XCounter

Annual Report 2015

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XCounter Group, comprises the parent company XCounter AB (publ) and the wholly owned subsidiaries XCounter Securities AB, XCounter (UK) Ltd., and Oy Ajat Ltd.

XCounter AB is a leading company in photon counting digital X-ray imaging for dental, medical and industrial markets. Oy Ajat Ltd., is the world leader in hybridized semiconductor X-ray imaging devices.

XCounter Group and XCounter AB (publ), is pleased to announce its annual report for January - December 2015.

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For comparison purposes, certain amounts have been converted from SEK to EUR (Source: Swedenôs Central Bank):

Results for the period 1 January ï 31 December 2015
Exchange rate *9.3562*
Balances ending 31 December 2015
Exchange rate *9.1350*

Results for the period 1 January ï 31 December 2014
Exchange rate *9.0968*
Balances ending 31 December 2014
Exchange rate *9.5155*

For comparison purposes, certain amounts have been converted from SEK to GBP (Source: Swedenôs Central Bank):

Results for the period 1 January ï 31 December 2015
Exchange rate *12.8962*
Balances ending 31 December 2015
Exchange rate *12.3785*

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Jean-Philippe Flament, Chairman,
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Next generation of detectors

2015 saw the release of Hydra, the next generation of XCounter photon counting detectors. The Hydra brings faster frame rates and longer detector length to the market along with improvements in firmware and software. It acts as a complimentary product to the established XC-FLITE products, with Hydra having particular benefits in the medical, food processing and DUPRO sectors. The standard product range Hydra FX20, FX35 and FX50 deliver the XCounter market leading resolution and imaging performance in a range of lengths 20cm, 35cm and 50cm respectively. The XCounter booth at the Radiological Society of North America (RSNA) exhibition in Chicago in November was the platform for the launch of Hydra and generated considerable interest from a broad range of markets ï medical and industrial.

Growing interest in the XC-Flite products for industrial applications led to the development of an IP67 version. IP67 rated devices are designed to be protected from dust and capable of withstanding immersion in water up to 1m deep for 30mins. The Industrial NDT market place has more rigorous requirements for robustness and the growing increase in interest in XCounter products led to this technical enhancement.

Rasmus Ljungwe, *CEO of XCounter said:*

ñ*The XCounter Group had its best financial year ever, the XCounter brand continued to break new ground and grow a new customer base and AJAT cemented itself as the largest supplier of Direct Conversion dental sensors and the largest supplier of flip chip bump bonded sensors in the world. XCounter is delivering on its sales forecasts and AJAT continues to grow: The Groupôs prospects for 2016 look very good.*

Meanwhile XCounterôs newly hired Sales and Marketing Director brings years of experience of building the order books of emerging companies and is moving the brand into new markets with vision and determination. XCounter has begun to set up a chain of agents across the world to deliver demonstrations and marketing to all our target markets and to accelerate the penetration into those markets.

XCounter has continued to build on its hard work from last year and has delivered the new Hydra range of detectors on time, bringing a price competitive photon counting solution to the market as planned. It is also embarking on bringing the older FLITE family of detectors into the same software / firmware family for better performance and reliability.

The market trend for photon counting and direct conversion technologies has been growing and has led to XCounter and Ajat being approached by several major medical and industrial companies. Other industry developments show that investment in this new technology area is increasing and that a specific market for it is emerging.

Financially AJAT delivered on its targets thus helping consolidated revenue increasing by 63% and the consolidated operating loss decreasing by 84%. In 2016 XCounter Group expects revenues to increase further with the XCounter brand making a larger contribution. AJAT continues to grow its product range.

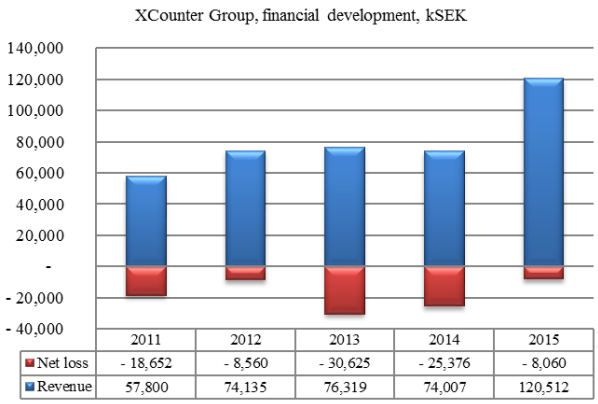
XCounter and AJAT detectors are being designed into advanced solutions that are expected to revolutionize weld inspection, food inspection and medical x-ray. XCounter is building its customer base but is already working with industry partners to bring volume sales across the medical and dental industries. It expects the fruits of these collaborations to be delivered toward the end of 2016.

XCounter has brought together an extremely effective team combining cutting edge technology expertise and manufacturing excellence. This team represents a successful and advanced team working in direct conversion x-ray and I would like to thank one and all for their brilliant contribution in moving the company forward to further financial successò

Chairman statement

2015 turned out to be even better than we had expected. Consolidated revenue increased by 63% and while we still are not earnings positive on a consolidated basis all the work that has been put in over the last few years is now paying off.

In 2015 Ajat had an excellent year. Ajat entered into an agreement with one of the largest global dental OEMs and this contributed to a large uplift in revenue. The agreement is a confirmation that Ajatôs direct conversion technology platform is the best out there. Ajat is the only manufacturer with the ability to deliver large volumes of CdTe based detectors to the required quality standards. Ajat continues to spend on manufacturing and R&D so that we can continue to lower costs, increase output and revenue in the years ahead.



Financial data

Revenues for the period January - December amounted to kSEK 120,512 (kEUR 12,880) (2014: kSEK 74,007 (kEUR: 8,135)) which relates mainly to sales of X-ray sensors and systems for dental and industrial use.

Raw material costs for the period January - December amounted to kSEK 50,708 (kEUR 5,420) (2014: kSEK 34,962 (kEUR 3,843)) which are mostly attributable to purchases of Cadmium Telluride (CdTe) and other components for manufacturing of X-ray sensors and systems.

Capitalized expenditure for development for the period which ended 31 December 2015 amounted to kSEK 14,977 (kEUR 1,601) (2014: kSEK 10,193 (kEUR: 1,120) which is expenditures related to the development of X-ray sensors. Accumulated capitalized development costs as of 31 December 2015 amounted to kSEK 35,018 (kEUR 3,743) (2014: kSEK 25,845 (kEUR: 2,841)) including R&D contributions/income for development.

Net cash position at the end of the period was SEK 27.2m (EUR 3.0m) compared to SEK 23.9m (EUR 2.5m) at the end of the same period 2014.

We expect that Ajat is going to have 2016 revenue roughly in line with 2015 before the next increase that should materialize in 2017 as we then launch new products. For XCounter we expect revenue to grow slowly in 2016 ahead of a rapid acceleration as we enter 2017.

On the photon counting side we launched the Hydra series of detectors. The Hydra offers a cost competitive photon counting detector to the market. It is aimed at the scanning market and is capable of working at up to an incredible 2 m/s. The feedback from customers has so far been excellent. We are continuing to improve our hardware and expect to launch a new product line during the first half of 2016 based on the same architecture as the Hydra but geared to the frame based imaging market. We expect that 2016 revenue will grow moderately for then to accelerate markedly in 2017.

We do not believe we will be cash flow positive in 2016 on a consolidated basis as we are still investing heavily in R&D and believe that the pickup in revenue will only materialize to a significant extent in 2017. The lag is due to the lead time between our launch of a product and when customers integrate it into their product line after extended testing. We believe that the significant R&D investment strategy we have will provide handsome returns to our shareholders in the coming years. We are convinced that photon counting & direct conversion is the future and for medical applications it is a must for anyone that truly cares about the radiation dose given to the patient. The dose reductions are so significant, while at the same time the quality so superior, that it is difficult to understand why the industry would stick to higher dose technology.

Similarly, Ajat is continuing to spend aggressively on R&D in order to capitalize on its direct conversion know-how. Ajat will launch a series of new products in the coming years. It is a global market leader in its segment and a we are focusing heavily on also investing in our manufacturing facility so that Ajat can stay well ahead of the quality requirements of our clients and be able to deal with the large order volumes we expect to materialize in the coming years.

We are very confident as to the good financial progression of the XCounter Group in the next few years as we have the best and most competitive X-ray detector technology out there. Our aim is to continue to be the leaders in the photon counting sector.

The Directors believe that the current business plan enables the Group to reach sustained profitability.

Danderyd 31st of March 2016

Jean-Philippe Flament
Chairman, XCounter AB (publ)

Board of Directorsô & Management in XCounter

Jean-Philippe Flament, *age 47, Chairman*

Jean-Philippe is Chairman of VisuRay PLC, a substantial shareholder of XCounter. He worked as portfolio manager in Cheyne Capital Management (2003-2009). Mr. 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). Mr. Flament holds a degree of Bachelor of Science in Finance and International Business from New York University.

Spencer Gunn, *age 50, Non-executive Director, Board member and Chief Operating Officer*

Spencer has 20+ years of experience in software development and more than 10 years in Medical Imaging and detector development. He was a founder of Dexela and lead the team that created the first ever Tomosynthesis Workstation as well as working with Dr Stewart on the first commercial tomosynthesis reconstructor. He will use his experience of developing cutting edge detectors and from helping customer integrations around the world to create the next generation of XCounterôs photon counting, energy discriminating high resolution detectors.

Ondine de Rothschild, *age 36, Non-executive Director, Board member*

Ondine holds a Bachelor of Arts, a Major in Art History and a Minor in Economics from Princeton University. She worked at the Galerie Ariane Dandois (2001-2007). During the last year Ms. de Rothschild has been a private investor and worked with Private Equity, Venture Capital, Trading and a Real Estate Investment Company.

Thor Haugnaess, *age 57, Non-executive Director, Board member*

Thor Haugnaess has been working in the upstream oil and gas industry for over 25 years, predominantly working on the oilfield services side with the Schlumberger Group of companies in a variety of management roles. Between 2003 and 2006, Mr. Haugnaess was the President for the Norwegian drilling contractor, Ocean Rig ASA, which was listed on the Oslo Stock Exchange. Mr. Haugnaess has a Masterôs degree in Petroleum Engineering from the University of Trondheim.

Yngvar Hansen-Tangen, *age 48, Non-executive Director, Board member*

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 Eiendom AS and Hansen-Tangen Shipping AS. He 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. Hansen-Tangen holds a degree in Medicine from the University of Oslo and a Bachelor of Arts in Economics from Northwestern University, USA.

Rasmus Ljungwe, *age 23, Chief Executive Officer*

Rasmus Ljungwe came directly from Upplands-Bro gymnasium to the Company in 2011. From there he holds a college degree in Economics. He started as a financial assistant at the Company. From April 2012 he served as a Finance Manager. From July 2013 Mr Ljungwe holds the position as CEO for XCounter. He is currently studying for an Executive MBA at Stockholm University.

Christer Ullberg, *age 48, Chief Technical Officer*

Christer Ullberg has been with XCounter since 1997 and prior to that have more than ten years of professional experience in project management in the development of space instrumentation. Previously, Mr. Ullberg was responsible for all electronics design for space applications at ACR Electronic AB, worked as project manager of the multi-national scientific balloon project PIROG, and has been responsible for environmental tests of electronics systems for space applications.

