

XCounter

Annual Report 2014



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XCounter Group, the leading producer of Cadmium Telluride detectors and the leader of photon counting digital X-ray imaging for dental, medical and industrial markets, is pleased to announce its annual report for January - December 2014.

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

Results for the period 1 January – 31 December 2014
Exchange rate 9.0968

Balances ending 31 December 2014
Exchange rate 9.5155

Results for the period 1 January – 31 December 2013
Exchange rate 8.6494

Balances ending 31 December 2013
Exchange rate 8.9430

For further information, please contact:

XCounter AB (publ)

Rasmus Ljungwe, CEO Tel: +46 (0) 8 622 23 08
Jean-Philippe Flament, Chairman

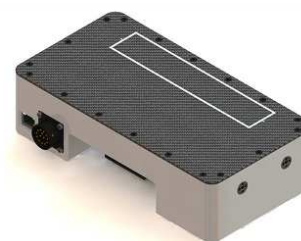
Following events of importance have taken place subsequent to the 2014 year end:

- XCounter attended the European Congress of Radiology 2015 in order to promote current products.
- XCounters' subsidiary AJAT attended the International Dental Show 2015 where a major partner to AJAT launched a dental system containing a customized AJAT detector.
- XCounter have set up a manufacturing and assembly facility in London during Q1 as part of its ongoing plan to make the business capable of servicing major volume clients while maintaining high standards of quality.

Products developed during 2014

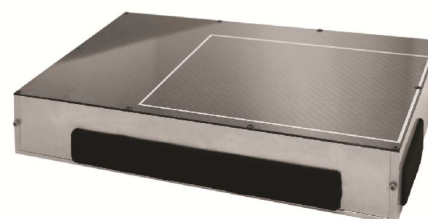
Our latest product series XC-FLITE FX (fixed) and X (scanning) are Dual Energy photon-counting, direct conversion, x-ray sensors for digital x-ray imaging that employs up to three FLITE boards to create either a fixed linear or a scanning detector. Employing the very high efficiency CdTe-CMOS sensor technology the detector provides outstanding image quality and is designed to be operated in frame or Time Delayed Summation (TDS) mode. The FX and X-series has the additional benefit of Dual Energy acquisition with anti-coincidence technology. During dual energy acquisition the energy of the detected photon is compared to two independent thresholds that are read out separately. The two energy sets can be used for material separation, opening the door to new imaging techniques in both medical and industrial x-ray. Anti-coincidence technology allows superior MTF through attributing single photon signal to the correct pixel.

XC-FLITE FX-series



The detector is available with an active area in various widths and depths either 150, 300 or 450mm wide and either 6.4, 12.8 or 25.6mm deep.

XC-FLITE X-series



The detector is available with several scanning areas, from 15x15cm to 30x30cm or even 45x45cm.

Rasmus Ljungwe, CEO of XCCounter said:

“Over the 18 months XCCounter has been implementing the Boards’ strategic plan to move from R&D and bespoke engineering to having a broad product offering of detectors of different sizes in order to get a steady revenue. The XCCounter family of detectors is now coming to market and there is considerable buzz from the industry about this new technology. XCCounter already has several customers with whom it is working to place members of this new family of detectors and this should materialize into volumes sales sometime in 2016. With these developments, XCCounter has taken its place as the leader in off-the-shelf photon counting, energy discriminating detectors for the medical and industrial testing markets. Along with its Finnish subsidiary Ajat, the XCCounter Group has a proven track record in mass producing CdTe based x-ray detectors and is capable of supporting major industry partners who want to move to the superior image quality facilitated by direct conversion of x-rays to electronic signals. This makes the Group a credible partner for volume customers.

There are still many fields where film is the x-ray imager of choice and others that adopted CMOS imaging which is now common place. The industry leaders are looking for the next leap forward in imaging. XCCounter and Ajat are providing the tools for this advance. Ajats’ recent deal with Sirona exemplifies the desire for the high-end manufacturers to be ahead of the rest in image quality and to do this with large volumes.

XCCounter realizes that a company cannot rest on its laurels and has a vision for the future. The development road map includes cost reduction of electronics and enclosure mechanics as well as the leveraging of volume CdTe chips across the Group. XCCounter will make versions of its scanning detectors that compete on price and in some cases are cheaper than the nearest best technology. XCCounter will explore new application areas and new conversion materials while also improving its ASIC technology to further exploit the energy discrimination available to photon counting devices. XCCounter will stay ahead of the rest in its technology field and the ability to mass produce sensors at reasonable cost. This will open the market still further and keep the Group at the forefront of the direct conversion and photon counting revolutions. Ajat will continue to invest in adding capacity to be able to safely supply more to large customers and the Group is building on its excellent quality assurance foundations and moving homogenize its systems and procedures.

These are exciting times in the x-ray world. The emergence of mass producible direct conversion detectors, both photon counting and charge integrating, combined with the ability to discriminate energy makes new applications possible, reduces the cost of the best image quality and makes possible low photon flux imaging techniques such as Phase Contrast imaging which is starting to gain pace in the medical industry. XCCounter is very well placed to be the detector of choice for this new wave of x-ray imaging applications.

The XCCounter Group are credible volume producers of the best x-ray detectors available.

