

# XCounter AB

## YEAR-END BULLETIN 2012



Dental



Medical



Industrial

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XCounter AB (publ) (Nasdaq OMX First North: XCT), a technology leader in direct conversion and photon counting digital X-ray imaging for dental, medical and industrial markets, is pleased to announce its full year report for January - December 2012.

### Highlights for October - December

#### *Financial*

- Net sales increased 5.9% to SEK 19.6m (EUR 2.3m) (2011: SEK 18.5m (EUR 2.0m))
- Net cash used in operating activities SEK -5.8m (EUR -0.7m) (2011: SEK -2.3m (EUR -0.3m))
- Operating loss reduced 36.7% to SEK -3.2m (EUR -0.4m) (2011: SEK -5.1m (EUR -0.6m))
- Loss reduced 30.3% to SEK -2.4m (EUR -0.3m) (2011: SEK -3.4m (EUR -0.4m))
- Loss per share before dilution SEK -0.54 (EUR -0.06) (2011: SEK -0.87 (EUR -0.10))
- On 6 November XCounter held an extraordinary general meeting which resolved the following resolutions; Mr. Charles Spicer was elected as new Board director, annual fee to the Board of Directors, share issue of maximum 670,000 shares, board stock option plan 2012/2016 and the issuance of warrants, employee stock option plan 2012/2017 and issuance of warrants
- On 7 November XCounter announced the share issue to be completed with 457,174 new shares raising SEK 7.8m (EUR 0.9m) before transaction costs. On 20<sup>th</sup> November XCounter announced the registration of the new shares and a net cash contribution of SEK 7.7m (EUR 0.9m)
- By end of November an Unconditional Shareholder's Contribution was given to the subsidiary Oy AJAT Ltd. with SEK 2.6m (EUR 0.3m)
- In the announcement in June 2011 regarding the General agreement being signed with the Leading Healthcare Imaging Company, a Warrant over 12.5% of the shares subject to shareholder approval was included. The parties have recently agreed not to present this Warrant for shareholder approval. As a consequence, the Company will receive SEK 3.4m (EUR 0.4m) less in exclusivity payment during 2013

### Highlights 2012

#### *Financial*

- Net sales increased 28.3% to SEK 74.1m (EUR 8.5m) (2011: SEK 57.8m (EUR 6.4m))
- Net cash from operating activities SEK 0.2m (EUR 0.02m) (2011: SEK -12.1m (EUR 1.3m))
- Operating loss reduced 60.6% to SEK -7.2m (EUR -0.8m) (2011: -18.2m (EUR -2.0m))
- Loss reduced 54.1% to SEK -8.6m (EUR -1.0m) (2011: SEK -18.7m (EUR -2.1m))
- Earnings per share before dilution SEK -1.94 (EUR -0.22) (2011: SEK -4.90 (EUR -0.54))
- The Company received payments with in total SEK 12.9m (EUR 1.45m) in 2012 from the Leading Healthcare Imaging Company as a result of the R&D Agreement being signed and milestones achieved
- On 15 August 2012 a share issue was registered, the cash contribution was SEK 2.4m (EUR 0.3m)

### The following events of importance have taken place subsequent to the 2012 year end:

- By the end of January 2013 we delivered the first module prototype for the 3D mammo-sensor to CT Imaging. The module is able to generate X-ray images in the high speed of 1000 frames/second
- During February 2013 we delivered a first customized industrial prototype sensor to VisuRay. The project is estimated to be finalized and recognized in the income statement in the second quarter of 2013 with an expected profit of about SEK 1m (EUR 0.1m)

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**Fredrik Henckel, CEO of XCounter said:**

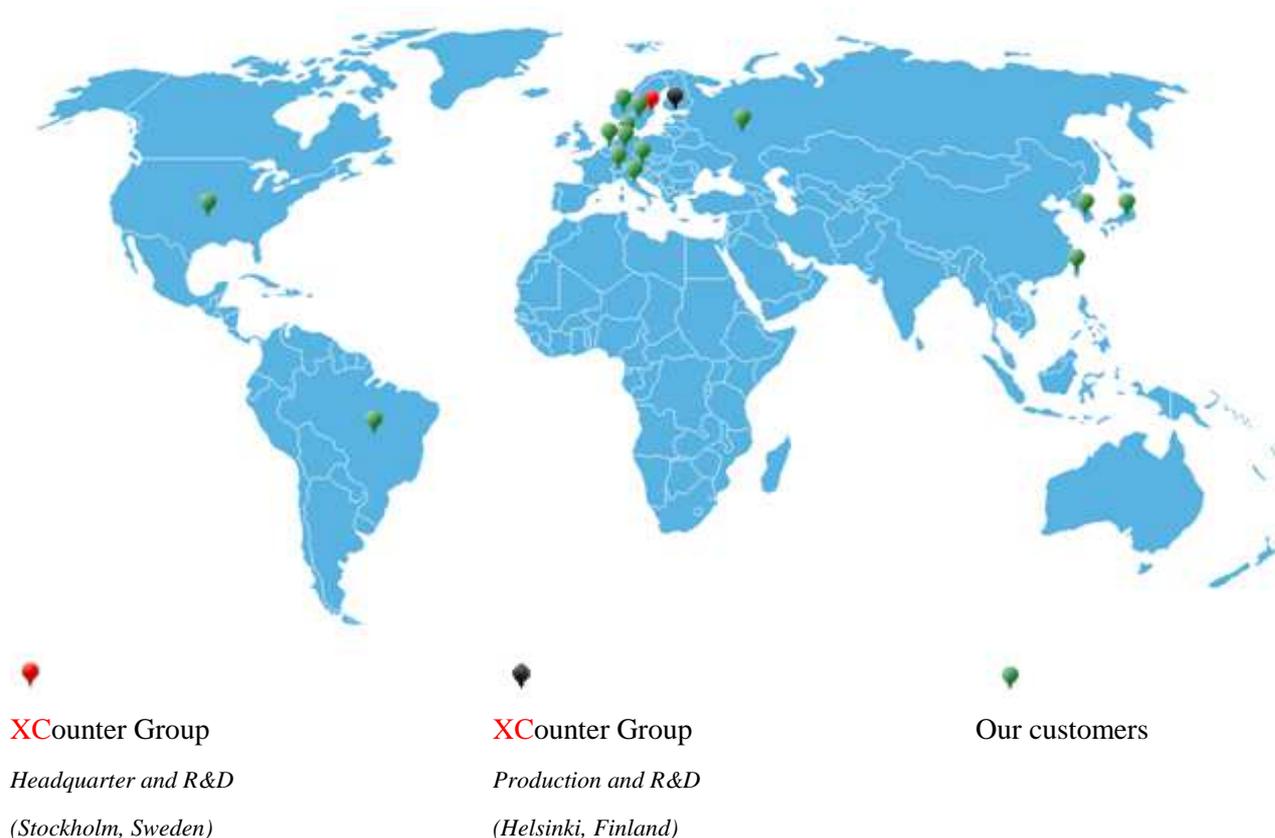
*Our sales increased in both Asia and Americas and contributed to a growth for the full year 2012 of 28% despite a significant decrease of our sales in Europe during the year.*