Board of directorsô report

The Board of Directors and the Chief Executive Officer (CEO) of XCounter AB (publ) (ñXCounterò or the ñCompanyò), corporate registration number 556542-8918, hereby submit the annual report and the consolidated annual accounts for 2015.

Introduction

XCounter Group is a technology leader in direct conversion (charge integration and photon counting) digital Xï ray imaging for medical, dental and industrial markets. The parent company was founded in 1997 and the shares are registered at Euroclear Bank Sweden. The Group is based in Stockholm, Espoo and London. The head office is at Svärdvägen 23, floor 1, 182 33 Danderyd, Sweden. At the parent company the activities are mainly R&D for photon counting development and applications of sensors, as well as management and administration. The Groups number of employees at the end of December 2015 is 57. The separate subsidiary AJAT is the leading manufacturer of Cadmium Telluride direct conversion based detectors.

XCounter technologies target three independent business segments where our current and future sensor platforms can be used efficiently in: the dental, medical and industrial markets. We work closely with our OEM (Original Equipment Manufacturer) partners to continue to strengthen our position in each of these segments and maximize internal technology development.

Highlights 2015

2015 turned out to be even better than we had expected. Consolidated revenue increased by 63% and while we still are not earnings positive on a consolidated basis all the work that has been put in over the last few years is now paying off.

In 2015 Ajat had an excellent year. Ajat entered into an agreement with one of the largest global dental OEMs and this contributed to a large uplift in revenue. The agreement is a confirmation that Ajatôs direct conversion technology platform is the best out there. Ajat is the only manufacturer with the ability to deliver large volumes of CdTe based detectors to the required quality standards. Ajat continues to spend on manufacturing and R&D so that we can continue to lower costs, increase output and revenue in the years ahead.

Intellectual Property

The Group places a significant value on intellectual property and patents. The strategy focuses in protecting the following key areas:

- Core sensor technologies
- Core manufacturing technologies
- Extra-oral dental imaging systems with multiple functionality
- Image processing and tomosynthetic reconstruction

Remunerations to the Board of Directors and to key management

Wages and salaries to key management are disclosed in Note 8.

Personnel and environment

XCounter and AJAT complies with the agreement between Industriarbetsgivarna and Sveriges Ingenjörer (The Swedish Association of Graduate Engineers) /Unionen and the Finnish Metal Union in respectively country. For the Company to maximize its competitive power it is important to take advantage of and optimize all resources available, especially human resources. XCounterôs equality of opportunity policy means equality of opportunity independent of sex, education, ethnic origin, religion etc. It should be considered in day-to-day work, in the recruitment for different positions and working teams as well in education, training and organization. It is followed up and evaluated annually. XCounter has on several occasions granted employee stock option programs to the employees of the Company. XCounterôs work environment policy provides instructions as to how the operations within XCounter should be executed and controlled in order to avoid accidents and ill-health.

Outlook and going concern

We expect that Ajat is going to have 2016 revenue roughly in line with 2015 before the next increase that should materialize in 2017 as we then launch new products. For XCounter we expect revenue to grow slowly in 2016 ahead of a rapid acceleration as we enter 2017.

On the photon counting side we launched the Hydra series of detectors. The Hydra offers a cost competitive photon counting detector to the market. It is aimed at the scanning market and is capable of working at up to an incredible 2 m/s. The feedback from customers has so far been excellent. We are continuing to improve our hardware and expect to launch a new product line during the first half of 2016 based on the same architecture as the Hydra but geared to the frame based imaging market. We expect that 2016 revenue will grow moderately for then to accelerate markedly in 2017.

We do not believe we will be cash flow positive in 2016 on a consolidated basis as we are still investing heavily in R&D and believe that the pickup in revenue will only materialize to a significant extent in 2017. The lag is due to the lead time between our launch of a product and when customers integrate it into their product line after extended testing. We believe that the significant R&D investment strategy we have will provide handsome returns to our shareholders in the coming years. We are convinced that photon counting & direct conversion is the future and for medical applications it is a must for anyone that truly cares about the radiation dose given to the patient. The dose reductions are so significant, while at the same time the quality so superior, that it is difficult to understand why the industry would stick to higher dose technology.

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manufacturing facility so that Ajat can stay well ahead of the quality requirements of our clients and be able to deal with the large order volumes we expect to materialize in the coming years.

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Significant risks and uncertainty factors

Financial risks

It cannot be ruled out that additional funding will be required to finance the parent company`s continued operations. This can take place in a less favorable market situation and on terms which are less favorable than the Directors consider them to be today. Such external financing may have a negative impact on Companyôs operations or the rights of the shareholders. If shares or other securities are issued, shareholders may experience dilution and debt financing may contain terms which limit the Company's flexibility. There is no assurance that financing at such time can be secured at all or on terms acceptable to the Company.

Additional financial risk factors are disclosed in Note 2, Financial risk management.

Customers and partners

The Groupôs five largest partners and customers together accounted for approximately 75% (2014: 73%) of net sales. Accordingly, the loss of a customer would have a significant effect on the earnings and position. Following the expected customer base increase and expansion of the operations, the proportion of sales to the largest partners and customers are expected to gradually decline.

Early stage of development

Some of the products are at an early stage of development. There can be no assurance that any of the Groupôs new product candidates will be successfully developed. The Group may encounter delays and incur additional costs and expenses over and above those currently expected. Further, there can be no assurance that any of the Groupôs developed products will successfully complete the clinical testing process or that they will meet the regulatory, cost and production requirements necessary for commercial distribution. Even if the Groupôs products are launched, there can be no guarantee that they will be accepted by the market or that they will generate significant revenues.

Technology change and existing competition

The market for digital X-ray imaging is characterized by significant technological change. The Group is targeting markets where marketed products already exist and where other companies also develop new products. Research and development by other companies as well as changes in complementary imaging techniques may render the Groupôs products in development obsolete. Competitors, some of which have considerable financial resources may precede the Group in developing and receiving regulatory approval or may succeed in developing a product that is more effective or economically viable. Further, developed products must meet clinical practice and patient expectations. There can be no assurance that the Companyôs technologies will not be subject to copying, mimicking or reverse engineering.

Product liability

The Groupôs activities expose it to potential product liability and professional indemnity risks that are inherent in the development and manufacture of medical instruments for diagnostic purposes using X-ray. Any product liability claim brought against the Company could result in an increase in the Groupôs product liability insurance rates or its ability to obtain such insurance in the future and may result in an obligation to pay damages in excess of such insurance policy limits.

Legislative and regulatory risks

The clinical evaluation, manufacture and marketing of the Groupôs products are subject to regulation by government and regulatory agencies. In addition, legislative and regulatory change may affect the Groupôs business and prospects. The commercial success of the Groupôs may also depend in part on the extent to which reimbursement for treatment will be available.

Patents and proprietary rights

The Group prospects will in part depend on its exploitation of technology. There can be no assurance that, inter alia, patents are issued with respect to the Groupôs patent applications or that third parties will not assert the ownership, validity or scope of any issued patents. Further, the success will also depend upon non-infringement of third party patents.

Third party dependence

The Group will be reliant on securing and retaining partners for additional prototype development, manufacturing and subsequent marketing. The success of the present business model is and will continue to be in part dependent upon the establishment and continuation of satisfactory relationships and licensing of products to third parties.

Dependence on key personnel

The Groupôs success will depend upon the experience and continued services of executives and technical personnel, whose retention cannot be guaranteed.

Summary of the Groupôs financial development

	2015	2014
Revenue, kSEK	120,512	74,007
Other operating income, kSEK	1,589	2,177
Operating loss, kSEK	-3,834	-24,087
Net loss, kSEK	-8,060	-25,376
Net loss per share, SEK	-0.58	-2.41
Intangible assets, kSEK	70,678	67,725
Cash and cash equivalents, kSEK	27,219	23,898
Total number of shares at par value	14,336,264	13,248,264
Share capital, kSEK	71,681	66,241

Proposed profit distribution

XCounter has not declared or paid any dividends on its shares since incorporation. The Directorsô current intention is to retain the Companyôs earnings in the foreseeable future to finance its future development.

Annual General Meeting 2016

The Annual General Meeting will be held on 12 May 2016 at the Companyôs office, Svärdvägen 23, Danderyd. Notice of the meeting will be announced and published to shareholders latest 14 May 2016.

Proposed distribution of net results

The following losses in the Parent Company are at the disposal of the Annual General Meeting (SEK):	
Result brought forward and non-restricted equity	-243,581,605
Loss for the period	-14,145,394
Total	**-257,726,999**

The Board and the Chief Executive Officer propose that the accumulated deficit, SEK -257,726,999 will be brought forward.

Concerning the results and the position of the Group and the Parent company in other regards, see the income statements, balance sheets, cash-flow statements, statements of changes in equity and notes below.

All amounts are stated in SEK thousands (kSEK) unless otherwise stated.

Consolidated income statement

(kSEK)	Note 1	January-December 2015	January-December 2014
Operating income			
Revenues	3, 4	120,512	74,007
Other operating income	5	1,589	2,177
Total operating income		**122,101**	**76,184**
Work performed by the entity and capitalized			
Work performed by the entity and capitalized	13	14,977	10,193
Total work performed by the entity and capitalized		**14,977**	**10,193**
Operating expenses			
Raw material costs		- 50,708	- 34,962
Other external costs	9, 23, 24	- 40,393	- 35,124
Personnel costs	8	- 37,415	- 30,341
Depreciation of equipment and intangible assets	13, 14	- 12,395	- 10,037
Total operating expenses		**- 140,912**	**- 110,464**
Operating loss		**- 3,834**	**- 24,087**
Result from financial items			
Financial income	10	1,266	49
Financial expenses	10	- 2,312	- 1,532
Total result from financial items		**- 1 046**	**- 1,483**
Loss before taxes		**- 4,879**	**- 25,570**
Income tax	11	- 3,181	194
Net loss for the year		**- 8,060**	**- 25,376**
Net loss for the year attributable:			
Parent Company shareholders		- 8,060	- 25,376
Loss per share			
Loss per share (SEK)	12	-0.58	-2.41
Weighted number of shares	12	13,952,954	10,509,116
Actual number of shares	19	14,336,264	13,248,264

Total comprehensive loss

(kSEK)	January-December 2015	January-December 2014
Net loss for the year	- 8,060	- 25,376
Other comprehensive loss for the year:		
Foreign currency translation difference of foreign operations	- 1,086	2,235
Total other comprehensive loss for the year	**- 1,086**	**2,235**
Total comprehensive loss for the year	**- 9,146**	**- 23,141**
Total comprehensive loss for the year attributable to:		
Parent Company shareholders	- 9,146	- 23,141