AJAT continues to maintain a profit despite significant investments in the increased facility and capacity. The turnover slightly declined in 2014 but is expected to increase its turnover significantly in 2015 following the investments carried out in 2014.

In 2014 the loan from XCCounters’ largest shareholder was converted into shares in the Company. During the fall XCCounter raised additional capital to maintain the acceleration of the photon counting detector project. Due to this cash injection the Parent Company successfully completed a key R&D project in late 2014. The outcome is substantial for the Parent Company and its further turnover. The development cost related to this project was capitalized in 2014 based on IFRS 38 guidelines.

XCCounter still has a long journey ahead which will require hard work and dedication, to build on the momentum they currently have with the roll out of these new products. The Parent Company will require additional funding of around one million euro in mid-2015 to ensure all new products and future products still in development reach the market on time.

I am grateful to the dedication and loyalty that all employees within the Group has shown this past year and I would also like to thank our commercial partners which have made 2014 successful year."

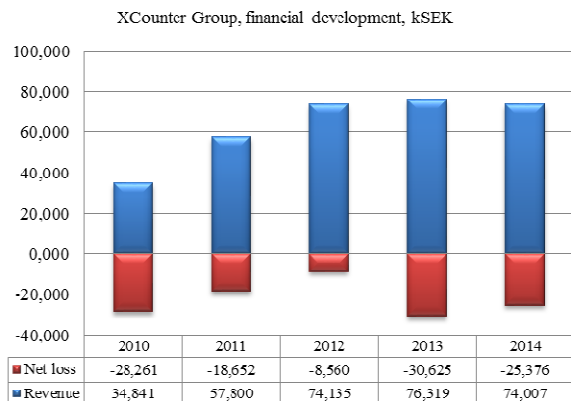
Chairman statement

2014 was the year the XCounter group turned a corner

After a difficult period the last few years, 2014 was as we anticipated it, a transition year, and the business is now moving in the right direction. XCounter and Ajat continued to invest on improving production capacity, quality and new products. The group secured new contracts for the various XCounter group products.

On the photon counting front, XCounter completed the development of the FLITE boards and started shipping its first products to customers in 2014. XCounter added a significant amount of resources in the firmware and software group as this was our weakest point. XCounter anticipates to start shipping a lower cost scanning system around mid-2015. We expect this lower cost scanning system to trigger a rapid increase in revenues for 2016. All testing done so far with the FLITE scanning system confirm that the XCounter photon counting technology is far superior to existing detector technologies.

The XCounter subsidiary, Ajat, continued to focus on investing in increased production capacity and improving quality in order to be able to satisfy the substantial increase in deliveries starting in 2015. Ajat's order book for 2015 is around 40% higher than 2014. While competition for charge integrating CdTe based detectors is increasing Ajat is determined to enforce its IP portfolio as it has done before in this area.



Financial data

Revenues for the period January - December amounted to kSEK 74,007 (kEUR 8,135) (2013: kSEK 76,319 (kEUR: 8,824)) 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 34,962 (kEUR 3,843) (2013: kSEK 39,912 (kEUR 4,614)) 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 2014 amounted to kSEK 10,193 (kEUR 1,120) (2013: kSEK 1,392 (kEUR: 161)) which is expenditures related to the development of X-ray sensors. Accumulated capitalized development costs as of 31 December 2014 amounted to kSEK 25,845 (kEUR 2,841) (2013: kSEK 19,175 (kEUR: 2,108)) including R&D contributions/income for development.

Net cash position at the end of the period was SEK 23.9m (EUR 2.5m) compared to SEK 35.2m (EUR 3.9m) at the end of the same period 2013.

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

Outlook and going concern

We have a very positive outlook on the business for 2015 and onwards with revenues expected to increase by roughly 40%. Ajat is increasing revenues significantly in 2015 and while it is premature to forecast so, we do expect 2016 to show an increase over 2015. Given the good performance in tests of the photon counting technology we believe that as potential customers test the detectors over the next few months that this will lead to increases in revenue towards the end of 2015. The XCounter photon technology coupled with the Ajat CdTe experience is a winning formula. We are working hard to bring the cost of the photon detectors down in order to attract a wider audience. We expect the group as a whole to be cash flow neutral in 2015 and as result we expect that XCounter will raise an additional Euro 1m or so equity sometime in 2015. We believe we have turned around a corner but there is still a lot of work going forward.

Danderyd 31st of March 2015

Jean-Philippe Flament

Chairman, XCounter AB (publ)

Board of Directors' & Management in XCounter



Jean-Philippe Flament, *aged 46, Chairman*

Jean-Philippe Flament 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, *aged 49, 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 XCounter's photon counting, energy discriminating high resolution detectors.



Ondine de Rothschild, *aged 35, 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, *aged 56, 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 Master's degree in Petroleum Engineering from the University of Trondheim.



Yngvar Hansen-Tangen, *aged 47, 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. From 1999-2003 he was Member of the City Parliament, the City Government and the Educational Executive Committee in Kristiansand, Norway. Hansen-Tangen holds a degree in Medicine from the University of Oslo and a Bachelor of Arts in Economics from Northwestern University, USA.