*The full year results for 2012 show a significant improvement over 2011 through higher turnover and a considerable lower cost level for the Parent company. 2013 has started well and we plan for another year of growth assuming no unforeseen events.*

*In order to capitalize on the expected growth of our base technology, we have decided to accelerate our R&D programs in order to get us to the market sooner with new attractive products, including an ultra-fast industrial sensor and an intra-oral dental sensor. These new products are targeted to reach the market in 2013 and 2014 respectively.*

*The delivery of the Leading Healthcare Imaging Company's prototype sensor is now anticipated in the second quarter of 2013. This, combined with the delivery of customized sensors to CT Imaging and VisuRay, underlines the valued expertise and high commitment of our employees.*

*We welcome the appointment of Mr. Charles Spicer as director. He brings additional medical expertise to the Group."*



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

Results for the period 1 October – 31 December 2012 and 2011, exchange rate 8.6264

Results for the period 1 January – 31 December 2012 and 2011, exchange rate 8.7053

Balances ending 31 December 2012 and 2011, exchange rate 8.6166

## CEO STATEMENT

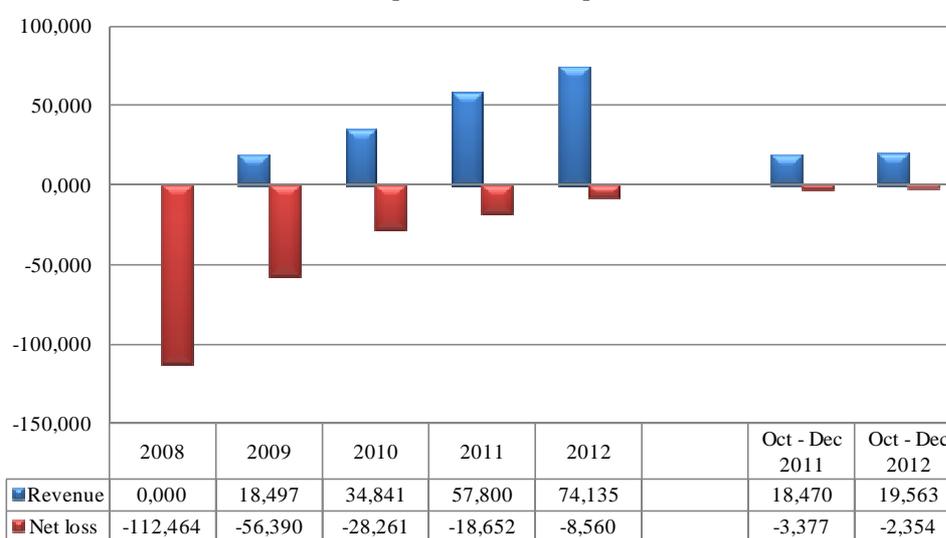
### *Continued high growth and acceleration of certain R&D projects*

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

During the year we have seen a significant increase in dental sensor sales from our Finnish business to our OEMs which grew sales by 28% for 2012 compared to 2011. We increased our production capacity in both years to meet current and future growth, which now leaves us well-prepared for continued growth next year as markets require.

In order to get to market sooner with attractive new products, we have accelerated certain R&D projects within each of our areas; dental, medical and industrial. We continue our development of a 3D dental sensor and will start developing an intra-oral dental sensor as well as an ultra-fast industrial sensor. Funds will be used to fund external costs and the hiring of more employees.

XCounter Group, financial development, kSEK



### *The collaboration with CT Imaging GmbH (“CT Imaging”) (name changed from Artemis to CT)*

The ongoing collaboration with CT Imaging for the development of a high-end 3D sensor for a low-dose, high-resolution breast CT sensor continues to progress but has experienced some delays due to late deliveries from a sub-supplier. However, in January 2013 we delivered our first prototype of a sensor module and, in 2013, we estimate to sell at least three sensors to CT Imaging for their tests, validation and certification. We estimate that their mammography system with our integrated sensor could reach the market at the earliest during the second half of 2014.

### *The cooperation with the Leading Healthcare Imaging Company*

On 16 February 2012, the Company announced that an R&D Agreement had been signed with the Leading Healthcare Imaging Company. The Company received payments totalling SEK 12.9m (EUR 1.45m) during 2012 as a result of the R&D Agreement being signed and milestones achieved. Further payments will be received during 2013 once milestones are met. The Company will develop and supply a high-speed 3D photon counting sensor to the customer. We estimate now that we will deliver the first functional prototype sensor in the second quarter of 2013.

In the announcement in June 2011 of the General agreement being signed, a Warrant over 12.5% of the shares subject to shareholder approval was referenced. The parties have recently agreed not to present this Warrant for shareholder approval. As a consequence, the Company will receive SEK 3.4m (EUR 0.4m) less in exclusivity payment during 2013.