Consolidated statement of financial position

(kSEK)	Note 1	31 December 2015	31 December 2014
Fixed assets			
Intangible fixed assets	13	70,678	67,725
Property, plant & equipment	14	4,723	4,452
Deferred tax assets	11	190	169
Total fixed assets		**75,591**	**72,347**
Current assets			
Inventories	16	13,813	14,898
Trade receivables	17	13,633	7,988
Other receivables	17	590	1,915
Prepaid expenses and accrued income	17	1,954	1,650
Cash and cash equivalents	18	27,219	23,898
Total current assets		**57,209**	**50,349**
Total assets		**132,799**	**122,695**
Equity			
Equity attributable to Parent Company shareholders			
Share capital	19	71,681	66,241
Additional paid in capital	19,20	736,003	727,094
Translation reserve		- 6,343	- 5,258
Retained loss		- 714,662	- 706,601
Equity attributable to Parent Company shareholders		**86,679**	**81,476**
Total equity		**86,679**	**81,476**
Non-current liabilities			
Borrowings	21	15,621	17,916
Deferred tax liabilities	11	3,841	3,539
Total Non-current liabilities		**19,462**	**21,455**
Current liabilities			
Advance payment from customers		3,354	5,688
Trade payables		11,622	7,786
Other payables		11,683	6,290
Total current liabilities	22	**26,659**	**19,764**
Total liabilities		**46,120**	**41,219**
Total equity and liabilities		**132,799**	**122,695**
Pledged assets	25	-	-
Contingent liabilities		-	-

Consolidated statement of changes in equity

(kSEK)	Share capital	Additional paid in capital	Translation reserve	Retained loss	**Total**
Balance at 1 January 2014	**40,435**	**720,840**	**-7,493**	**-681,225**	**72,557**
Total comprehensive loss for January - December 2014					
Net loss for the year	-	-	-	-25,376	**-25,376**
Total other comprehensive loss	-	-	2,235	-	**2,235**
Total recognized loss and expense for the year	-	-	**2,235**	**-25,376**	**-23,141**
New share issue	25,806	6,031	-	-	**31,837**
Share-based payments transactions	-	223	-	-	**223**
Balance at 31 December 2014	**66,241**	**727,094**	**-5,258**	**-706,601**	**81,476**
Total comprehensive loss for January - December 2015					
Net loss for the year	-	-	-	-8,060	**-8,060**
Total other comprehensive loss	-	-	-1,086	-	**-1 086**
Total recognized loss and expense for the year	-	-	**-1,086**	**-8,060**	**-9,146**
New share issue	5,440	8,704	-	-	**14,144**
Share-based payments transactions	-	205	-	-	**205**
Balance at 31 December 2015	**71,681**	**736,003**	**-6,343**	**-714,662**	**86,679**

Consolidated statement of cash flow

(kSEK)	Note 1	January-December 2015	January-December 2014
Cash flows from/used in operating activities			
Profit/loss after financial items	11	- 4,879	- 25,570
Adjustments for non-cash items	26	14,780	10,249
Tax paid		- 1,117	-
Interest paid		- 452	- 778
Net cash from/used in operating activities before change in working capital		**8,331**	**- 16,099**
Cash flow from change in working capital			
Advance payment from customers		- 771	3,105
Inventories		490	- 3,929
Trade and other receivables		- 7,546	- 719
Liabilities		7,308	662
Change in working capital		**- 519**	**- 881**
Net cash from/used in operating activities		**7,813**	**- 16,980**
Investing activities			
Acquisition of intangible assets		- 440	- 312
Acquisition of equipment		- 2,922	- 3,229
Capitalized expenditure for development	13	- 14,977	- 10,245
Net cash used in investing activities		**- 18,340**	**- 13,786**
Financing activities			
Change in other loans		1,332	713
Change in capital loans & convertible loans		- 1,067	- 14,404
Share issue		14,144	31,837
Net cash from financing activities		**14,409**	**18,146**
Cash flow of the year		**3,882**	**- 12,620**
Cash and cash equivalents beginning of the year	18	**23,898**	**35,196**
Effect of exchange rate fluctuations on cash held		**- 561**	**1,322**
Cash and cash equivalents end of the year		**27,219**	**23,898**

Income statement for the parent company

(kSEK)	Note 1	January-December 2015	January-December 2014
Operating income			
Revenues	3, 4	14,371	5,675
Other operating income	5	-	290
Total operating income		**14,371**	**5,965**
Work performed by the entity and capitalized			
Work performed by the entity and capitalized	13	13,069	9,059
Total work performed by the entity and capitalized		**13,069**	**9,059**
Operating expenses			
Other external costs	9, 23, 24	- 27,067	- 24,437
Personnel costs	8	- 8,947	- 8,141
Depreciation and amortization of equipment and intangible assets	13, 14	- 5,301	- 3,316
Total operating expenses		**- 41,315**	**- 35,894**
Operating loss		**- 13,874**	**- 20,870**
Result from financial items			
Other interest income and similar profit items	10	90	57
Interest expenses and similar profit items	10	- 361	- 245
Total result from financial items		**- 271**	**- 188**
Loss before taxes		**- 14,145**	**- 21,058**
Income tax		-	-
Net loss for the year		**- 14,145**	**- 21,058**

Statement of comprehensive loss for the parent company is the same a Net loss for the year, because that there is no other comprehensive loss for the parent company.

Balance sheet statement for the parent company

(kSEK)	Note 1	31 December 2015	31 December 2014
Fixed assets			
Intangible fixed assets	13	29,150	21,051
Property, plant & equipment	14	974	1,064
Financial assets			
Loan to subsidiary		2 902	864
Participations in Group companies	15	59,805	59,804
Total fixed assets		**92,831**	**82,783**
Current assets			
Trade receivables	17	1,382	1,717
Intercompany receivables	17	959	167
Other receivables	17	393	889
Prepaid expenses and accrued income	17	817	744
Cash and bank balances	18	2,906	9,777
Total current assets		**6,457**	**13,293**
Total assets		**99,288**	**96,076**
Equity			
Restricted equity			
Share capital	19	71,681	66,241
Statutory reserve	19	274,180	274,180
Total restricted equity		**345,861**	**340,421**
Non-restricted equity			
Share premium reserve	19	458,499	449,795
Share-based payment	19, 20	3,324	3,119
Loss brought forward		- 705,404	- 684,346
Net loss for the year		- 14,145	- 21,058
Total non-restricted equity		**- 257,727**	**- 252,490**
Total equity		**88,134**	**87,931**
Current liabilities			
Advance payment from customers		2,595	3,366
Trade payables		2,309	2,433
Intercompany payables		2,840	1,033
Other payables		3,410	1,313
Total current liabilities	22	**11,154**	**8,145**
Total equity and liabilities		**99,288**	**96,076**
Pledged assets	25	-	-
Contingent liabilities	25	11,022	13,297

Statement of changes in equity for the parent company

	Restricted equity			Non-restricted equity			
(kSEK)	Share capital	Statutory reserve	Share premium reserve	Share-based payment	Retained loss	Net loss of the year	**Total equity**
Balance at 1 January 2014	**40,435**	**274,180**	**443,764**	**2,896**	**-641,977**	**-42,369**	**76,929**
Distribution of net losses as resolved by the AGM	-	-	-	-	-42,369	42,369	**-**
Net loss for the year	-	-	-	-	-	-21,058	**-21,058**
New share issue	25,806	-	6,031	-	-	-	**31,837**
Share-based payments	-	-	-	223	-	-	**223,186**
Balance at 31 December 2014	**66,241**	**274,180**	**449,795**	**3,119**	**-684,346**	**-21,058**	**87,931**
Distribution of net losses as resolved by the AGM	-	-	-	-	-21,058	21,058	**-**
Net loss for the year	-	-	-	-	-	-14,145	**-14,145**
New share issue	5,441	-	8,704	-	-	-	**14,144**
Share-based payments	-	-	-	205	-	-	**205**
Balance at 31 December 2015	**71,681**	**274,180**	**458,499**	**3,324**	**-705,404**	**-14,145**	**88,134**

Cash flow for the parent company

(kSEK)	Note 1	January-December 2015	January-December 2014
Cash flows used in operating activities			
Profit/loss after financial items	11	- 14,145	- 21,058
Adjustments for non-cash items	26	5,394	3,693
Net cash used in operating activities before change in working capital		**- 8,752**	**- 17,365**
Cash flow from change in working capital			
Advance payment from customers		- 771	3,105
Trade and other receivables		55	- 1,360
Liabilities		3,618	1,800
Change in working capital		**2,903**	**3,545**
Net cash used in operating activities		**- 5,849**	**- 13,820**
Investing activities			
Interest paid		-	- 234
Capitalized expenditure for development	13	- 13,131	- 9,059
Acquisition of equipment		- 181	- 777
Unconditional shareholder's contribution		- 1	-
Net cash used in investing activities		**- 13,312**	**- 10,070**
Cash flows from financing activities			
Raise of intercompany loans		- 7,970	-
Change in convertible loans		-	- 12,753
Repayment of intercompany loans		6 117	133
Share issue		14,144	31,837
Net cash from financing activities		**12,291**	**19,217**
Cash flow of the year		**- 6,871**	**- 4,673**
Cash and cash equivalents in the beginning of the year	18	**9,777**	**14,450**
Cash and cash equivalents end of the year		**2,906**	**9,777**

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 2015

XCounter Group, the leading producer of Cadmium Telluride detectors and the leader of photon counting digital Xï ray imaging for dental, medical and industrial markets. The parent company was founded in 1997 and is registered at Euroclear Bank Sweden. The parent company is domiciled in Stockholm and has subsidiaries in London, Espoo and Stockholm. The address of the head office is Svärdvägen 23 floor 1, SE-182 33 Danderyd, Sweden.

The Groupôs goal is to become the number one provider of leading edge specialty X-ray sensors. To that end the Group intends to develop and market advanced specialty X-ray applications using state of the art sensor technologies and innovative software algorithms such as Direct conversion, tomosynthesis 3D and photon counting principles.

1 Basis if preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) released by the International Accounting Standards Board (IASB) and have been adopted by the EU. Furthermore, the Financial Reporting Council's recommendation RFR 1, Supplementary Accounting Regulations for Groups been applied.

The parent company use same accounting principles as the Group except for the cases that are described below at ñParent company accounting policiesò

The consolidated financial statements were authorized for issue by the Board of Directors on 31 March 2016. The consolidated income statement, consolidated statement of financial position and the parent company the income- and balance sheet statements are all subject to approval at the Annual General Meeting 12 May 2016.

b) Basis of measurement

The Group consolidation is based on historical cost method, as modified by the financial assets and financial liabilities at fair value through profit or. The accounting standards applied are set out below.

Fixed assets and financial liabilities consist of amounts which are expected to be recovered or settled after more than twelve months from the closing date of the period. Current assets and current liabilities consist of amounts expected to be recovered or settled within 12 months from the closing date of the period.

c) Functional and presentation currency

These consolidated financial statements are presented in SEK, which is the Company´s functional currency. All financial information presented in SEK has been rounded to the nearest thousands, except when otherwise indicated. The functional currency for the subsidiary Oy AJAT Ltd is EUR.

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements made by the management in applying IFRS which has a significant effect on the amounts recognized in the consolidated financial statements is described in Note 28, *Important estimates and judgments.*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 13, *Intangible assets.*

e) Significant accounting policies

No standards, amendments or interpretations effective from fiscal years beginning on or after January 1, 2015 had material impact on the consolidated financial statements.

f) New IFRS not yet adopted

A number of new standards and interpretations will come into effect for fiscal years beginning on or after January 1, 2015 and were not applied when preparing these financial statements. None of these are expected to have any material impact on the consolidated financial statements with the exception of the following:

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers comes into effect on January 1, 2018. Early adoption is permitted. The standards have not yet been adopted by the EU. The Group has not yet evaluated the effect of introducing the standard.