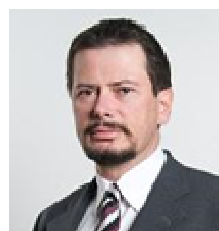
Rasmus Ljungwe, *aged 22, Chief Executive Officer*

Rasmus Ljungwe came direct 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, *aged 46, 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.



Konstantinos Spartiotis, *aged 50, Chief Executive Officer at Oy AJAT Ltd.*

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

Board of directors' report

The Board of Directors and the Chief Executive Officer (CEO) of XCounter AB (publ) ("XCounter" or the "Company"), corporate registration number 556542-8918, hereby submit the annual report and the consolidated annual accounts for 2014.

Introduction

XCounter is a technology leader in direct conversion (charge integration and photon counting) digital X-ray imaging for medical, dental and industrial markets. The Company was founded in 1997 and the share is registered at Euroclear Bank Sweden. The Company is based in Stockholm, Sweden and Espoo, Finland. 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 Group 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 number of employees at the end of December 2014 is 57. The Parent Company plays a central role in leading and co-ordinating the Group's activities to expand opportunities throughout the X-ray imaging industry aiming at making the Company the number one provider of leading edge specialty X-ray sensors. XCounter are through our subsidiary AJAT the leading manufacturer of Cadmium Telluride 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 synergies.

Highlights 2014

After a difficult period the last few years, 2014 was as we anticipated it, a transition year, and the business is now moving in the right direction. XCounter and Ajat continued to invest on improving production capacity, quality and new products. The group secured new contracts for the various XCounter group products.

On the photon counting front, XCounter completed the development of the FLITE boards and started shipping its first products to customers in 2014. XCounter added a significant amount of resources in the firmware and software group as this was our weakest point. XCounter anticipates to start shipping a lower cost scanning system around mid-2015. We expect this lower cost scanning system to trigger a rapid increase in revenues for 2016.

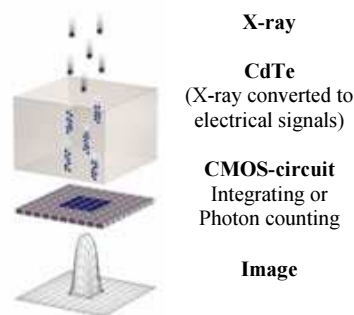
The XCounter subsidiary, Ajat, continued to focus on investing in increased production capacity and improving quality in order to be able to satisfy the substantial increase in deliveries starting in 2015. Ajat's order book for 2015 is around 40% higher than 2014. While competition for charge integrating CdTe based detectors is increasing Ajat is determined to enforce its IP portfolio as it has done before in this area.

Intellectual Property

XCounter Group places a significant value on intellectual property and patents. The Group's 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

Basic description of our technology
Direct detection – XCounter Group's core technology



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 complies with the agreement between Industriarbetsgivarna and Sveriges Ingenjörer (The Swedish Association of Graduate Engineers)/Unionen and the Finnish Metal Union. For the Company to maximize its competitive power it is important to take advantage of and optimize all resources available, especially human resources. XCounter's 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. XCounter's 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 have a very positive outlook on the business for 2015 and onwards with revenues expected to increase by roughly 50%. Ajat is increasing revenues significantly in 2015 and while it may be premature to forecast so, we expect 2016 to show an increase over 2015. Given the good performance in tests of the photon counting technology we believe that as potential customers test the detectors over the next few months that this will lead to increases in revenue towards the end of 2015. The XCounter photon technology coupled with the Ajat CdTe experience is a winning formula. We are working hard to bring the cost of the photon detectors down in order to attract a wider audience. We expect the group as a whole to be cash flow neutral in 2015 and as result we expect that XCounter will raise an additional Euro 1m or so equity sometime in 2015. We believe we have turned around a corner but there is still a lot of work going forward.

Significant risks and uncertainty factors

Financial risks

It cannot be ruled out that additional funding will be required to finance XCounter's continued operations. This can take place in a less favorable market situation and on terms which are less favorable 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.

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

Customers and partners

XCounter's five largest partners and customers together accounted for approximately 73% (2013: 80%) 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.

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

	2014	2013
Revenue, kSEK	74,007	76,319
Other operating income, kSEK	2,177	14,629
Operating loss, kSEK	-24,087	-29,894
Net loss, kSEK	-25,376	-30,625
Net loss per share, SEK	-2.41	-6.41
Intangible assets, kSEK	67,725	63,115
Cash and cash equivalents, kSEK	23,898	35,196
Total number of shares at par value	13,248,264	8,086,957
Share capital, kSEK	66,241	40,435

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 2015

The Annual General Meeting will be held on 28 May 2015 at the Company's office, Svärdvägen 23, Danderyd. Notice of the meeting will be announced and published to shareholders latest 28 April 2015.