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## Financial data

Revenues for the period October - December amounted to kSEK 19,563 (kEUR: 2,268) (2011: kSEK 18,470 (kEUR: 2,031)), and for the period January - December it amounted to kSEK 74,135 (kEUR: 8,516) (2011: kSEK 57,800 (kEUR: 6,398)) which relates mainly to sales of X-ray sensors and systems for dental and industrial use.

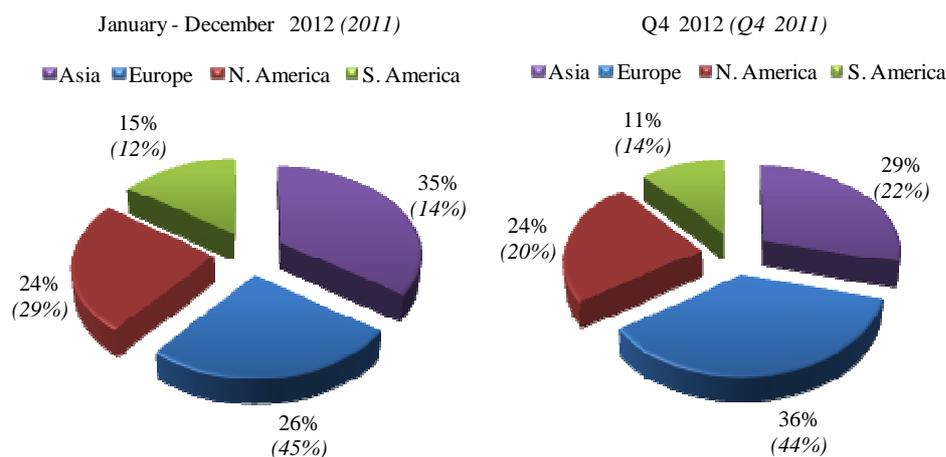
Raw material costs for the period October - December amounted to kSEK 12,043 (kEUR: 1,383) (2011: kSEK 9,362 (kEUR: 1,036)), and for the period January - December it amounted to kSEK 42,171 (kEUR: 4,844) (2011: kSEK 30,707 (kEUR: 3,399)) which are mostly attributable to purchases of Cadmium Telluride (CdTe) and other components for manufacturing of X-ray-sensors and systems.

Capitalized expenditure for development for the period which ended 31 December 2012 amounted to kSEK 8,088 (kEUR: 929) (2011: kSEK 10,860 (kEUR: 1,202) which is expenditures related to the development of X-ray sensors. Accumulated capitalized development costs as of 31 December 2012 amounted to kSEK 52,795 (kEUR: 6,127) (2011: kSEK 48,021 (kEUR: 5,573)) including R&D contributions/income for development.

Net cash position at the end of the period was SEK 10.1m (EUR 1.2m) compared to SEK 11.3m (EUR 1.3m) at the end of the same period 2011.

## Outlook and going concern

XCounter's progress over the year has been substantial and in line with our strategy. We have been able to grow during the year, despite significant lower revenues in Europe, as a result of higher revenues from our OEM's in the geographical areas Asia and Americas.



We continue to focus our strategy on the following areas:

- creating further OEM partnerships
- establishing further "R&D" projects in the medical field
- expanding business in both existing markets and new industrial segments
- evaluating suitable value-enhancing acquisition opportunities as and where appropriate

## GENERAL INFORMATION

### The Company

XCounter is a technology leader in direct conversion and photon counting digital X-ray imaging for medical, dental and industrial markets. The Company was founded in 1997 and is listed on the Nasdaq OMX's First North market. The Company is domiciled in Stockholm, Sweden, and in Espoo, Finland. The address of the head office is Svärdvägen 11D 6<sup>th</sup> floor, 182 33 Danderyd, Sweden.

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

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## Personnel and Organisation

At the end of the period the total number of persons employed amounted to 33 (2011: 25), of which 26 (2011: 18) are employed in Finland.

## PARENT COMPANY

XCounter AB (or “the Parent Company”) is active in development of photon counting and tomosynthesis based 3D imaging sensors for dental, medical and industrial applications based on proprietary X-ray technologies. The current number of employees is 7 as at 31 December 2012. Today’s business focus is to concentrate the development activities to products with shorter time to market while at the same time optimizing the use of XCounter AB’s resources. The Parent Company plays a central role in leading and coordinating the Group’s activities to expand opportunities throughout the X-ray imaging industry with the aim of establishing the Company as the number one provider of leading edge speciality X-ray sensors.

### *October - December*

- Net sales decreased with 57.3% to SEK 1.7m (EUR 0.2m) (2011: SEK 4.0m (EUR 0.4m))
- Loss for the period was SEK -2.0m (EUR -0.2m) (2011: SEK -2.7m (EUR -0.3m))

### *January - December*

- Net sales increased 37.4% to SEK 7.3m (EUR 0.8m) (2011: SEK 5.3m (EUR 0.6m))
- Loss for the period was SEK -6.2m (EUR -0.7m) (2011: SEK -17.4m (EUR -1.9m))
- Net cash at the end of the period of SEK 4.5m (EUR 0.5m) (2011: SEK 2.8m (EUR 0.3m))

## SIGNIFICANT RISKS AND UNCERTAINTY FACTORS:

### Financial risks

It cannot be ruled out that additional funding may 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.

### Customers and partners

XCounter’s five largest partners and customers together accounted for approximately 80% (2011: 67%) of net sales. Accordingly, the loss of a customer would have a significant effect on the Company’s earnings and position. Following the expected customer base increase and expansion of the operations, the proportion of Company’s sales to the largest partners and customers are expected to gradually decline.

### Early stage of development

Some of XCounter’s products are at an early stage of development. There can be no assurance that any of the Company’s new product candidates will be successfully developed. The Company 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 Company’s 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 XCounter products are launched, there can be no guarantee that they will be accepted by the market or that they will generate significant revenues.