IFRS 16 Leases. The standard is applicable to fiscal years beginning on or after January 1, 2019. Early adoption is permitted. The EU has not yet adopted the standard. The Group is yet to assess IFRS 16ôs full impact.

None of the IFRS or IFRIC interpretations that have yet to come into legal effect are expected to have any significant impact on the Group.

g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. XCounter manage and reports its operations as a single segment; development, manufacturing and marketing of dedicated X-ray sensor technologies. Notice Note 4 for more information about segment reporting.

h) Consolidation principles and acquisitions

Basis of consolidation

XCounter AB has prepared consolidated accounts. The consolidated ýnancial statements incorporate the ýnancial statements of the Company and entities controlled by XCounter. Control is achieved, where the Company has the power to govern the ýnancial and operating policies of an entity as to obtain beneýts from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Unrealized gains and losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. 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 assets acquired and liabilities and values at the contingent liabilities assumed in a business combination regarding measured initially at their fair acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Groupôs share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the parent companyôs functional currency are translated for consolidation purposes as follows:

a. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

b. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

c. All resulting exchange differences are recognized as a separate component in other comprehensive loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholdersô equity in other comprehensive result. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Subsidiaries are entities under the controlling influence of XCounter AB. Control means the direct or indirect right to govern the financial and operating policies as to obtain financial benefits. In determining whether a controlling influence exists, potential voting rights that are exercisable or convertible are considered.

In the consolidated accounts, transaction costs related to subsidiaries directly in the results when they arise.

Shares in subsidiaries, associated companies and joint ventures are included in the parent company using the cost method. This means that transaction costs are included in the carrying amount of investments in subsidiaries, associated companies and joint ventures.

Contingent consideration valued based on the probability of the purchase price will be deleted. Any changes to the provision/claim is on/or reduces cost. In the consolidated accounts contingent consideration at fair value is accounted through profit or loss.

i) Transactions in foreign currency

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies and recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ñfinance income or costò. All other foreign exchange gains and losses are presented in the income statement within ñOther external costsò.

j) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Groupôs activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Groupôs activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Groupôs revenues mainly derive from fixed-price projects, sales of products and consulting work. Project-based income is reported on the projects degree of completion at the balance sheet date. The degree of completion is calculated as the ratio between the expenses paid at the balance sheet date and the estimated total expenses given if that degree of completion can be reliably estimated. In other cases that the revenue is recognized only to the extent the corresponding carrying costs that are recyclable. In cases where a loss is expected

to occur on an uncompleted project, the entire anticipated loss is applied against earnings for the year. Revenues from sales of products are recognized as income at the time of delivery unless significant risks or obligations remain after delivery. Product sales that are delivered in project form are recognized as revenue in accordance with the degree of completion based on the accrued hours. Ongoing consulting services are recognized as revenue as the work is executed.

Exclusivity is recognized as revenue linear over time of the granted exclusivity. This is how XCounter considered the exclusivity for the Leading Healthcare Imaging Company. Payments for exclusivity have been made.

k) Income tax

Corporate income tax rate in Sweden is 22.0%, Finland 20.0% and in United Kingdom 20%.

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they recycle or regulate, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Financial instruments

Classifications and validations

The Group classifies its financial instruments in the following categories: financial instruments measured at fair value through profit or loss, loans and receivables and other liabilities. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets and ýnancial liabilities are recognized on XCounterôs balance sheet when XCounter becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized on the trade-date ï the date on which the Group commits to purchase or sell the asset. Loans and receivables are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables, other receivables and bank deposits are classified as loans and receivables. The carrying value of these items is assumed to approximate their fair value due to their short term nature. Cash and cash equivalents include cash in hand, deposits held at call with banks.

Financial instruments at fair value through profit or loss (FVTPL)

Financial assets and liabilities are classified as at FVTPL when the financial asset or liability is either held for trading or it is designated as at FVTPL. Derivative instruments are classified as held for trading, that are not designated and effective as hedging instruments.

Derivatives are initially recognized at fair value at the date at initial recognition and are subsequently measured at fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as non-current asset or a non-current liability if the remaining maturity is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

m) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Groupôs share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in ñintangible assetsò. For the purpose of impairment testing of goodwill, the total amount is allocated to each of the Groupôs cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the units pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and Development / Capitalized expenditure

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a linear basis over its useful life. From 1 January 2016 the Group will change the amortization plan from 5 to 10 years. Annual testing for impairment, in accordance with IAS 36.

All development costs arose from internal development. R&D contribution from other companies is capitalized parallel to the capitalized expenditures that the contribution is financing.

Patents

Patent rights are reported at their acquisition value and subject to straight-line amortization over the assetsô 10-year estimated period of use.

Technology

Technology is reported at its acquisition value and subject to straight-line amortization over the assetsô 10-year estimated period of use. This part regards the calculated Purchase Price Allocation value for existing Technology at acquisition of Oy AJAT Ltd in May 2009.

Intellectual property

Intellectual property is reported at its acquisition value and subject to straight-line amortization over the assetsô 10-year estimated period of use. This part regards the calculated Purchase Price Allocation value for Intellectual property at acquisition of Oy AJAT Ltd in May 2009.

Other intangible assets

Other intangible assets are reported at their respectively acquisition values and subject to straight-line amortization over the assetsô 3 to 10-year estimated period of use depending on category. This part regards the calculated Purchase Price Allocation values for; Customer base, Trade name and Non-compete at acquisition of Oy AJAT Ltd in May 2009.

n) Inventories

Inventories are reported at the lower of historical cost according to the FIFO method or net realizable value. Estimated obsolescence has thus been taken into account. Costs for internally manufactured semi-finished and finished goods consist of direct production costs plus a reasonable surcharge for indirect production costs.

o) Impairment of assets

Goodwill and intangible assets not yet available for use are not subject to amortization but are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assetôs carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assetôs fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identiýable cash þows (cash-generating units).

An impairment loss is reversed if there has been a change in the assumptions underlying the calculation of recoverable amount and the recoverable amount is higher than the reported value. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the carrying amount the asset would have had if no impairment loss had been made, with regard to the amortization that would have been made.

The Company has no segment split for balance items.

p) Share capital

Ordinary shares are classiýed as equity. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

q) Earnings per share

Based on the consolidated profit, before dilution of existing share option plans, attributable to parent company shareholders on the outstanding weighted number of shares during the year.

r) Employee benefits

Defined contribution plan

For deýned contribution plans, XCounter pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. XCounter has no further payment obligations once the contributions have been paid. The contributions are recognized as employee beneýt expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Deýned beneýt plan

Commitments for old-age pensions and family pensions in Sweden are insured on the basis of pension insurance with Alecta/Collectum (in accordance with the statement UFR 3 issued by the Swedish Financial Reporting Board) and are classiýed as multi-employer deýned beneýt plans. As regards the ýnancial years presented, the Company has not had access to the type of information which would make it possible to report these plans as deýned beneýt plans. The pension plans according to ITP, which are secured on the basis of insurance with Alecta/Collectum, are, therefore, reported as deýned contribution plans. Fees for pensions insured with Alecta/Collectum amount to kSEK 221 (2014: kSEK 209) for the year. Refunds from Alecta/Collectum can be distributed to the insurance holders and/or the assured. At 31 December 2015 the total amount of refunds from Alecta/Collectum due to information from Alecta/Collectum, in the form of a collective consolidation level, amounted to 153% (2014: 143%) per cent. This collective consolidation level is comprised of the market value of the assets managed by Alecta/Collectum as a percentage of insurance commitments, calculated according to Alecta/Collectumôs actuarial assumptions, which is not in accordance with IAS 19.

Termination beneýts

Termination beneýts are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these beneýts. XCounter recognizes termination beneýts when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination beneýts as a result of an offer made to encourage voluntary redundancy. Beneýts falling due more than 12 months after balance sheet date are discounted to present value.

Share-based payments

The Group issues equity-settled share-based payments to certain employees which must be measured at fair value and recognized as an expense in the income statement. XCounter has no legal or constructive obligation to repurchase or settle the options in cash and does not intend to do this. The fair values of these payments are measured at the dates of grant using option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognized over the period during which employees become unconditionally entitled to the awards, subject to the Groupôs estimate of the number of awards which will lapse, either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met. Where an award has market-based performance conditions, the fair value of the award is adjusted at the date of grant for the probability of achieving these via the option pricing model. The total amount recognized in the income statement as an expense or capitalized as development cost is adjusted to reflect the actual number of awards that vest, except where forfeiture is due to the failure to meet market-based performance measures. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and other contributed capital, when the options are exercised.

For each outstanding program, XCounter makes an allocation for social security expenses at each reporting period. Allocations for social security expenses are calculated according to UFR 7, IFRS 2 and social security contributions for listed enterprises, with application of the same valuation utilized when the options were issued. The allocation is re-valued at every reporting occasion on the basis of a calculation of the fees that may be paid when the instruments are redeemed. Valuation in XCounter is carried out according to the Black & Scholes model, with consideration taken of the share price, remaining time until redemption, volatility, strike-price, dividend and risk-free interest. Payments of social security contributions in connection with employee redemption of options are offset against the allocation made according to the above. In order to cover the social security contributions payments in the staff options program, XCounter has access to a number of options designated for conversion to shares and subsequent sale to finance the payment of the social security contributions. As a preferential value arises (the difference between exercise price/conversion rate and the market value of the share) at

the date the staff options are utilized, XCounter can cover the social security contributions payments of this preferential value by converting a portion of the held options to shares and then selling these. However, personnel costs arising in the income statement, which are allocated continuously in accordance with UFR 7, will not be met by a cost reduction (revenue). Instead, the effect only arises in terms of cash flow.

s) Trade receivables

Trade receivables are reported at the expected amount to be collected, based on individual assessment. Two of the outstanding receivables at end of December 2015 was older than 1 month.

t) Provisions

Provisions for restructuring and other costs are recognized when:

XCounter has a present legal or constructive obligation as a result of past events; it is more likely than not that an outþow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Social security contributions related to share-based payments to employees for services rendered are recognized as an expense allocated to the periods in which the employee render the services. The provision for social security contributions are based on the fair value of the options at the balance sheet date.

u) Contingent liability

A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence will be confirmed only by one or more uncertain future events, or when there is a commitment that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

v) Property, plant and equipment

Equipment, tools, ýxtures and ýttings are stated at historical cost less any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assetôs carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic beneýts associated with the item will þow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the ýnancial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

- Equipment and tools	3-5 year
- Leasehold improvements	1-3 years

The assetsô residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assetôs carrying amount is written down immediately to its recoverable amount if the assetôs carrying amount is greater than its estimated recoverable amount (Note 14).