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	-231,432,207
Loss for the period	-21,057,983
Total	-252,490,190

The Board and the Chief Executive Officer propose that the accumulated deficit, SEK -252,490,190 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 2014	January- December 2013
Operating income			
Revenues	3, 4	74,007	76,319
Other operating income	5	2,177	14,629
Total operating income		76,184	90,948
Work performed by the entity and capitalized			
Work performed by the entity and capitalized	13	10,193	1,392
Total work performed by the entity and capitalized		10,193	1,392
Operating expenses			
Raw material costs		- 34,962	- 39,912
Other external costs	9, 23, 24	- 35,124	- 20,128
Personnel costs	8	- 30,341	- 27,100
Depreciation of equipment and intangible assets	13, 14	- 10,037	- 6,358
Impairment loss of intangible assets	13	-	- 28,736
Total operating expenses		- 110,464	- 122,233
Operating loss		- 24,087	- 29,894
Result from financial items			
Financial income	10	49	3,915
Financial expenses	10	- 1,532	- 3,975
Total result from financial items		- 1,483	- 60
Loss before taxes		- 25,570	- 29,953
Income tax	11	194	- 672
Net loss for the year		- 25,376	- 30,625
Net loss for the year attributable:			
Parent Company shareholders		- 25,376	- 30,625
Loss per share			
Loss per share (SEK)	12	-2.41	-6.41
Weighted number of shares	12	10,509,116	4,778,738
Actual number of shares	19	13,248,264	8,086,957

Total comprehensive loss

(kSEK)

	January- December 2014	January- December 2013
Net loss for the year	- 25,376	- 30,625
Other comprehensive loss for the year:		
Items that may be reversed to the Consolidated income statement	-	-
Foreign currency translation difference of foreign operations	2,235	1,764
Total other comprehensive loss for the year	2,235	1,764
Total comprehensive loss for the year	- 23,141	- 28,861
Total comprehensive loss for the year attributable to:		
Parent Company shareholders	- 23,141	- 28,861

Consolidated statement of financial position

(kSEK)	Note	31 December	31 December
	1	2014	2013
Fixed assets			
Intangible fixed assets	13	67,725	63,115
Property, plant & equipment	14	4,452	2,248
Deferred tax assets	11	169	1,232
Total fixed assets		72,346	66,596
Current assets			
Inventories	16	14,898	10,309
Trade receivables	17	7,988	6,294
Other receivables	17	1,915	2,189
Prepaid expenses and accrued income	17	1,650	1,868
Cash and cash equivalents	18	23,898	35,196
Total current assets		50,349	55,856
Total assets		122,695	122,451
Equity			
<i>Equity attributable to Parent Company shareholders</i>			
Share capital	19	66,241	40,435
Additional paid in capital	19,20	727,094	720,840
Translation reserve		- 5,258	- 7,493
Retained loss		- 706,601	- 681,225
Equity attributable to Parent Company shareholders		81,476	72,557
Total equity		81,476	72,557
Non-current liabilities			
Borrowings	21	17,916	17,577
Deferred tax liabilities	11	3,539	4,114
Total Non-current liabilities		21,455	21,691
Current liabilities			
Advance payment from customers		5,688	1,145
Trade payables		7,786	7,349
Other payables		6,290	19,710
Total current liabilities	22	19,764	28,204
Total liabilities		41,219	49,895
Total equity and liabilities		122,695	122,451
Pledged assets	25	-	43,145
Contingent liabilities		-	-

Consolidated statement of changes in equity

(kSEK)	Share capital	Additional paid in capital	Translation reserve	Retained loss	Total
Balance at 1 January 2013	22,935	718,874	-9,256	-650,600	81,952
<i>Total comprehensive loss for January - December 2013</i>					
Net loss for the year	-	-	-	-30,625	-30,625
Total other comprehensive loss	-	-	1,763	-	1,763
Total recognized loss and expense for the year	-	-	1,763	-30,625	-28,862
New share issue	17,500	1,598	-	-	19,098
Share-based payments transactions	-	368	-	-	368
Balance at 31 December 2013	40,435	720,840	-7,493	-681,225	72,557
<i>Total comprehensive loss for January - December 2014</i>					
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

Consolidated statement of cash flow

(kSEK)	Note	January-	
	1	December	December
		2014	2013
Cash flows from/used in operating activities			
Profit/loss after financial items	11	- 25,570	- 29,953
Adjustments for non-cash items	26	10,249	31,676
Tax paid		-	892
Interest paid		- 778	- 2,477
Net cash from/used in operating activities before change in working capital		- 16,099	137
Cash flow from change in working capital			
Advance payment from customers		3,105	- 2,047
Inventories		- 3,929	- 3,203
Trade and other receivables		- 719	4,714
Liabilities		662	- 4,920
Change in working capital		- 881	- 5,456
Net cash from/used in operating activities		- 16,980	- 5,319
Investing activities			
Interest received		-	172
Acquisition of intangible assets		- 312	- 391
Acquisition of equipment		- 3,229	- 463
Capitalized expenditure for development	13	- 10,245	- 1,392
Net cash used in investing activities		- 13,786	- 2,074
Financing activities			
Change in other loans		713	1,310
Change in capital loans & convertible loans		- 14,404	12,115
Share issue		31,837	19,098
Net cash from financing activities		18,146	32,523
Cash flow of the year		- 12,620	25,130
Cash and cash equivalents beginning of the year	18	35,196	10,067
Effect of exchange rate fluctuations on cash held		1,322	- 1
Cash and cash equivalents end of the year		23,898	35,196