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## Technology change and existing competition

The market for digital X-ray imaging is characterized by significant technological change. XCounter 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 Company's products in development obsolete. Competitors, some of which have considerable financial resources may precede the Company 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 Company's technologies will not be subject to copying, mimicking or reverse engineering.

## Product liability

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

## Patents and proprietary rights

The Company's 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 Company's patent applications or that third parties will not assert the ownership, validity or scope of any issued patents. Further, the success of the Company will also depend upon non-infringement of third party patents.

## Third party dependence

XCounter 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 Company's success will depend upon the experience and continued services of executives and technical personnel, whose retention cannot be guaranteed.

## SUMMARY OF THE GROUP'S FINANCIAL DEVELOPMENT

(kSEK)	October- December 2012	October- December 2011	January- December 2012	January- December 2011	January- December 2010
Revenue	19,563	18,470	74,135	57,800	34,841
Other operating income	-87	291	24	415	277
Operating loss	-3,240	-5,122	-7,163	-18,158	-26,743
Net loss	-2,354	-3,377	-8,560	-18,652	-28,261
Net loss per share*	-0.54	-0.87	-1.94	-4.90	-14.50
Intangible assets	95,427	97,232	95,427	97,232	99,053
Cash and cash equivalents	10,067	11,263	10,067	11,263	7,484
Total number of shares at par value SEK 5.00*	4,586,957	3,909,670	4,586,957	3,909,670	2,247,868
Share capital	22,935	19,548	22,935	19,548	11,239

\* Par value SEK 0.10 for the year 2010 before consolidation 50:1

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## Segment information

Management has determined the operating segments based on the reports reviewed by the strategic steering committee that are used to make strategic decisions. XCounter manage and report segments 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.

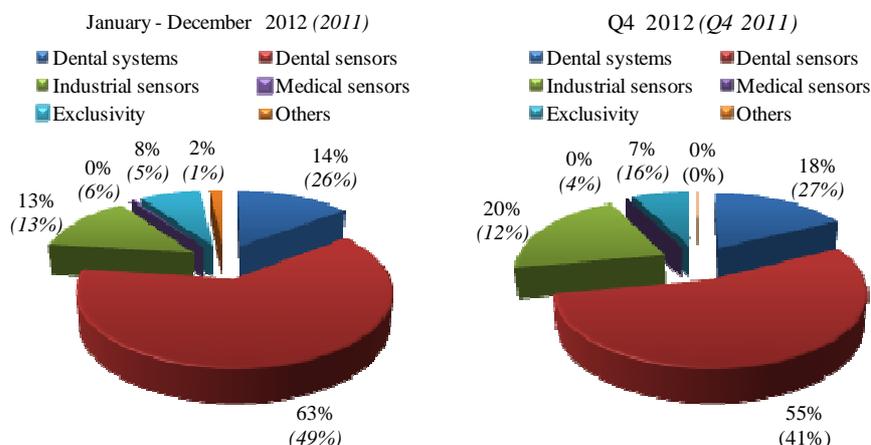


Table of revenues by the product areas dental system, dental-, industrial- and medical sensors, exclusivity and others can be found on page 20.

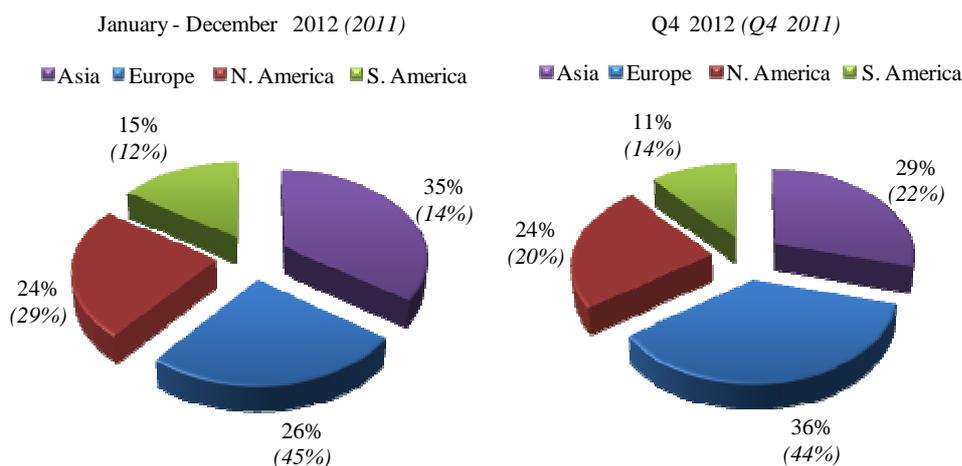


Table of revenue for the regions Asia, Europe, North America and South America can be found on page 20.

## Related parties

Related parties identified include; management transactions, Acrorad Co., Ltd (“Acrorad”) and VisuRay PLC (“VisuRay”). All transactions are made at market conditions and prices. VisuRay holds 46.76% of the shares in XCounter. XCounter’s subsidiary AJAT sold industrial sensors to VisuRay. An R&D project is performed by XCounter for VisuRay who also funds it and the net booked value of kSEK 1,839 (kEUR 213) is categorized as Advanced payments from customers. XCounter don’t identify Acrorad Co., Ltd (“Acrorad”) as a related party any longer. Acrorad is not a shareholder of XCounter as of 2 January 2012.

## Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable provisions of the Swedish Annual Accounts. The interim financial statement for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act chapter 9, Interim Financial Statements. The accounting policies applied by the Group and Parent Company are the same as the last Annual Report for the year ended 31 December 2011.

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## **Audit**

This report has not been audited by the Company's auditors.