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognized within other operating income/expense net, in the income statement.

w) Borrowings

Borrowing costs are reported in the income statement during the period to which they pertain.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Loans that are determined to be ñCapital loansò based on the Finnish Companies Act, are classified as non-current liabilities. Based on legislation Capital loans and capitalized interest or other remuneration are subordinated to all the other debts upon dissolution and bankruptcy of the borrower. In addition, repayment of capital loans or payment of interest is only possible when the borrowing Company has a positive unrestricted equity as determined in accordance with Finnish GAAP.

Borrowings are reported as accrued acquisition value using the effective interest method according to IFRS 9.

Parent company accounting policies

The Parent company has prepared its financial statements according to the Swedish Annual Accounts Act and the Swedish Financial Reporting Council's recommendation RFR 2, Accounting for Legal Entities. Also the Swedish Financial Reporting Council's statements applicable for listed companies are followed. RFR 2 states that in the financial statements of the legal entity all the IFRS and interpretations shall apply as far as possible within the framework of the Swedish Annual Accounts Act, ñTryggandelagenò and taking into account the relationship between accounting and taxation. The standard states what exceptions of amendments to IFRS that shall be considered.

Subsidiary investments include shares in the subsidiaries XCounter Securities AB, XCounter (UK) Ltd. and Oy AJAT Ltd., which in the separate financial statements for the Parent company, is carried at cost less any impairment losses.

Classification and format

For the parent company Balance sheet statement and Statement of cash flow corresponds to the Group reports called Consolidated Statement of financial position and Consolidated statement of cash flows. Income statement and Balance sheet statement for the parent company are formatted pursuant to the Swedish Annual Accounts Act, while the Statement of comprehensive loss, Statement of changes in equity and Statement of cash flow are based on IAS 1 *Presentation of Financial statements* and IAS 7 *Statement of cash flows*. The differences in the consolidated reports compared to the parent company´s financial statements consist primarily of accounting for fixed assets and equity and provisions as a separate item on the balance sheet.

Property, plant and equipment

Items of property, plant and equipment in the parent company are measured at cost less accumulated depreciation and any accumulated impairment losses by the same principles as for the Group but with the exception for any potential appreciation/revaluation.

2 Financial risk management

Financial risk factors

The Companyôs activities expose it to a variety of ýnancial risks: market risk (including currency risk), liquidity risk and cash þow interest-rate risk. The Companyôs overall risk management program focuses on the unpredictability of ýnancial markets and seeks to minimize potential adverse effects on the Companyôs ýnancial performance. Risk management is carried out by the Companyôs corporate accounting department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering speciýc areas, such as foreign exchange risk, interest-rate risk, use of non-derivative ýnancial instruments, and investing excess liquidity.

Currency exchange risks

Exchange rate exposure within the Company occurs primarily when the Group enters into transactions which are not denominated in the functional currency of the entity. The largest foreign currency exposure is due to AJAT's loan from a former shareholder, from YEN to EUR. The loan for the capital stipulates a currency cap/floor of +/- 15 per cent of the currency relation between YEN and EUR based on the situation as at 30 August 2002, the date the loan was entered into by the parties.

XCounterôs Group policy is not to use hedging arrangements (except for the loan in YEN) as the potential gains to be derived from managing such arrangement are not considered to be significant. The Company continuously monitors the currency exposure in net flows and is ready to implement hedge contracts if the gains derived from such exchange rate contracts are estimated to be significant.

At December 2015 if the currency rate had weakened/strengthened by 10% against EUR with all other variables held constant, post-tax loss for the year would have been SEK 1.7m (EUR 0.18m) higher/lower (2014: SEK 0.6m (EUR 0.07m)). This is mainly a result of currency exchange gains/losses on translation differences for the AJAT acquisition on one side and on the other side currency gain/loss for purchases and the capital loan in YEN.

Liquidity risk

In the Boards opinion prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Prior to making any short term investments management considers the working capital requirements of the business and only invests cash in excess of these requirements. It has not been any short term investments during the periods presented in these financial statements.

It cannot be ruled out that additional funding will be required to finance XCounter's continued operations. This can take place in a less favourable market situation and on terms which are less favourable than what the directors consider these to be today. Such external financing may have a negative impact on XCounter's operations or the rights of the shareholders. If shares or other securities are issued, shareholders may experience dilution and debt financing may contain terms which limit the Company's flexibility. There is no assurance that financing at such time can be secured at all or on terms acceptable to the Company.

Management monitors rolling forecasts of the Companyôs liquidity reserve (comprises cash and cash equivalents) on the basis of expected cash flow.

The Companyôs financial liabilities, trade and other payables, are Grouped into relevant maturity Groupings based on the remaining period at the balance sheet to the contractual maturity date. All balances equal their carrying balances as the impact of discounting to net present value is not estimated as significant.

The table below analyses the Groupôs financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(kSEK) **at 31 December 2015**	**Less then 1 year**	**Between 1 & 7 years**	**Total**
Borrowings	2,951	12,670	**15,621**
Current liabilities	26,659	-	**26,659**
Total	**29,610**	**12,670**	**42,279**

Cash is a limited resource for the Group and the cash generated from AJAT is not sufficient to cover the cash needed for the business of XCounter in Danderyd. Until the Group reaches sustainable profitability and is cash positive there will not be a particular policy regarding cash and capital handling. Once the Group reaches the phase just mentioned and all Capital loans have been repaid, a policy including targets and objectives will be established.

Credit risk management

Credit risk is managed by each legal entity within XCounter. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties are accepted. New customers are in general required to pre-pay for products or services or issue an irrevocable letters of credit.

Cash þow and fair value interest rate risk

Interest rate risk pertains to the risk that changes in interest rates may adversely affect XCounterôs earnings. A majority of the Companyôs borrowing relates to the capital loan from a former shareholder, described in Note 21. The interest rate on this loan is fixed at 3% and accordingly XCounter does not assess the exposure related to changes in interest rates as significant for the Companyôs result and financial position, see Note 21.

Capital risk management

The Companyôs objectives when managing capital are to safeguard the Companyôs ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on a cash basis assuring that the Company has sufficient working capital to maintain its business.

The Company monitors capital on a basis of total equity. The Company invests its capital in research and development activities.

Fair value estimation

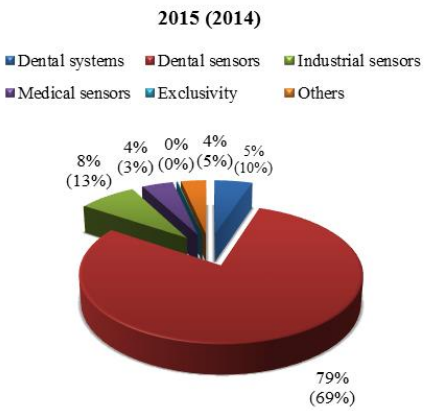
The carrying value less impairment provision is assumed to approximate the assets and the liabilities fair values due to their shore term nature, with the exception of long term debt which is disclosed in Note 21. The fair value for derivative financial instruments measured at fair value through profit or loss, are derived from valuation techniques that include inputs for the instrument that are not observable market data (unobservable inputs), see Note 21.

3 Revenue distribution

(kSEK)	Group		Parent	
	2015	2014	2015	2014
Systems	6,175	7,151	-	-
Sensors	110,053	63,052	12,250	3,766
Exclusivity	166	-	166	-
Others	4,118	3,804	1,956	1,909
Total	**120,512**	**74,007**	**14,371**	**5,675**

4 Segment information

Management has determined the operating segment based on the reports reviewed by the strategic steering committee that are used to make strategic decisions. XCounter manage and report segment for development, manufacturing and marketing of dedicated X-ray sensor technologies. The reportable operating segments derive revenue primarily from sales of X-ray sensors and dental systems where our X-ray sensors are integrated.



(kSEK)	January - December 2015		
	XCounter	AJAT	Group
Dental systems	-	6,175	**6,175**
Dental sensors	5,796	89,735	**95,531**
Industrial sensors	1,363	8,069	**9,432**
Medical sensors	5,091	-	**5,091**
Exclusivity	165	-	**165**
Others	-	4,118	**4,118**
Total revenue	**12,416**	**108,097**	**120,512**

(kSEK)	January - December 2014		
	XCounter	AJAT	Group
Dental systems	-	7,151	**7,151**
Dental sensors	-	51,087	**51,087**
Industrial sensors	1,406	8,200	**9,606**
Medical sensors	2,360	-	**2,360**
Exclusivity	-	-	**-**
Others	-	3,804	**3,804**
Total revenue	**3,766**	**70,241**	**74,007**

(kSEK)	31 December 2015			
	XCounter	XCounter UK	AJAT	Total
Intangible assets	29,150	-	41,528	**70,678**
Tangible assets	974	570	3,178	**4,723**
Total	**30,125**	**570**	**44,706**	**75,400**

(kSEK)	31 December 2014		
	XCounter	AJAT	Total
Intangible assets	21,051	46,675	**67,725**
Tangible assets	1,064	3,389	**4,452**
Total	**22,114**	**50,063**	**72,178**

5 Other operating income

(kSEK)	Group		Parent	
	2015	2014	2015	2014
Other operating income	1,589	2,177	-	290
Total	**1,589**	**2,177**	**-**	**290**

6 Number of employees

	Group		Parent	
	2015	2014	2015	2014
Women	12	12	2	2
Men	45	43	8	6
Total	**57**	**55**	**10**	**8**

7 Directors of the Board and management

	Group			
	2015		2014	
	No. at year-end	Whereof men	No. at year-end	Whereof men
Directors of the Board	5	80%	5	80%
CEO and management	6	100%	6	100%

	Parent			
	2015		2014	
	No. at year-end	Whereof men	No. at year-end	Whereof men
Directors of the Board	3	100%	3	100%
CEO and management	3	100%	3	100%

8 Personnel expenses

(kSEK)	Group 2015	Group 2014	Parent 2015	Parent 2014
Wages and salaries*	29,915	23,608	6,303	5,390
Social security costs	2,504	2,279	1,562	1,690
Share based options to directors and employees	205	223	205	223
Pension costs - defined contribution plans**	4,792	4,231	878	838
Total	**37,415**	**30,341**	**8,947**	**8,141**

*Includes salaries and fees to The Board of Directors and the Chief Executive Officers in the Group amounting to kSEK 2,470 (2014: kSEK 2,802), whereof for the Parent kSEK 700 (2014: kSEK 625).

**Include pension costs for the Chief Executive Officers amounting to kSEK 429 (2014: kSEK 406), whereof for the Parent kSEK 1 (2014: kSEK 1).

AJAT observes a period of notice of six (6) months for both parties for the CEO of AJAT. For AJAT a severance payment of six (6) months is paid to the CEO if the Company terminates their contract. XCounter observes a period of notice of three (3) months for both parties for the CEO of XCounter AB. No severance payment for the CEO will be paid if the Company terminates his contract.

Fees to the Board of Directors including the Chairman are accounted for as personnel costs in the income statement.

Remunerations to the Board of Directors and Key management personnel are further disclosed below.