Income statement for the parent company

(kSEK)	Note	January- December 2014	January- December 2013
Operating income			
Revenues	3, 4	5,675	5,230
Other operating income	5	290	- 112
Total operating income		5,965	5,118
Work performed by the entity and capitalized			
Work performed by the entity and capitalized	13	9,059	-
Total work performed by the entity and capitalized		9,059	-
Operating expenses			
Other external costs	9, 23, 24	- 24,437	- 11,618
Personnel costs	8	- 8,141	- 7,877
Depreciation and amortization of equipment and intangible assets	13, 14	- 3,316	- 48
Impairment loss of intangible assets	13	-	- 26,987
Total operating expenses		- 35,894	- 46,530
Operating loss		- 20,870	- 41,412
Result from financial items			
Other interest income and similar profit items	10	57	45
Interest expenses and similar profit items	10	- 245	- 1,002
Total result from financial items		- 188	- 957
Loss before taxes		- 21,058	- 42,369
Income tax		-	-
Net loss for the year		- 21,058	- 42,369

Statement of comprehensive loss for the parent company is the same as 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	31 December	31 December
	1	2014	2013
Fixed assets			
Intangible fixed assets	13	21,051	15,178
Property, plant & equipment	14	1,064	416
<i>Financial assets</i>			
Loan to subsidiary		864	998
Participations in group companies	15	59,804	59,804
Total fixed assets		82,783	76,396
Current assets			
Trade receivables	17	1,717	-
Intercompany receivables	17	167	971
Other receivables	17	889	272
Prepaid expenses and accrued income	17	744	856
Cash and bank balances	18	9,777	14,450
Total current assets		13,293	16,549
Total assets		96,076	92,945
Equity			
Restricted equity			
Share capital	19	66,241	40,435
Statutory reserve	19	274,180	274,180
Total restricted equity		340,421	314,615
Non-restricted equity			
Share premium reserve	19	449,795	443,764
Share-based payment	19, 20	3,119	2,896
Loss brought forward		- 684,346	- 641,977
Net loss for the year		- 21,058	- 42,369
Total non-restricted equity		- 252,490	- 237,686
Total equity		87,931	76,929
Current liabilities			
Advance payment from customers		3,366	261
Trade payables		2,433	1,139
Intercompany payables		1,033	58
Other payables		1,313	14,558
Total current liabilities	22	8,145	16,016
Total equity and liabilities		96,076	92,945
Pledged assets	25	-	59,704
Contingent liabilities	25	13,297	14,612

Statement of changes in equity for the parent company

(kSEK)	Restricted equity			Non-restricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Share-based payment	Retained loss	Net loss of the year	
Balance at 1 January 2013	22,935	274,180	442,166	2,528	- 635,789	- 6,188	99,831
Distribution of net losses as resolved by the AGM	-	-	-	-	- 6,188	6,188	-
Net loss for the year	-	-	-	-	-	- 42,369	- 42,369
New share issue	17,500	-	1,598	-	-	-	19,098
Share-based payments	-	-	-	368	-	-	368
Balance at 31 December 2013	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
Balance at 31 December 2014	66,241	274,180	449,795	3,119	- 684,346	- 21,058	87,931

Cash flow for the parent company

(kSEK)	Note 1	January- December 2014	January- December 2013
Cash flows used in operating activities			
Profit/loss after financial items	11	- 21,058	- 42,369
Adjustments for non-cash items	26	3,693	28,237
Net cash used in operating activities before change in working capital		- 17,365	- 14,132
Cash flow from change in working capital			
Advance payment from customers		3,105	- 2,047
Trade and other receivables		- 1,360	351
Liabilities		1,800	- 5,517
Change in working capital		3,545	- 7,213
Net cash used in operating activities		- 13,820	- 21,345
Investing activities			
Interest received		-	-
Interest paid		- 234	- 174
R&D contribution/income		-	-
Capitalized expenditure for development	13	- 9,059	-
Acquisition of equipment		- 777	- 370
Unconditional shareholder's contribution		-	-
Net cash used in investing activities		- 10,070	- 544
Cash flows from financing activities			
Raise of intercompany loans		-	3,378
Change in convertible loans		- 12,753	12,523
Repayment of intercompany loans		133	- 3,157
Share issue		31,837	19,098
Net cash from financing activities		19,217	31,842
Cash flow of the year		- 4,673	9,953
Cash and cash equivalents in the beginning of the year	18	14,450	4,497
Cash and cash equivalents end of the year		9,777	14,450

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 2014**The company**

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

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

1 Basis of 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 "Parent company accounting policies"

The consolidated financial statements were authorized for issue by the Board of Directors on 31 March 2015. 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 28 May 2015.

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.

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 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, 2014 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, 2014 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 15 Revenue from Contracts with Customers regulates recognition of revenue. The principles on which IFRS 15 is based provide users of financial statements with more informative information about a company's revenue.

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 financial statements incorporate the financial statements of the Company and entities controlled by XCounter. Control is achieved, where the Company has the power to govern the financial and operating policies of an entity as to obtain benefits 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 Group's 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 companies 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 shareholders' 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 "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within "Other external costs".

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 Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

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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 Group's 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 Group's 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% and in Finland 20.0%.

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 financial liabilities are recognized on XCounter's 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 – 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.

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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

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.

Embedded derivatives

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 Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". For the purpose of impairment testing of goodwill, the total amount is allocated to each of the Group's 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. 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.