## **Future upcoming reporting dates**

Annual Report 2012	Latest 28 March 2013
Interim Financial Statement for the first quarter	Latest 31 May 2013
Interim Financial Statement for the second quarter	Latest 30 August 2013
Interim Financial Statement for the third quarter	Latest 29 November 2013

The Annual Report and the Year-end bulletin will not be distributed to the shareholders by mail, but it can be downloaded after publication on our website, [www.xcounter.se](http://www.xcounter.se), or it can be ordered by email, [rasmus.ljungwe@xcounter.se](mailto:rasmus.ljungwe@xcounter.se)

## **PROPOSED PROFIT DISTRIBUTION**

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

## **Annual general meeting 2013**

The AGM is scheduled for 25 April 2013 at the Company's premises, Svärdvägen 11D, Danderyd. Notice for the AGM will be notified and published to all shareholders latest 28 March 2013.

The Board of Directors and the Chief Executive Officer certify that the interim report provides a fair and accurate overview of the operations, financial position and results of the Parent Company and the Group, and that it describes the significant risks and uncertainties facing the Parent Company and the companies in the Group.

Danderyd, 28 February, 2013

***Jean-Philippe Flament***  
Chairman of the Board

***Fredrik Henckel***  
CEO

***Charles Spicer***  
Director

***Konstantinos Spartiotis***  
Director

***Yngvar Hansen-Tangen***  
Director

**For further information, please contact:**

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**Certified Adviser:**  
Mangold Fondkommission AB: +46 8 503 015 50

## CONSOLIDATED INCOME STATEMENT

(kSEK)	October- December 2012	October- December 2011	January- December 2012	January- December 2011
<b>Operating income</b>				
Revenues	19,563	18,470	74,135	57,800
Other operating income	-87	291	24	415
<b>Total operating income</b>	<b>19,476</b>	<b>18,761</b>	<b>74,159</b>	<b>58,215</b>
<b>Work performed by the entity and capitalized</b>				
Work performed by the entity and capitalized	754	5,418	8,088	10,860
<b>Total work performed by the entity and capitalized</b>	<b>754</b>	<b>5,418</b>	<b>8,088</b>	<b>10,860</b>
<b>Operating expenses</b>				
Raw material costs	-12,043	-9,362	-42,171	-30,707
Other external costs	-3,721	-7,831	-13,797	-19,245
Personnel costs	-5,649	-9,027	-24,406	-32,294
Depreciation and amortization of equipment and intangible assets	-2,056	-3,081	-9,036	-8,243
Reversal of impairment loss	-	-	-	3,257
<b>Total operating expenses</b>	<b>-23,470</b>	<b>-29,300</b>	<b>-89,410</b>	<b>-87,234</b>
<b>Operating loss</b>	<b>-3,240</b>	<b>-5,122</b>	<b>-7,163</b>	<b>-18,158</b>
<b>Result from financial items</b>				
Financial income	2,019	2,539	2,092	2,830
Financial expenses	-1,206	-2,080	-4,248	-4,486
<b>Total result from financial items</b>	<b>813</b>	<b>459</b>	<b>-2,156</b>	<b>-1,656</b>
<b>Loss before taxes</b>	<b>-2,427</b>	<b>-4,663</b>	<b>-9,319</b>	<b>-19,814</b>
Income tax	73	1,286	760	1,162
<b>Net loss for the period</b>	<b>-2,354</b>	<b>-3,377</b>	<b>-8,560</b>	<b>-18,652</b>
<b>Net loss attributable:</b>				
Parent Company shareholders	-2,354	-3,377	-8,560	-18,652
<b>Loss per share</b>				
Loss per share (SEK)	-0.54	-0.87	-1.94	-4.90
Weighted number of shares	4,383,216	3,867,174	4,422,782	3,809,440
Actual number of shares	4,586,957	3,909,670	4,586,957	3,909,670

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## TOTAL COMPREHENSIVE LOSS

(kSEK)	October- December 2012	October- December 2011	January- December 2012	January- December 2011
Net loss for the period	-2,354	-3,377	-8,560	-18,652
<b>Other comprehensive loss for the period:</b>				
Foreign currency translation difference	-606	-2,131	-2,058	-371
<b>Total other comprehensive loss for the period</b>	<b>-606</b>	<b>-2,131</b>	<b>-2,058</b>	<b>-371</b>
<b>Total comprehensive loss for the period</b>	<b>-2,959</b>	<b>-5,509</b>	<b>-10,618</b>	<b>-19,023</b>
Total comprehensive loss for the period attributable to:				
Parent Company shareholders	-2,959	-5,509	-10,618	-19,023

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(kSEK)	31 December 2012	31 December 2011
<b>Fixed assets</b>		
Intangible fixed assets	95,427	97,232
Property, plant & equipment	1,439	2,317
Deferred tax assets	4,082	5,334
<b>Total fixed assets</b>	<b>100,948</b>	<b>104,883</b>
<b>Current assets</b>		
Inventories	6,847	6,517
Trade receivables	6,780	8,625
Other receivables	2,493	1,934
Prepaid expenses and accrued income	2,579	2,570
Cash and cash equivalents	10,067	11,263
<b>Total current assets</b>	<b>28,766</b>	<b>30,909</b>
<b>Total assets</b>	<b>129,714</b>	<b>135,792</b>
<b>Equity</b>		
<i>Equity attributable to Parent Company shareholders</i>		
Share capital	22,935	19,548
Additional paid in capital	718,874	717,769
Retained loss	-650,600	-649,649
Translation reserve	-9,256	-7,198
<b>Equity attributable to Parent Company shareholders</b>	<b>81,952</b>	<b>80,471</b>
<b>Total equity</b>	<b>81,952</b>	<b>80,471</b>
<b>Non-current liabilities</b>		
Borrowings	21,079	23,402
Deferred tax liabilities	6,672	8,433
Trade for other liabilities and charges	-	1,431
<b>Total Non-current liabilities</b>	<b>27,750</b>	<b>33,266</b>
<b>Current liabilities</b>		
Advance payment from customers	3,440	4,102
Trade payables	6,066	5,562
Other payables	10,506	12,391
<b>Total current liabilities</b>	<b>20,012</b>	<b>22,056</b>
<b>Total liabilities</b>	<b>47,762</b>	<b>55,322</b>
<b>Total equity and liabilities</b>	<b>129,714</b>	<b>135,792</b>