For the year 2015 (kSEK) **Group and Parent**	**Salary/ Board fee**	**Pension**	**Share based payments**	**Other/ variable compensation**	**Total**
Jean-Philippe Flament, Chairman	150	-	-	2,313	**2,463**
Rasmus Ljungwe, CEO	450	1	-	-	**451**
Ondine de Rothschild, Non-Executive Director	50	-	-	-	**50**
Spencer Gunn, Executive Director and COO	50	-	-	1,556	**1,606**
Thor Haugnaess, Non-Executive Director	-	-	-	-	**-**
Yngvar Hansen-Tangen, Non-Executive Director	-	-	-	-	**-**
Christer Ullberg, CTO	1,502	365	43	-	**1,910**
Key management personnel of Oy AJAT Ltd., 3 people	-	-	79	-	**79**
Subsidiary (Oy AJAT Ltd.)					
Jean-Philippe Flament, Chairman	-	-	-	-	**-**
Rasmus Ljungwe, Executive Director	-	-	-	-	**-**
Konstantinos Spartiotis, CEO	1,771	428	-	468	**2,667**
Other key management personnel, 2	2,383	577	-	94	**3,054**
Total	**6,355**	**1,371**	**122**	**4,431**	**12,279**

For the year 2014 (kSEK) **Group and Parent**	**Salary/ Board fee**	**Pension**	**Share based payments**	**Other/ variable compensation**	**Total**
Jean-Philippe Flament, Chairman	100	-	-	2,456	**2,556**
Rasmus Ljungwe, CEO	415	1	-	-	**416**
Ondine de Rothschild, Non-Executive Director from 140502	33	-	-	-	**33**
Spencer Gunn, Executive Director from 140502 and COO from 141110	276	-	-	796	**1,073**
Yngvar Hansen-Tangen, Non-Executive Director	43	-	-	-	**43**
Thor Haugnaess, Non-Executive Director	-	-	-	-	**-**
Bo Lind, Non-Executive Director until 140502	-	-	-	-	**-**
Christer Ullberg, CTO	1,520	431	47	-	**1,999**
Key management personnel of Oy AJAT Ltd., 3 people	-	-	89	-	**89**
Subsidiary (Oy AJAT Ltd.)					
Jean-Philippe Flament, Chairman	-	-	-	-	**-**
Rasmus Ljungwe, Executive Director	-	-	-	-	**-**
Konstantinos Spartiotis, CEO	2,176	406	-	-	**2,582**
Other key management personnel, 2	2,872	536	-	-	**3,407**
Total	**7,436**	**1,373**	**136**	**3,252**	**12,198**

9 Auditors remuneration

(kSEK)	Group		Parent	
	2015	2014	2015	2014
PricewaterhouseCoopers AB				
Audit assignment	437	468	260	252
Audit business in addition to audit assignment	57	124	57	124
Tax consulting	81	-	81	-
Thorne Lancaster Parker				
Audit assignment	37	-	-	-
Summa	**612**	**593**	**398**	**376**

An audit assignment includes the audit of the annual accounts, the accounting records and the administration of the Board of Directors and the managing director. The audit assignment includes additional work given by the Company to the auditors and consultations or other assistance resulting from observations made during the audit or completion of such additional work. Everything else is considered as non-audit assignments.

10 Financial items

(kSEK)	Group		Parent	
	2015	2014	2015	2014
Exchange gain	1 266	11	-	-
Interest on bank deposits	-	26	-	26
Other interest income	-	13	90	32
Change in embedded derivative	-	-	-	-
Total	**1,266**	**49**	**90**	**57**

(kSEK)	Group		Parent	
	2015	2014	2015	2014
Exchange loss	-2,439	-179	-361	-12
Other interest expenses	-131	-19	-	-
Other financial expenses	-37	-72	-	-
Interest expenses on loans	-338	-1,438	-	-234
Change in embedded derivative	634	176	-	-
Total	**-2,312**	**-1,532**	**-361**	**-246**

11 Income tax expenses

The Swedish corporate tax is 22%, Finnish is 20% and United Kingdom is 20%. Differences are explained in the table below along with other tax deductions and deferred taxes.

(kSEK)	Group		Parent	
Consolidated income statement	2015	2014	2015	2014
Loss before tax from continuing operations	**-4,879**	**-25,570**	**-14,145**	**-21,058**
Tax at Swedish corporation tax rate of 22.0%	1,073	5,625	3,112	4,633
Tax at Finnish corporation tax rate of 20.0%	-2 780	-67	-	-
Tax at UK corporation tax rate of 20.0%	190	-	-	-
Effects of:				
Deferred tax*	-591	260	-	-
Tax losses carried forward, tax effect for which no deferred tax asset has been recognized	-1,073	-5,625	-3,112	-4,633
Tax expense for financial year	**-3,181**	**194**	**-**	**-**

* Deferred income tax of 20% at the amortization of acquired intangible assets for AJAT with the headings Technology, Intellectual property and Other intangible assets on note 13, for 2015 kSEK 4,427 (kEUR 485) (2014: kSEK 4,304 (kEUR 452)). It also relates to deferred tax of 20% on Capital loan in respect of the derivative and the difference between the lower fixed interest rate compared to assumed market interest rate. The Group has approximately at 31 December 2015 tax deductible losses.

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable. The deferred tax assets related to XCounter have not been recorded as based on the history of recent losses and it is not probable that they will ultimately be utilized. The Group has recorded the deferred tax assets associated with XCounter UK as it is probable that they will be realized.

In Sweden or the UK, the unused tax losses can be used without any time limitation.

Specification of deferred tax

(kSEK)	Group	
	2015	2014
Deferred income tax assets		
Tax loss from operations	190	169
	190	**169**
Deferred income tax liabilities		
Deferred tax liabilities related to temporary differences	-1,408	-
Tax liabilities related to acquisition*	-2,433	-3,539
	-3,841	**-3,539**
Net value Tax assets and liabilities	**-3,651**	**-3,370**

* Deferred income tax with 20.0% at the gross amounts/values of the acquired intangible assets for AJAT with the headlines Technology, Intellectual property and Other intangible assets on note 13.

12 Earnings per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Potential shares are not treated as dilutive as they would decrease loss per share. Potential shares in current option programs equal a potential dilution of 2.2%.

(kSEK)	Group	
	2015	2014
Loss attributable to equity holders of the Company	-8,060	-25,376
Weighted average number of ordinary shares before dilution	13,952,954	10,509,116
Loss per share before dilution, (SEK)	-0.58	-2.41

13 Intangible assets

(kSEK)	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
Capitalized expenditure for development	**2015**	**2014**	**2015**	**2014**
Opening accumulated cost	**106,049**	**95,577**	**96,382**	**87,322**
Changes during the year				
Internally generated assets	14,977	10,193	13,131	9,059
Disposals	-	-	-	-
Translation differences	-222	280	-	-
R&D funding	-	-	-	-
Closing accumulated cost	**120,804**	**106,049**	**109,513**	**96,382**
Opening accumulated amortization	**-9,725**	**-5,922**	**-6,601**	**-3,415**
Changes during the year				
Amortization	-5,581	-3,803	-5,031	-3,187
Closing accumulated amortization	**-15,306**	**-9,725**	**-11,632**	**-6,601**
Opening accumulated impairment	**-70,479**	**-70,479**	**-68,730**	**-68,730**
Changes during the year				
Impairment loss	-	-	-	-
Closing accumulated impairment	**-70,479**	**-70,479**	**-68,730**	**-68,730**
Closing capitalized expenditure for development	**35,018**	**25,845**	**29,150**	**21,051**

(kSEK)	Group		Parent	
	31 Dec	31 Dec	31 Dec	31 Dec
Patents & licences	**2015**	**2014**	**2015**	**2014**
Opening accumulated cost	**6,261**	**5,780**	**-**	**-**
Changes during the year				
Additions	440	230	-	-
Translation differences	-212	250	-	-
Closing accumulated cost	**6,489**	**6,261**	**-**	**-**
Opening accumulated amortization	**-2,505**	**-1,874**	**-**	**-**
Changes during the year				
Amortization	-574	-632	-	-
Closing accumulated amortization	**-3,079**	**-2,505**	**-**	**-**
Closing patents & licenses	**3,410**	**3,755**	**-**	**-**

(kSEK)	Group		Parent	
Technology	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Opening accumulated cost	**29,945**	**28,144**	**-**	**-**
Changes during the year				
Translation differences	-1,197	1,802	-	-
Closing accumulated cost	**28,748**	**29,945**	**-**	**-**
Opening accumulated amortization	**-16 969**	**-13,134**	**-**	**-**
Changes during the year				
Amortization	-2,944	-2,863	-	-
Translation differences	748	-973	-	-
Closing accumulated amortization	**-19,165**	**-16,969**	**-**	**-**
Closing technology	**9,583**	**12,976**	**-**	**-**

(kSEK)	Group		Parent	
Intellectual property	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Opening accumulated cost	**8,030**	**7,517**	**-**	**-**
Changes during the year				
Translation differences	-341	512	-	-
Closing accumulated cost	**7,689**	**8,030**	**-**	**-**
Opening accumulated amortization	**-4,826**	**-3,736**	**-**	**-**
Changes during the year				
Amortization	-837	-814	-	-
Translation differences	204	-277	-	-
Closing accumulated amortization	**-5,460**	**-4,826**	**-**	**-**
Closing intellectual property	**2,229**	**3,203**	**-**	**-**

(kSEK)	Group		Parent	
Other intangible assets	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Opening accumulated cost	**7,460**	**7,011**	**-**	**-**
Changes during the year				
Translation differences	-298	449	-	-
Closing accumulated cost	**7,162**	**7,460**	**-**	**-**
Opening accumulated amortization	**-5,602**	**-4,648**	**-**	**-**
Changes during the year				
Amortization	-645	-627	-	-
Translation differences	239	-327	-	-
Closing accumulated amortization	**-6,008**	**-5,602**	**-**	**-**
Closing other intangible assets	**1,154**	**1,858**	**-**	**-**

(kSEK)	Group		Parent	
Goodwill	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Opening accumulated cost	**20,087**	**18,879**	**-**	**-**
Changes during the year				
Translation differences	-803	1,208	-	-
Closing accumulated cost	**19,284**	**20,087**	**-**	**-**
Closing goodwill	**19,284**	**20,087**	**-**	**-**

(kSEK)	Group		Parent	
Net intangible assets	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Capitalized expenditure for development	35,018	25,845	29,150	21,051
Patents & licenses	3,410	3,755	-	-
Technology	9,583	12,976	-	-
Intellectual property	2,229	3,203	-	-
Other intangible assets	1,154	1,858	-	-
Goodwill	19,284	20,087	-	-
Total net intangible assets	**70,678**	**67,725**	**29,150**	**21,051**

Of the generated assets for the Group kSEK 14,977 (2014: kSEK 10,193) is kSEK 14,977 (2014: kSEK 10,193) internal generated.

Of the generated assets for the parent company kSEK 13,131 (2014: kSEK 9,059) is kSEK 13,131 internal generated.

The acquisition of AJAT resulted in recognition of goodwill amounting to kSEK 19,284 at closing day 31 December 2015 (31 December 2014: kSEK 20,087).

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an estimation of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The WACC assumed was 15.6 per cent (2014: 15.6 per cent) after tax, which is the same discount rate used in the impairment of indefinite lived intangible assets. The estimates of cash flows for 2016-2025 are specified in a business plan approved by the board at the time for the acquisition, which management has adjusted the sales figures, cost of goods and other expenses after considered new facts and the growth between years. The growth rate from 2025 and future on is assumed to 2.0 per cent (2014: 2.0 per cent).