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Patents

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

Technology

Technology is reported at its acquisition value and subject to straight-line amortization over the assets' 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 assets' 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 assets' 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 identifiable cash flows (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 classified 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 defined 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 benefit 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.

Defined benefit 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 classified as multi-employer defined benefit plans. As regards the financial years presented, the Company has not had access to the type of information which would make it possible to report these plans as defined benefit plans. The pension plans according to ITP, which are secured on the basis of insurance with Alecta/Collectum, are, therefore, reported as defined contribution plans. Fees for pensions insured with Alecta/Collectum amount to kSEK 209 (2013: kSEK 218) for the year. Refunds from Alecta/Collectum can be distributed to the insurance holders and/or the assured. At 31 December 2014 the total amount of refunds from Alecta/Collectum due to information from Alecta/Collectum, in the form of a collective consolidation level, amounted to 143% (2013: 148%) 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/Collectum's actuarial assumptions, which is not in accordance with IAS 19.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. XCounter recognizes termination benefits 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 benefits as a result of an offer made to encourage voluntary redundancy. Benefits 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 Group's 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 2014 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 outflow 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, fixtures and fittings 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 asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow 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 financial 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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's 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.

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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 "Capital loans" 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 (1995:1554) and the Swedish Financial Reporting Council's recommendation RFR 2, Accounting for Legal Entities (Sept. 2011). 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,

2 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), liquidity risk and cash flow interest-rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's 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 specific areas, such as foreign exchange risk, interest-rate risk, use of non-derivative financial 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.

"Tryggandelagen" 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 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/valuation.

XCounter's 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 2014 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 0.6m (EUR 0.07m) higher/lower (2013: SEK 2.7m (EUR 0.3m)). 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.

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It cannot be ruled out that additional funding will be required to finance XCounter's continued operations. This can take place in a less favorable market situation and on terms which are less favorable 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 Company's liquidity reserve (comprises cash and cash equivalents) on the basis of expected cash flow.

The Company's 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 Group's 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 2014	Less than 1 year	Between 1 & 2 years
Borrowings	2,621	15,295
Current liabilities	19,763	-
Total	22,384	15,295

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 flow and fair value interest rate risk

Interest rate risk pertains to the risk that changes in interest rates may adversely affect XCounter's earnings. A majority of the Company's 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 Company's result and financial position, see Note 21.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's 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 are assumed to approximate the assets and the liabilities fair values due to their short 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	
	2014	2013	2014	2013
Systems	7,151	10,856	-	-
Sensors	63,052	61,142	3,766	-
Exclusivity	-	3,046	-	3,046
Others	3,804	1,275	1,909	2,184
Total	74,007	76,319	5,675	5,230

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 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)	January - December 2013		
	XCounter	AJAT	Group
Dental systems	-	10,856	10,856
Dental sensors	-	52,439	52,439
Industrial sensors	-	8,703	8,703
Medical sensors	-	-	-
Exclusivity	3,046	-	3,046
Others	778	496	1,275
Total revenue	3,824	72,494	76,319

(kSEK)	31 December 2014		
	XCounter	AJAT	Total
Intangible assets	21,051	46,675	67,725
Tangible assets	1,064	2,968	4,032
Total	22,114	49,643	71,757

(kSEK)	31 December 2013		
	XCounter	AJAT	Total
Intangible assets	15,178	47,937	63,115
Tangible assets	416	1,832	2,248
Total	15,594	49,770	65,364

5 Other operating income

(kSEK)	Group		Parent	
	2014	2013	2014	2013
Other operating income	2,177	14,629	290	-112
Total	2,177	14,629	290	-112

6 Number of employees

	Group		Parent	
	2014	2013	2014	2013
Women	12	12	2	2
Men	45	27	6	5
Total	57	39	8	7

7 Directors of the Board and management

	Group			
	2014		2013	
	No. at year-end	Whereof men	No. at year-end	Whereof men
Board Directors	5	80%	5	100%
Management	6	100%	5	100%

	Parent			
	2014		2013	
	No. at year-end	Whereof men	No. at year-end	Whereof men
Board Directors	3	67%	2	100%
Management	3	100%	2	100%

8 Personnel expenses

(kSEK)	Group		Parent	
	2014	2013	2014	2013
Wages and salaries*	23,608	20,874	5,390	5,043
Social security costs	2,279	2,078	1,690	1,587
Share based options to directors and employees	223	368	223	368
Pension costs - defined contribution plans**	4,231	3,779	838	878
Total	30,341	27,100	8,141	7,877

*Includes salaries and fees to The Board of Directors and the Chief Executive Officers in the Group amounting to kSEK 2,802 (2013: kSEK 2,762), whereof for the Parent kSEK 625 (2013: kSEK 1,125).

**Include pension costs for the Chief Executive Officers amounting to kSEK 406 (2013: kSEK 436), whereof for the Parent kSEK 1 (2013: kSEK 138).