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(kSEK)	Share capital	Additional paid in capital	Translation reserve	Retained loss	Total
<b>Balance at 1 January 2011</b>	<b>11,239</b>	<b>705,708</b>	<b>-6,827</b>	<b>-630,997</b>	<b>79,123</b>
<i>Total comprehensive loss for January - September 2011</i>					
Net loss	-	-	-	-15,274	<b>-15,274</b>
Total other comprehensive loss	-	-	1,760	-	<b>1,760</b>
<b>Total recognized loss and expense for the period</b>	<b>-</b>	<b>-</b>	<b>1,760</b>	<b>-15,274</b>	<b>-13,514</b>
New share issue	8,309	11,973	-	-	<b>20,282</b>
Share-based payments transactions	-	3	-	-	<b>3</b>
<b>Balance at 30 September 2011</b>	<b>19,548</b>	<b>717,685</b>	<b>-5,067</b>	<b>-646,272</b>	<b>85,894</b>
<i>Total comprehensive loss for October to December 2011</i>					
Net loss	-	-	-	-3,377	<b>-3,377</b>
Total other comprehensive loss	-	-	-2,131	-	<b>-2,131</b>
<b>Total recognized loss and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-2,131</b>	<b>-3,377</b>	<b>-5,509</b>
Share-based payments transactions	-	85	-	-	<b>85</b>
<b>Balance at 31 December 2011</b>	<b>19,548</b>	<b>717,769</b>	<b>-7,198</b>	<b>-649,649</b>	<b>80,471</b>
<i>Total comprehensive loss for January - September 2012</i>					
Net loss	-	-	-	-6,206	<b>-6,206</b>
Total other comprehensive loss	-	-	-1,452	-	<b>-1,452</b>
<b>Total recognized loss and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-1,452</b>	<b>-6,206</b>	<b>-7,658</b>
New share issue	1,101	3,136	-	-	<b>4,237</b>
Share-based payments transactions	-	17	-	-	<b>17</b>
ESOP 2003/2012, expired	-	-1,149	-	1,149	<b>-</b>
<b>Balance at 30 September 2012</b>	<b>20,649</b>	<b>719,774</b>	<b>-8,651</b>	<b>-654,706</b>	<b>77,066</b>
<i>Total comprehensive loss for October to December 2012</i>					
Net loss	-	-	-	-2,354	<b>-2,354</b>
Total other comprehensive loss	-	-	-606	-	<b>-606</b>
<b>Total recognized loss and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-606</b>	<b>-2,354</b>	<b>-2,959</b>
New share issue	2,286	5,421	-	-	<b>7,707</b>
Share-based payments transactions	-	139	-	-	<b>139</b>
ESOP 2006/2015, forfeited	-	-2,477	-	2,477	<b>-</b>
ESOP 2006/2015, forfeited	-	-192	-	192	<b>-</b>
ESOP 2007/2011, forfeited	-	-3,791	-	3,791	<b>-</b>
<b>Balance at 31 December 2012</b>	<b>22,935</b>	<b>718,874</b>	<b>-9,256</b>	<b>-650,600</b>	<b>81,952</b>

\*ESOP; Employee stock option program

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## CONSOLIDATED STATEMENT OF CASH FLOW

(kSEK)	October- December 2012	October- December 2011	January- December 2012	January- December 2011
<b>Cash flows from/used in operating activities</b>				
Profit/loss after financial items	-2,427	-4,663	-9,319	-19,814
Adjustments for non-cash items	1,369	3,751	11,019	6,602
Interest paid	-18	-18	-104	-107
<b>Net cash from/used in operating activities before change in working capital</b>	<b>-1,076</b>	<b>-930</b>	<b>1,596</b>	<b>-13,319</b>
<b>Cash flow by change in working capital</b>				
Advance payment from customers	-1,376	781	-662	392
Inventories	23	-558	-568	-1,744
Trade and other receivables	777	-1,801	2,946	-4,877
Liabilities	-4,134	241	-3,110	7,465
<b>Change in working capital</b>	<b>-4,712</b>	<b>-1,337</b>	<b>-1,395</b>	<b>1,236</b>
<b>Net cash from/used in operating activities</b>	<b>-5,788</b>	<b>-2,267</b>	<b>201</b>	<b>-12,083</b>
<b>Investing activities</b>				
Interest received	22	130	73	159
"R&D" contribution/income	-	2,521	754	11,085
Acquisition of intangible assets	-822	-2,173	-1,621	-2,657
Acquisition of equipment	-29	-1,227	-54	-1,829
Capitalized expenditure for development	-1,284	-5,905	-8,088	-10,860
<b>Net cash used in investing activities</b>	<b>-2,113</b>	<b>-6,654</b>	<b>-8,937</b>	<b>-4,102</b>
<b>Financing activities</b>				
Change in other loans	-144	2,306	528	810
Change in capital loans	-	-	-3,212	-1,083
Proceeds from the sale of own shares	7,707	-	10,532	20,282
<b>Net cash from financing activities</b>	<b>7,563</b>	<b>2,306</b>	<b>7,848</b>	<b>20,009</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-337</b>	<b>-6,616</b>	<b>-888</b>	<b>3,825</b>
<b>Cash and cash equivalents beginning of the period</b>	<b>10,254</b>	<b>18,135</b>	<b>11,263</b>	<b>7,484</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>151</b>	<b>-256</b>	<b>-308</b>	<b>-45</b>
<b>Cash and cash equivalents end of the period</b>	<b>10,067</b>	<b>11,263</b>	<b>10,067</b>	<b>11,263</b>

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## INCOME STATEMENT FOR THE PARENT COMPANY