The capitalized expenditure for development will be amortized over a teen year period from 1 January 2016 instead of todayôs five year.

14 Property, plant and equipment

(kSEK)	Group		Parent	
Leasehold improvements	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Opening accumulated cost	**1,664**	**1,756**	**5**	**299**
Changes during the year				
Additions	2,218	207	-	5
Disposals	-	-299	-	-299
Closing accumulated cost	**3,882**	**1,664**	**5**	**5**
Opening accumulated amortization	**-1,244**	**-1,024**	**-2**	**-299**
Changes during the year				
Depreciation	-1,329	-519	-3	-2
Disposals	-	299	-	299
Closing accumulated amortization	**-2,573**	**-1,244**	**-5**	**-2**
Closing net book value	**1,310**	**420**	**-**	**4**

(kSEK)	Group		Parent	
Property, plant and equipment	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Opening accumulated cost	**29,544**	**31,294**	**13,142**	**17,345**
Changes during the year				
Additions	704	3,224	181	771
Disposals	-	-4,974	-	-4,974
Closing accumulated cost	**30,248**	**29,544**	**13,323**	**13,142**
Opening accumulated amortization	**-25,512**	**-29,777**	**-12,082**	**-16,929**
Changes during the year				
Depreciation	-484	-779	-267	-127
Disposals	-	4,974	-	4,974
Exchange translation difference	-839	70	-	-
Closing accumulated amortization	**-26,835**	**-25,512**	**-12,349**	**-12,082**
Closing net book value	**3,413**	**4,032**	**974**	**1,060**
Property, plant and equipment net book value	**4,723**	**4,452**	**974**	**1,064**

15 Participation in Group Companies

XCounter acquired XCounter (UK) Ltd on 1 April 2015, when it also achieved board and voting control. XCounter UK is a British company founded the November 17th 2014 by related parties to XCounter AB. The purchase sum was kSEK 1 in Cash.

2015

Company's name	**Reg. no.**	**Location**	**Equity**	**Net result**
XCounter Securities AB	556632-6137	Stockholm	89	-3
XCounter (UK) Ltd.		London, UK	-913	-951
Oy AJAT Ltd	1735843-9	Espoo, FI	26,215	11,164

2015

(kSEK)	Scope of holding		Value of holding
Company's name	**No of shares**	**Share capital**	**Book value**
XCounter Securities AB	1,000	100%	100
XCounter (UK) Ltd.	1	100%	1
Oy AJAT Ltd	14,801	100%	59,704
Total			**59,805**

2014

Company's name	**Reg. no.**	**Location**	**Equity**	**Net result**
XCounter Securities AB	556632-6137	Stockholm	92	-3
Oy AJAT Ltd	1735843-9	Espoo, FI	19,513	266

2014

(kSEK)	Scope of holding		Value of holding
Company's name	**No of shares**	**Share capital**	**Book value**
XCounter Securities AB	1,000	100%	100
Oy AJAT Ltd	14,801	100%	59,704
Total			**59,804**

16 Inventories

(kSEK)	Group		Parent	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Raw material	5,962	10,409	-	-
Work in progress	3,030	2,053	-	-
Finished goods	4,820	2,437	-	-
Total	**13,813**	**14,898**	**-**	**-**

17 Trade receivables, other receivables, prepaid expenses and accrued income

(kSEK)	Group		Parent	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Trade receivables	13,633	7,988	1,382	-
Intercompany receivables	-	-	959	1,883
Total	**13,633**	**7,988**	**2,341**	**1,883**

None of the trade receivables at the end of the year is to considered as doubtful receivables.

Other receivables, prepaid expenses and accrued income are as follows:

(kSEK)	Group		Parent	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
VAT recoverable	590	1,914	393	888
Other short term receivables	-	1	-	1
Total other receivables	**590**	**1,915**	**393**	**889**
Other prepaid expenses	1,954	1,650	817	744
Total prepaid expenses and accrued income	**1,954**	**1,650**	**817**	**744**

The total carrying value for assets categorized as Loans and receivables amounts to kSEK 41,442 (2014: kSEK 33,801), and relates to trade receivables, other receivables and bank deposits.

18 Cash and cash equivalents

(kSEK)	Group		Parent	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Cash at bank and in hand	27,219	23,898	2,906	9,777
Total	**27,219**	**23,898**	**2,906**	**9,777**

19 Equity

(kSEK)			Additional paid in Capital		
Group & Parent	**No. of ordinary shares**	**Share capital**	**Statutory reserve**	**Share premium**	**Share-based payment**
Balance at 1 January 2015	**13,248,264**	**66,241**	**274,180**	**449,795**	**3,119**
Share issues	1,088,000	5,441	-	8,704	-
Share based payments	-	-	-	-	205
Balance at 31 December 2015	**14,336,264**	**71,681**	**274,180**	**458,499**	**3,324**

The number of shares for the parent company equals the number of shares disclosed in the table for the Group above. The company has only one class of shares and all shares carry the same voting rights.

For the Group the share premium and share-based payments are consolidated in the report for changes in equity to kSEK 736,003 as additional paid in capital.

The Group also has an item for translation difference in equity in respect of the changes in currency ration between SEK and EUR regarding the acquisition of Oy AJAT Ltd.

1,088,000 in placing completed during 2015.

The par value is SEK 5.00.

20 Share-based payment arrangements

The Group has previously granted stock options under year 2012. The terms of options granted under these plans are as follows:

2012 ESOP/BSOP

The Company granted 10,000 options during 2012, which are subject to a three year vesting schedule and required the continued service of the option holder (as employee or Director, as the case may be). 1/36 of the options vested monthly at the end of each calendar month, the first time on 1 April 2012. These options have life time to 31 March 2017. The option holder ended his employment in 2013 and thus stops earning.

The Company granted 105,000 options during 2012, which are subject to a one year vesting schedule and required the continued service of the option holder (as employee or Director, as the case may be). 1/12 of the options vested monthly at the end of each calendar month, the first time on 1 May 2012. These options have life time to 30 April 2016.

The Company granted 185,000 options during 2012, which are subject to a three year vesting schedule and required the continued service of the option holder (as employee or Director, as the case may be). 1/3 of the options vested yearly at December every year, the first time on 1 December 2012. These options have life time to 31 December 2017. One of the option holders ended his employment during 2013, and thus stops his earning. A total of 55,000 stock options has been vested during 2015.

The assumptions used in the Black-Scholes valuation model for each of the option grants described above are as follows:

	2012 BSOP	2012:1 ESOP	2012:2 ESOP
Exercise Price (SEK)	23.50	26.68	23.50
Volatility (%)	39.21%	39.21%	39.21%
Risk-free rate (%)	0.44%	0.44%	0.44%
Expected dividends	nil	nil	nil
Estimated life	0.33	1.25	2.00
		-	-
Fair value per option (SEK)	0.0052	0.1648	0.6746

The volatility for the share is based on closing prices/day from February 2006 to December 2015.

Total expenses related to each of the plans above were recognized as follows during 2015 and 2014:

(SEK)	2012 BSOP	2012:1 ESOP	2012:2 ESOP	**Total**
2015				
Vesting charge	-	-	204,587	204,587
Social security	-	-	32,599	32,599
Total Expense	**-**	**-**	**237,186**	**237,186**

(SEK)	2012 BSOP	2012:1 ESOP	2012:2 ESOP	**Total**
2014				
Vesting charge	-	-	223,186	223,186
Social security	-	-	3,435	3,435
Total Expense	**-**	**-**	**226,621**	**226,621**

Movements in the number of share options and warrants outstanding, and their related weighted average exercise prices are as follows:

Outstanding options and warrants

	2015	
	Average exercise price in SEK per share	**Warrants/ Options (thousands)**
At 1 January	**24.26**	**53**
Granted	-	-
Forfeited	-	-
Expired	-	-
Exercised	-	-
Cancelled	-	-
Replaced	-	-
At 31 December	**24.26**	**53**

	2014	
	Average exercise price in SEK per share	**Warrants/ Options (thousands)**
At 1 January	**24.26**	**53**
Granted	-	-
Forfeited	-	-
Expired	-	-
Exercised	-	-
Cancelled	-	-
Replaced	-	-
At 31 December	**24.26**	**53**

Expiry date	**Exercise price, SEK**	**Number of options 2015**	**2014**
30 April 2016	23.50	105,000	105,000
31 March 2017	26.68	10,000	10,000
30 November 2017	23.50	165,000	165,000
Total		**280,000**	**280,000**

Out of the 280,000 outstanding warrants/options none (2014: none) were exercisable. The average price of the outstanding warrants/options is SEK 24.26. The exercise price of options outstanding at 31 December 2015 ranged from SEK 23.50 to SEK 26.68. The weighted average remaining contractual life of the outstanding options which were outstanding at 31 December 2015 was 1.2 years (2014: 2.2 years).

As of 31 December 2015, no option program is outstanding in AJAT.

21 Loans and borrowings

The Groupôs borrowing of kSEK 16,439 (kEUR 1,800) in nominal value, included kSEK 234 (kEUR 26) of accrued interest and principle amounts due of kSEK 16,205 (kEUR 1,774). Carrying value at 31 December 2015 amounted to kSEK 19,124 (kEUR 2,093) (2014: kSEK 17,916 (kEUR 1,883)).

The borrowings, all of which were assumed in connection with the acquisition of AJAT, are comprised of the following:

- A loan is denominated in Japanese YEN (YEN) and bears interest at a fixed rate of 3%. The agreement stipulates a currency cap/floor of +/- 15 % of the currency relation between YEN and EUR based on the exchange rate in place on 30 August 2002. The amount outstanding in nominal value was kSEK 10,868 (kEUR 1,190 (kYEN 155,944)) at 31 December 2015 (2014: kSEK 11,740 (kEUR 1,234 (kYEN 180,981))). The currency cap/floor is determined to be an embedded derivative and is treated separately from the host contract; see information below ñEmbedded derivative ï fair valueò.
- Loan with TEKES, the main public funding organization for research, development and innovation in Finland. The loan bears interest at prime rate less 1% (Finnish government interest for these types of loans) and a minimum interest level of 3%. The prime rate during the period was 3%. The nominal amount outstanding at 31 December 2015 was kSEK 1,682 (kEUR 187) (2014: kSEK 2,026 (kEUR 213)).
- A Group of loans from previous shareholders in AJAT that bear interest at a fixed rate of 3%. The nominal amount outstanding at 31 December 2015 was kSEK 688 (kEUR 75) (2014: kSEK 832 (kEUR 87)).

These borrowings are deemed to be Capital loans in accordance with Chapter 5 of the Finnish Companies Act. Based on the Finnish companies Act, Capital loans and associated interest or other remuneration are subordinated to all the other debts upon dissolution and bankruptcy of the borrower. In addition, repayment of Capital loans or associated interest is only possible when borrowing Company has a positive unrestricted equity calculated based on Finnish GAAP. In 2015 a repayment was made to all loan givers with a total of kSEK 2,211 (kEUR 242) (2014: 2,747 (kEUR 289)).