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 2014					
(kSEK)	Salary/ Board fee	Pension	Share based payments	Other/ variable compensation	Total
Group and Parent					
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
For the year 2013					
(kSEK)	Salary/ Board fee	Pension	Share based payments	Other/ variable compensation	Total
Group and Parent					
Jean-Philippe Flament, Chairman		167	-	1,301	1,533
Rasmus Ljungwe, Interim CEO from 130701		165	1	-	165
Fredrik Henckel, CEO until 130513		961	137	13	1,111
Charles Spicer, Non-Executive Director		54	-	16	70
Yngvar Hansen-Tangen, Non-Executive Director		87	-	32	119
Konstantinos Spartiotis, Executive Director to 130426		-	-	-	-
Thor Haugnaess, Non-Executive Director		-	-	-	-
Bo Lind, Non-Executive Director		-	-	-	-
Christer Ullberg, CTO		1,447	383	51	1,881
Key management personnel of Oy AJAT Ltd., 4		-	-	92	92
Subsidiary (Oy AJAT Ltd.)					
Konstantinos Spartiotis, CEO and Chairman		1,637	299	-	1,936
Christer Ullberg, Executive Director		-	-	-	-
Tuomas Pansar, Executive Director		-	-	-	-
Fredrik Henckel, Executive Director until 130513		-	-	-	-
Other key management personnel, 2		2,096	379	-	2,476
Total		6,613	1,199	269	9,382

9 Auditors remuneration

(kSEK) <i>PricewaterhouseCoopers AB</i>	Group		Parent	
	2014	2013	2014	2013
Audit assignment	468	397	252	315
Audit business in addition to audit assignment	124	32	124	32
Total	593	429	376	347

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	
	2014	2013	2014	2013
Exchange gain	11	3,560	-	-
Interest on bank deposits	26	14	26	13
Other interest income	13	341	32	32
Change in embedded derivative	-	-	-	-
Total	49	3,915	57	45

(kSEK)	Group		Parent	
	2014	2013	2014	2013
Exchange loss	-179	-595	-12	-594
Other interest expenses	-19	-29	-	-1
Other financial expenses	-72	-64	-	-
Interest expenses on loans	-1,438	-835	-234	-407
Change in embedded derivative	176	-2,452	-	-
Total	-1,532	-3,975	-246	-1,002

11 Income tax expenses

The Swedish corporate tax is 22% and the Finnish is 20% (2013: 24.5%). Differences are explained in the table below along with other tax deductions and deferred taxes.

(kSEK) Consolidated income statement	Group		Parent	
	2014	2013	2014	2013
Loss before tax from continuing operations	-25,570	-29,953	-21,058	-42,369
Tax at Swedish corporation tax rate of 22.0%	5,625	6,590	4,633	9,321
Tax at Finnish corporation tax rate of 20.0%	-67	-	-	-
Tax at Finnish corporation tax rate of 24.5%	-	-3,768	-	-
Effects of:				
Deferred tax*	260	2,399	-	-
Impact of changed tax rate in Finland to 20.0% for the subsidiary Oy AJAT Ltd.	-	697	-	-
Tax losses carried forward, tax effect for which no deferred tax asset has been recognized	-5,625	-6,590	-4,633	-9,321
Tax expense for financial year	194	-672	-	-

* 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 2014 kSEK 4,304 (kEUR 452) (2013: kSEK 4,092 (kEUR 458)). 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 2014 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 AJAT as it is probable that they will be realized.

In Sweden, the unused tax losses can be used without any time limitation. For Finland, the tax deficit must be used within ten years from the year when the deficit occurred.

Specification of deferred tax

(kSEK)	Group	
	2014	2013
Deferred income tax assets		
Oy AJAT Ltd. tax loss from operations	169	1,232
	169	1,232
Deferred income tax liabilities		
Tax liabilities related to acquisition*	-3,539	-4,114
	-3,539	-4,114
Net value Tax assets and liabilities	-3,370	-2,882

* 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 2.4%.

(kSEK)	Group	
	2014	2013
Loss attributable to equity holders of the Company	-25,376	-30,625
Weighted average number of ordinary shares before dilution	10,509,116	4,778,738
Loss per share before dilution, (SEK)	-2.41	-6.41

13 Intangible assets

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Capitalized expenditure for development				
Opening accumulated cost	95,577	94,025	87,322	87,852
Changes during the year				
Internally generated assets	10,193	1,392	9,059	-
Disposals	-	-529	-	-529
Translation differences	280	689	-	-
R&D funding	-	-	-	-
Closing accumulated cost	106,049	95,577	96,382	87,322
Opening accumulated amortization	-5,922	-4,671	-3,415	-3,415
Changes during the year				
Amortization	-3,803	-1,251	-3,187	-
Closing accumulated amortization	-9,725	-5,922	-6,601	-3,415
Opening accumulated impairment	-70,479	-41,743	-68,730	-41,743
Changes during the year				
Impairment loss	-	-28,736	-	-26,987
Closing accumulated impairment	-70,479	-70,479	-68,730	-68,730
Closing capitalized expenditure for development	25,845	19,175	21,051	15,178

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Patents & licenses				
Opening accumulated cost	5,780	5,749	-	-
Changes during the year				
Additions	230	85	-	-
Translation differences	250	-53	-	-
Closing accumulated cost	6,261	5,780	-	-
Opening accumulated amortization	-1,874	-1,444	-	-
Changes during the year				
Amortization	-632	-430	-	-
Closing accumulated amortization	-2,505	-1,874	-	-
Closing patents & licenses	3,755	3,907	-	-