(kSEK)	October- December 2012	October- December 2011	January- December 2012	January- December 2011
<b>Operating income</b>				
Revenues	1,700	3,985	7,318	5,326
Other operating income	-4	-	-7	26
<b>Total operating income</b>	<b>1,696</b>	<b>3,985</b>	<b>7,311</b>	<b>5,352</b>
<b>Work performed by the entity and capitalized</b>				
Work performed by the entity and capitalized	309	5,109	6,304	9,522
<b>Total work performed by the entity and capitalized</b>	<b>309</b>	<b>5,109</b>	<b>6,304</b>	<b>9,522</b>
<b>Operating expenses</b>				
Other external costs	-1,684	-5,532	-8,506	-13,943
Personnel costs	-1,767	-4,871	-8,575	-20,022
Depreciation and amortization of equipment and intangible assets	-598	-1,209	-2,480	-1,605
Reversal of impairment loss	-	-	-	3,257
<b>Total operating expenses</b>	<b>-4,048</b>	<b>-11,612</b>	<b>-19,561</b>	<b>-32,313</b>
<b>Operating loss</b>	<b>-2,043</b>	<b>-2,518</b>	<b>-5,946</b>	<b>-17,439</b>
<b>Result from financial items</b>				
Other interest income and similar profit items	33	31	58	222
Interest expenses and similar profit items	-	-177	-300	-150
<b>Total result from financial items</b>	<b>33</b>	<b>-147</b>	<b>-242</b>	<b>72</b>
<b>Loss before taxes</b>	<b>-2,010</b>	<b>-2,665</b>	<b>-6,188</b>	<b>-17,367</b>
Income tax	-	-	-	-
<b>Net loss for the period</b>	<b>-2,010</b>	<b>-2,665</b>	<b>-6,188</b>	<b>-17,367</b>

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## STATEMENT OF COMPREHENSIVE LOSS

(kSEK)	October- December 2012	October- December 2011	January- December 2012	January- December 2011
Net loss for the period	-2,010	-2,665	-6,188	-17,367
<b>Other comprehensive loss for the period:</b>				
Foreign currency translation difference	-	-	-	-
<b>Total other comprehensive loss for the period</b>				-
<b>Total comprehensive loss for the period</b>	<b>-2,010</b>	<b>-2,665</b>	<b>-6,188</b>	<b>-17,367</b>

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## BALANCE SHEET STATEMENT FOR THE PARENT COMPANY

(kSEK)	31 December 2012	31 December 2011
<b>Fixed assets</b>		
Intangible fixed assets	42,694	39,421
Property, plant & equipment	95	244
<i>Financial assets</i>		
Loan to subsidiary	1,186	1,323
Participations in group companies	59,804	57,204
<b>Total fixed assets</b>	<b>103,778</b>	<b>98,192</b>
<b>Current assets</b>		
Trade receivables	774	557
Intercompany receivables	87	2,170
Other receivables	666	484
Prepaid expenses and accrued income	911	811
Cash and Bank balances	4,497	2,800
<b>Total current assets</b>	<b>6,934</b>	<b>6,822</b>
<b>Total assets</b>	<b>110,712</b>	<b>105,014</b>
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	22,935	19,548
Statutory reserve	274,180	274,180
<b>Total restricted equity</b>	<b>297,115</b>	<b>293,728</b>
<b>Non-restricted equity</b>		
Share premium reserve	442,166	433,609
Share-based payment	2,528	9,981
Loss brought forward	-635,789	-626,031
Net loss for the period	-6,188	-17,367
<b>Total non-restricted equity</b>	<b>-197,284</b>	<b>-199,808</b>
<b>Total equity</b>	<b>99,831</b>	<b>93,920</b>
<b>Current liabilities</b>		
Advance payment from customers	2,309	-
Trade payables	2,705	1,158
Intercompany payables	-	157
Other payables	5,868	9,778
<b>Total current liabilities</b>	<b>10,881</b>	<b>11,094</b>
<b>Total equity and liabilities</b>	<b>110,712</b>	<b>105,014</b>
Pledged assets	-	-
Contingent liabilities	20,120	25,599

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## STATEMENT OF CHANGES IN EQUITY FOT THE PARENT COMPANY

(kSEK)	<u>Restricted equity</u>			<u>Non-restricted equity</u>			Total equity
	Share capital	Statuory reserve	Share premium reserve	Share-based payment	Retained loss	Net loss of the period	
<b>Balance at 1 January 2011</b>	<b>11,239</b>	<b>274,180</b>	<b>421,636</b>	<b>9,892</b>	<b>-601,388</b>	<b>-24,643</b>	<b>90,917</b>
Distribution of net losses as resolved by the Annual General Meeting	-	-	-	-	-24,643	24,643	-
New share issue	8,309	-	11,973	-	-	-	20,282
Share-based payments	-	-	-	3	-	-	3
Net loss for the period	-	-	-	-	-	-14,702	-14,702
<b>Balance at 30 September 2011</b>	<b>19,548</b>	<b>274,180</b>	<b>433,609</b>	<b>9,896</b>	<b>-626,031</b>	<b>-14,702</b>	<b>96,501</b>
Share-based payments	-	-	-	85	-	-	85
Net loss for the period	-	-	-	-	-	-2,665	-2,665
<b>Balance at 31 December 2011</b>	<b>19,548</b>	<b>274,180</b>	<b>433,609</b>	<b>9,981</b>	<b>-626,031</b>	<b>-17,367</b>	<b>93,920</b>
Distribution of net losses as resolved by the Annual General Meeting	-	-	-	-	-17,367	17,367	-
New share issue	1,101	-	3,136	-	-	-	4,237
Share-based payments	-	-	-	17	-	-	17
ESOP 2003/2012, expired	-	-	-	-1,149	1,149	-	-
Net loss for the period	-	-	-	-	-	-4,178	-4,178
<b>Balance at 30 September 2012</b>	<b>20,649</b>	<b>274,180</b>	<b>436,745</b>	<b>8,849</b>	<b>-642,249</b>	<b>-4,178</b>	<b>93,996</b>
New share issue	2,286	-	5,421	-	-	-	7,707
Share-based payments	-	-	-	139	-	-	139
ESOP 2006/2015, forfeited	-	-	-	-2,477	2,477	-	-
ESOP 2006/2015, forfeited	-	-	-	-192	192	-	-
ESOP 2007/2011, forfeited	-	-	-	-3,791	3,791	-	-
Net loss for the period	-	-	-	-	-	-2 010	-2,010
<b>Balance at 31 December 2012</b>	<b>22,935</b>	<b>274,180</b>	<b>442,166</b>	<b>2,528</b>	<b>-635,789</b>	<b>-6,188</b>	<b>99,831</b>