All loans excluding the loan from Acrorad and Tekes are as per February 2016 repaid. The loan from Acrorad is interest free from September 2016 and shall be paid on a yearly basis until year 2022.

The capital loans carry fixed interest rate of 3%. At the date of acquisition an interest rate of 3% was considered to be below market interest rates. The market rate for the capital loans was estimated at 10%. At the date of acquisition, the capital loans were measured at fair value by discounting expected future cash flows with the estimated market interest rate of 10%. The difference between the initial fair value and the nominal amount of the loans are amortized through profit and loss over the estimated duration of the loans, using the effective interest rate. A market interest rate of 10% is still expected.

Embedded derivative ï fair value

The currency cap/floor is determined to be an embedded derivative and is treated separately from the host contract and the measured value goes through profit or loss. The value of the currency cap/floor is determined by using a valuation technique that includes inputs that are not observable market data (unobservable inputs) which according to IFRS is categorized as level 3. The input used in the valuation technique is primarily EUR/YEN-rates and an assumption about the cash flows of the contract.

	Group	
Currency derivative	**2015**	**2014**
Opening balance	-1,310	-1,134
Change in value (financial cost)	634	176
Closing balance	**-676**	**-1,310**

22 Trade and other payables

(kSEK)	Group		Parent	
Current liabilities	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Advance payment from customers	**3,354**	**5,807**	**2,595**	**3,366**
Trade payables	**11,622**	**7,786**	**5,149**	**3,466**
Short term loan	3,503	-	-	-
Payroll related liabilities	1,782	261	357	261
Social security and other taxes	487	792	-48	295
Accrued payroll expense	357	58	357	-
Holiday pay liability	3,622	3,524	1,036	889
Accrued expenses	1,933	1,535	1,708	-132
Other liabilities	**11,684**	**6,171**	**3,410**	**1,313**
Total current liabilities	**26,659**	**19,764**	**11,154**	**8,145**

23 Operating leases

XCounter leases various plant, machinery and equipment under cancellable operating lease agreements. These lease agreements can be cancelled with 6 to 60 monthsônotice.

The minimum lease rentals to be paid under non-cancellable operating leases at 31 December 2015 are as follows:

(kSEK)	Group		Parent	
	2015	**2014**	**2015**	**2014**
Within one year	3,709	6,884	1,020	1,020
Between one and five years	6,666	16,978	3,061	-
Total	**10,375**	**23,862**	**4,081**	**1,020**

24 Related parties

Related parties identified include; management transactions and VisuRay PLC (ñVisuRayò). All transactions are made at market conditions and prices. VisuRay holds 42.6% of the shares in XCounter. XCounterôs also sold industrial sensors to VisuRay.

Sales to related parties

(kSEK)	Group		Parent	
	2015	**2014**	**2015**	**2014**
AJAT	-	-	1,956	1,909
VisuRay	2,172	473	2,172	473
XCounter (UK) Ltd.	-	-	741	-
Total sales to related parties	**2,172**	**473**	**4,128**	**2,382**

Purchases from related parties

(kSEK)	Group		Parent	
	2015	**2014**	**2015**	**2014**
AJAT	-	-	2,809	2,898
Innovative Pivotal Applications Ltd.	3,638	2,179	1,710	2,179
Tyholmen AS	-	65	-	65
Whitehorse Investing Ltd.	2,313	2,740	2,313	2,740
VisuRay	-	-	5 751	-
Total purchases from related parties	**5,951**	**4,984**	**6,833**	**7,881**

Other related party transactions

(kSEK)	Group		Parent	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Capital loan from management	416	498	-	-
Total other related party transactions	**416**	**498**	**-**	**-**

Period-end balances to/from related parties arising from sales/purchase of goods/services

(kSEK)	Group		Parent	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
AJAT (receivable)	-	-	1,939	167
AJAT (payable)	-	-	2,840	1,033
Innovative Pivotal Applications Ltd. (payable)	248	427	-	427
VisuRay (advance payment from customers)	676	876	676	876
Whitehorse Investing Ltd. (payables)	208	207	208	207
XCounter (UK) Ltd. (receivables)	-	-	2,009	-
Total purchases from related parties	**1,132**	**1,509**	**7,672**	**5,663**

25 Pledged assets & contingent liabilities

XCounter AB, parent company, has signed an agreement together with its subsidiary Oy AJAT Ltd with the lender where the loan is denominated in YEN where XCounter guarantee AJAT´s debt of Capital loan if AJAT fail to repay each year of the repayment plan. Total amount for principal part and interest until fully repaid end of August 2022 is calculated to kSEK 11,022 (kEUR 1,207) (2014: kSEK 13,297 (kEUR 1,397)).

26 Cash used in operations

(kSEK)	Group		Parent	
Adjustments for non-cash items	**2015**	**2014**	**2015**	**2014**
Amortization, intangibles	10,582	8,739	5,031	3,187
Impairment loss, intangibles	-	-	-	-
Depreciation, tangibles	1,813	1,298	270	129
Gain/loss on sale of equipment	-	200	-	200
Disposals, intangibles	-	-	-	-
Currency exchange gain/loss	2,312	130	-22	12
Financial income	-131	-111	-90	-57
Financial expense	-	-416	-	-
Net other financial items	-	186	-	-
Share-based payments	205	223	205	223
Total adjustments	**14,780**	**10,249**	**5,394**	**3,693**

27 Other information and events after the balance sheet date

- In the beginning of the year a share issue was completed with 412,000 new shares, which resulted in SEK 5,4m (EUR 0,6m).
- Dividend of 800kEUR will be paid from XCounter ABôs subsidiary during the year of 2016, so far XCounter has received 400kEUR.

28 Important estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

XCounter makes estimates and assumptions concerning the future. The resulting accounting estimates will, by deýnition, seldom equal the related actual results. The estimates and assumptions that have a signiýcant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next ýnancial year are discussed below.

Intangible assets

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a linear basis over its useful life. Annual testing for impairment is conducted.

The Group performs an annual impairment test in accordance with IAS 36. This test is performed by comparing the carrying value of the asset with its recoverable amount. The recoverable amount is considered to be the present value of future net cash flows related to the asset. The cash flow projection used by the Group in the 2015 impairment assessment extends over the period from 2016 to 2025. Expected revenue is based on deliveries of x-ray sensors and year volumes is critical to cash flow forecasts, larger deviations of annual volume may cause impairment. Costs related to the sale of these goods are also included in these projections, as well as the strategy for manufacturing via significant outsourcing to qualified and selected suppliers.

The other critical assumption in the impairment test is the discount rate of 15.62% (2014: 15.62%) applied to the forecasts. Increasing the discount rate to 20.0% would reduce the total discounted cash flow with approx. SEK 13.1m (EUR 1.4m) (2014: SEK 32.6m (EUR 3.4m)). That would though not require any impairment loss.

Deferred tax

Management considers the recoverability of its deferred tax assets relating to accumulated deductible temporary differences and unused taxes. Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through the future taxable profits is probable. The Group has not yet recorded any deferred tax for tax loss carry-forward related to XCounter AB due to its history of recent losses and there is not convincing evidence that sufficient taxable profit will be available against which the unused tax losses can be utilized by the entity.

Share based payments

The 2015 employee stock option programs are subject to market conditions. Management has factored into the calculation of the fair value of these stock options, the probability of these vesting criteria being achieved. The fair value determination of the options according to IFRS 2 for this employee stock option program includes the managementôs best estimate of the fulfilment of the market based vesting criteria. Similarly, management estimate at each balance sheet date the expected number of options that will vest based on their expectation of employees with options that will still be in employment at the end of the vesting period. For further information, see Note 20.

Social security provisions

Social security provisions related to share based payments are estimated at each balance sheet date. Management estimate the provisions based on their expectation of the probability that share options will be exercised. Social security provisions are therefore subject to punctuation according to the accuracy of managements estimations.

Going concern

The Group closely monitors its liquidity needs and has developed detailed cash flow projections for the upcoming year. These forecasts include assumptions about research and development activities, market growth and supplier co-operation. These cash flow projections are based on numerous assumptions and a change in such assumptions could have a material impact on the projects. The Directors believe that, with the Groupôs existing cash resources, the newly signed major OEM agreement and other ongoing OEM prospects, the current business plan should be sufficient to enable the Group the reach sustainable profitability and be in going concern, if additional funding is obtained.

29 The parent company

XCounter AB (or ñthe Parent companyò) is active in development of photon counting and tomosynthesis based 3D X-ray sensors for dental, medical and industrial applications based on proprietary X-ray technologies. The current number of employee headcount is 8 at the end of December 2015. Todayôs business focus is to concentrate on the development activities and products with shortest time to market at the same time as usage of the XCounter ABôs resources is optimized.

January-December

- Net sales increased to SEK 14.4m (EUR 1.5m) (2014: SEK 5.7m (EUR 0.6m))
- Loss for the period was SEK -14.1m (EUR -1.5m) (2014: SEK -21.1m (EUR -2.3m))
- Net cash at the end of the period of SEK 2.9m (EUR 0.3m) (2014: SEK 9.8m (EUR 1.1m))

30 Future upcoming reporting dates

Annual report 2016	latest 31 March 2017

The Annual Report will not be distributed to the shareholders by mail, but it can be downloaded after publication on our website, www.xcountergroup.com, or it can be ordered by email, info@xcounter.com.

31 Annual general meeting 2016

The AGM is scheduled to be held 12 May 2016 at the Companyôs office, Svärdvägen 23, Danderyd. Notice to the Annual General Meeting will be announced and published to all shareholders no later than 14 April 2016.

Approval of financial statements

Consolidated financial statements will be submitted to the annual general meeting 12 May 2016 for adoption.

The board of directors and the CEO certify that the consolidated financial statements have been prepared in accordance with international financial reporting standards as adopted by the EU and give a true and fair view of the Groupôs financial position and results. The annual report has been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the financial position and results in the parent company.

The board of directorôs report of the Group and the parent company provides a fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies included in the Group.

Danderyd, 31 March, 2016

Jean-Philippe Flament
Chairman of the Board

Spencer Gunn
Director

Ondine de Rothschild
Director

Rasmus Ljungwe
CEO

Our Audit report was submitted on 31 March, 2016 and contains information of special importance.

PricewaterhouseCoopers AB

Mattias Lamme
Authorized Public Accountant
Auditor in charge

Johan Rönnbäck
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of XCounter AB (publ), corporate identity number 556542-8918

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of XCounter AB for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 6-37.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditorôs 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 auditorôs judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the companyôs 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 companyôs 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 Managing Director, 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 opinions.

Opinions

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 of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. 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 of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Emphasis of matter

Without qualifying our opinion, we draw attention to the statutory administration report and note 28 in the annual report, which states that the board of directors believes that the company requires additional financing for continuously operations, which not yet has been secured. We cannot assess the impact on the companyôs business if the required financing isnôt received.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the companyôs profit or loss and the administration of the Board of Directors and the Managing Director of XCounter AB for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the companyôs profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act

Auditorôs responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the companyôs 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 Directorsô proposed appropriations of the companyôs profit or loss, we examined 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 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Malmö 31th March 2016

PricewaterhouseCoopers AB

Mattias Lamme	Johan Rönnbäck
Authorized Public Accountant	Authorized Public Accountant
Auditor in charge	