its articles of association and through the provisions of Swedish Company law. The board of directors (the "**Board**") recognises the importance of sound corporate governance and, XCounter intends, where practicable for a company of its size, to comply with the main provisions of the Combined Code on Corporate Governance published in June 2006 by the Financial Reporting Council of England and Wales (the "**Combined Code**"). Prior to its flotation on AIM on 1 February 2006, the Company followed corporate governance practice for Swedish private companies.

The Board of Directors

At the EGM held on 17 October 2011, Lothar Koob, Tim Haines, Dan Kerpelman and Mikael Strindlund resigned. Jean-Philippe Flament was elected Chairman and Yngvar Hansen-Tangen and Konstantinos Spartiotis were elected as Directors as Directors by shareholders' resolution. As alternate directors Bo Lind and Thor Kristian Haugnaess were elected. The Board of Directors currently comprises:

Jean-Philippe Flament, aged 43, Chairman, Board member since 2011

Jean-Philippe Flament worked as portfolio manager in Cheyne Capital Management 2003-2009. Jean-Philippe Flament has previously served as a Managing Director of Morgan Stanley & Co Intl Ltd (1993-2002) and as Assistant Director of NatWest Financial Products plc (1991-1993). Jean-Philippe Flament holds a B.S. in Finance and Intl Business from New York University.

Yngvar Hansen Tangen, aged 44, Non-Executive Director, Board member since 2011.

Yngvar Hansen-Tangen is director and major shareholder in Viking Holding AS - a family held investment company. He is also on the board of Viking Holding Endom AS and Hansen-Tangen Shipping AS. Yngvar Hansen-Tangen has been managing director of Viking Technology AS and Viking Dredging AS. He has also worked as a PR-officer at the Oslo Stock Exchange and as a journalist in Fædrelandsvennen AS. From 1999-2003 Yngvar Hansen-Tangen was Member of the City Parliament, the City Government and the Educational Executive Committee in Kristiansand, Norway. Yngvar Hansen-Tangen holds a degree in Medicine from the University of Oslo and a Bachelor of Arts in Economics from Northwestern University, USA.

Konstantinos Spartiois, aged 47, Executive Director, Board member since 2011

Konstantinos Spartiotis holds a Ph.D. in high energy physics from Johns Hopkins Univ, and has authored or co-authored numerous scientific publications and patents. Since 1994 Konstantinos Spartiotis has dedicated his carrier and pioneered the Cd(Zn)Te-CMOS technology in X-ray and gamma ray imaging in dental, medical and industrial applications and act as managing Director at Oy AJAT Ltd (2001 - present).

Bo Lind, aged 59, Non-Executive Director, alternate Board member since 2011

Bo Lind, London, MBA, M.Sc. Chairman MVI London and Operative board member in MVI. Over fifteen years experience of international equity investments gained with SE Banken, Bank of America, and HåPo within Gotabank. Bo Lind joined General Venture Development in 1990 and was actively involved in the start up of MVI. Co-ordinator and member of the Life Science Group in MVI.

Thor Kristian Haugnaess, aged 53, Non-Executive Director, alternate Board member since 2011

Thor Kristian Haugnaess holds a Msc in Petroleum Engineering. He is the former President of Ocean Rig ASA. His career start in Schlumberger Oilfield Services where he worked for 23 years within Field Operations, Staff and Line Management and covered operations in Europe, Africa, Middle East and Asia. He is currently a Board director of Visuray plc.

Independent Directors

In respect of a smaller quoted Company the Combined Code recommends that the board should include at least two non-executive directors who are independent. The Company currently has three directors, two of whom are non-executive directors. Jean-Philippe Flament and Yngvar Hansen-Tanger are not regarded as being independent as they are nominated by substantial shareholders, VisuRay and Viking Holding.

Roles of Board of Directors and the Executive Directors

In 2010 the Board held ten meetings. The Board has established guidelines which require certain matters to be reserved for its decision only. These matters include

- Strategy and management
- Structure and capital
- Financial reporting and controls
- Internal controls
- Major contracts
- Communications
- Board membership and other appointments
- Delegation of duties
- Corporate governance matters

The Board is provided with comprehensive monthly financial and operational information to support its understanding of the business and related operational issues, and to enable it to fulfill its responsibilities accordingly.

As to financial reporting and controls the Board approves announcements of interim and final results and the annual report and accounts.

An Instruction for the Managing Director regarding the allocation of duties between the Board and the Managing Director was adopted in April 2008. This instruction contains overall guidelines and directions for the Managing Directors' work in the Company.

The Executive Directors shall be charged with the day-to-day management of the Company in accordance with the Swedish Company's Act, the provisions of the Articles of Association and otherwise the resolutions and guidelines of the shareholders' meeting or the Board.

The instruction does not restrict the Executive Directors' responsibility/liability under the Swedish Company's Act against the Company, the Board, the shareholders or other persons or entities.

In addition, the Board has established an Audit Committee, Remuneration Committee and Nominations Committee with formally delegated duties and responsibilities, each of which has written terms of reference approved by the Board.

Audit Committee

The Audit Committee has a primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on and for reviewing reports from the Group's auditors relating to the Group's accounting and internal controls. The auditor reports to the audit committee regularly including internal controls, accounting issues, accounting and financial reporting and management administration. The Audit Committee is chaired by Bo Lind and its other member are Yngvar Hansen-Tangen and Jean-Philippe Flament.

Remuneration Committee

The Remuneration Committee determines the terms and conditions of service, including the remuneration and grant of options to Executive Directors under any ESOPs or other share incentive schemes. The Remuneration Committee is chaired by Yngvar Hansen-Tangen and its other member are Jean-Philippe Flament and Bo Lind.

Nomination Committee

The Nomination Committee has the responsibility for the composition of the Board, including the structure, size and that adequate skills, knowledge and experience is available. The Nomination Committee is chaired by Jean-Philippe Flament, and its other members are Yngvar Hansen-Tangen and Bo Lind.

Senior Independent Director

The Senior Independent Director is appointed by the Board to secure investor communication in circumstances where normal channels of communication may not be appropriate. Senior Independent Director of the Company is Yngvar Hansen-Tangen.

Performance evaluation procedures

A regular review of the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and recommendations with regard to any changes are made by the Nomination Committee.

Internal controls review

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or loss.

The Board has conducted a general review of the Company's system of internal controls. The Board's assessment, based on this review, is that the internal controls are satisfactory for a company of XCounter's size.

Going Concern

The Board considers the group to be in going concern status.

Shareholder Communication

The Company has a communication strategy with its shareholders, the majority of whom are institutional. All Company announcements are issued via the London Stock Exchange and then posted on the news and publications section of the Company's website www.xcounter.se as soon as released. The Company's investor information section of its website includes historical financial information, a link to the Company's share price as well as information on members of the Board and Senior Management.

Espoo in December 2011

The Board of Directors