\*ESOP; Employee stock option program

## STATEMENT OF CASH FLOW FOR THE PARENT COMPANY

(kSEK)	October- December 2012	October- December 2011	January- December 2012	January- December 2011
<b>Cash flows used in operating activities</b>				
Profit/loss after financial items	-2,010	-2,665	-6,188	-17,367
Adjustments for non-cash items	714	1,278	2,563	-1,736
<b>Net cash used in operating activities before change in working capital</b>	<b>-1,296</b>	<b>-1,387</b>	<b>-3,625</b>	<b>-19,103</b>
<b>Cash flow by change in working capital</b>				
Advance payment from customers	-1,478	-	2,309	-
Trade and other receivables	1,775	-1,671	1,586	-211
Liabilities	-1,764	-2,369	-1,110	1,684
<b>Change in working capital</b>	<b>-1,466</b>	<b>-4,040</b>	<b>2,784</b>	<b>1,473</b>
<b>Net cash used in operating activities</b>	<b>-2,762</b>	<b>-5,427</b>	<b>-841</b>	<b>-17,630</b>
<b>Investing activities</b>				
Interest received	22	100	22	100
"R&D" contribution/income	-	2,521	754	11,085
Capitalized expenditure for development	-839	-5,109	-6,304	-9,522
Acquisition of equipment	-29	-	-54	-29
<b>Net cash from/used in investing activities</b>	<b>-846</b>	<b>-2,488</b>	<b>-5,582</b>	<b>1,634</b>
<b>Financing activities</b>				
Unconditional shareholders contribution	-2,600	-	-2,600	-
Change in intercompany loans	-	-	188	-1,742
Proceeds from the sale of own shares	7,707	-	10,532	20,282
<b>Net cash from financing activities</b>	<b>5,107</b>	<b>-</b>	<b>8,120</b>	<b>18,541</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>1,499</b>	<b>-7,915</b>	<b>1,698</b>	<b>2,544</b>
<b>Cash and cash equivalents in the beginning of the period</b>	<b>2,999</b>	<b>10,715</b>	<b>2,800</b>	<b>255</b>
<b>Cash and cash equivalents end of the period</b>	<b>4,497</b>	<b>2,800</b>	<b>4,497</b>	<b>2,800</b>

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## SEGMENT INFORMATION

### Sales to major customers 2012

	Oct - Dec	Jan - Dec
Customer A	9.4%	22.2%
Customer B	11.1%	21.6%
Customer C	11.0%	14.7%
<b>Total</b>	<b>31.5%</b>	<b>58.5%</b>

### Revenue by product areas

(kSEK)	Q4 2012			Q4 2011		
	XCounter AB	Oy AJAT Ltd.	Total	XCounter AB	Oy AJAT Ltd.	Total
Dental systems	-	3,429	3,429	-	5,043	5,043
Dental sensors	-	10,671	10,671	-	7,486	7,486
Industrial sensors	-	3,999	3,999	-	2,241	2,241
Medical sensors	-	-	-	-	820	820
Exclusivity	1,440	-	1,440	2,880	-	2,880
Others	-	24	24	-	-	-
<b>Total revenues from external customers</b>	<b>1,440</b>	<b>18,123</b>	<b>19,563</b>	<b>2,880</b>	<b>15,590</b>	<b>18,470</b>

(kSEK)	January - December 2012			January - December 2011		
	XCounter AB	Oy AJAT Ltd.	Total	XCounter AB	Oy AJAT Ltd.	Total
Dental systems	-	10,790	10,790	-	15,285	15,285
Dental sensors	-	46,398	46,398	-	28,128	28,128
Industrial sensors	-	9,721	9,721	-	7,761	7,761
Medical sensors	-	252	252	-	3,263	3,263
Exclusivity	5,760	-	5,760	2,880	-	2,880
Others	459	755	1,214	276	206	482
<b>Total revenues from external customers</b>	<b>6,219</b>	<b>67,915</b>	<b>74,135</b>	<b>3,156</b>	<b>54,644</b>	<b>57,800</b>

### Intangible and tangible assets

(kSEK)	31 December 2012			31 December 2011		
	XCounter AB	Oy AJAT Ltd.	Total	XCounter AB	Oy AJAT Ltd.	Total
Intangible fixed assets	42,694	52,733	95,427	39,421	57,811	97,232
Tangible fixed assets	95	1,345	1,439	244	2,073	2,317
<b>Total</b>	<b>42,789</b>	<b>54,078</b>	<b>96,866</b>	<b>39,665</b>	<b>59,885</b>	<b>99,550</b>

### Revenue by regions

kSEK	Q4 2012		Q4 2011	
	Revenue distribution	Revenue in %	Revenue distribution	Revenue in %
Asia	5,689	29.1%	4,051	21.9%
Europe	7,087	36.2%	8,070	43.7%
N. America	4,594	23.5%	3,771	20.4%
S. America	2,192	11.2%	2,578	14.0%
<b>Total</b>	<b>19,563</b>	<b>100.0%</b>	<b>18,470</b>	<b>100.0%</b>

kSEK	January - December 2012		January - December 2011	
	Revenue distribution	Revenue in %	Revenue distribution	Revenue in %
Asia	25,811	34.8%	8,351	14.4%
Europe	19,290	26.0%	25,956	44.9%
N. America	17,756	24.0%	16,633	28.8%
S. America	11,278	15.2%	6,860	11.9%
<b>Total</b>	<b>74,135</b>	<b>100.0%</b>	<b>57,800</b>	<b>100.0%</b>