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(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Technology				
Opening accumulated cost	28,144	27,116	-	-
Changes during the year				
Translation differences	1,802	1,027	-	-
Closing accumulated cost	29,945	28,144	-	-
Opening accumulated amortization	-13,134	-9,942	-	-
Changes during the year				
Amortization	-2,863	-2,722	-	-
Translation differences	-973	-469	-	-
Closing accumulated amortization	-16,969	-13,134	-	-
Closing technology	12,976	15,010	-	-

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Intellectual property				
Opening accumulated cost	7,517	7,225	-	-
Changes during the year				
Translation differences	512	293	-	-
Closing accumulated cost	8,030	7,517	-	-
Opening accumulated amortization	-3,736	-2,828	-	-
Changes during the year				
Amortization	-814	-774	-	-
Translation differences	-277	-134	-	-
Closing accumulated amortization	-4,826	-3,736	-	-
Closing intellectual property	3,203	3,782	-	-

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Other intangible assets				
Opening accumulated cost	7,011	6,755	-	-
Changes during the year				
Translation differences	449	256	-	-
Closing accumulated cost	7,460	7,011	-	-
Opening accumulated amortization	-4,648	-3,884	-	-
Changes during the year				
Amortization	-627	-596	-	-
Translation differences	-327	-167	-	-
Closing accumulated amortization	-5,602	-4,648	-	-
Closing other intangible assets	1,858	2,363	-	-

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(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Goodwill				
Opening accumulated cost	18,879	18,190	-	-
Changes during the year				
Translation differences	1,208	689	-	-
Closing accumulated cost	20,087	18,879	-	-
Closing goodwill	20,087	18,879	-	-

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net intangible assets				
Capitalized expenditure for development	25,845	19,175	21,051	15,178
Patents & licenses	3,755	3,907	-	-
Technology	12,976	15,010	-	-
Intellectual property	3,203	3,782	-	-
Other intangible assets	1,858	2,363	-	-
Goodwill	20,087	18,879	-	-
Total net intangible assets	67,725	63,115	21,051	15,178

Of the generated assets for the Group kSEK 10,193 (2013: kSEK 1,392) is kSEK 10,193 (2013: kSEK 1,392) internal generated.

Of the generated assets for the parent company kSEK 9,059 (2013: no generated assets) is kSEK 9,059 internal generated.

The acquisition of AJAT resulted in recognition of goodwill amounting to kSEK 20,087 at closing day 31 December 2014 (31 December 2013: kSEK 18,879).

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 (2013: 15.6 per cent) before tax, which is the same discount rate used in the impairment of indefinite lived intangible assets. The estimates of cash flows for 2015-2019 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. AJAT is expected to keep a high growth the coming 5 years by increased sales efforts and marketing activities, combined with long term customer agreements. The growth rate from 2019 and future on is assumed to 2.0 per cent (2013: 2.0 per cent).

14 Property, plant and equipment

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Leasehold improvements				
Opening accumulated cost	1,756	1,756	299	299
Changes during the year				
Additions	207	-	5	-
Disposals	- 299	-	- 299	-
Closing accumulated cost	1,664	1,756	5	299
Opening accumulated amortization	- 1,024	- 877	- 299	- 299
Changes during the year				
Depreciation	- 519	- 148	- 2	-
Disposals	299	-	299	-
Closing accumulated amortization	- 1,244	- 1,024	- 2	- 299
Closing net book value	420	732	4	-

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(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Property, plant and equipment				
Opening accumulated cost	31,294	30,991	17,345	17,135
Changes during the year				
Additions	3,224	463	771	370
Disposals	- 4,974	-160	- 4,974	-160
Closing accumulated cost	29,544	31,294	13,142	17,345
Opening accumulated amortization	- 29,777	- 29,551	- 16,929	- 17,040
Changes during the year				
Depreciation	- 779	- 437	- 127	- 48
Disposals	4,974	160	4,974	-160
Exchange translation difference	70	51	-	-
Closing accumulated amortization	- 25,512	- 29,777	- 12,082	- 16,929
Closing net book value	4,032	1,517	1,060	416
Property, plant and equipment net book value	4,452	2,248	1,064	416

15 Participation in Group Companies

XCounter acquired Oy AJAT Ltd on 7 May 2009, when it also achieved board and voting control.

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

2013				
Company's name	Reg. no.	Location	Equity	Net result
XCounter Securities AB	556632-6137	Stockholm	94	-2
Oy AJAT Ltd	1735843-9	Espoo, FI	19,852	15,073

2013			
Company's name	Scope of holding		Value of holding Book value
	No of shares	Share capital	
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 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Raw material	10,409	5,636	-	-
Work in progress	2,053	2,039	-	-
Finished goods	2,437	2,634	-	-
Total	14,898	10,309	-	-

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

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Trade receivables	7,988	6,294	-	-
Intercompany receivables	-	-	1,883	971
Total	7,988	6,294	1,883	971

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

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

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
VAT recoverable	1,914	2,190	888	273
Other short term receivables	1	-1	1	-1
Total	1,915	2,189	889	272
Other prepaid expenses	1,650	1,868	744	856
Total	1,650	1,868	744	856

The total carrying value for assets categorized as Loans and receivables amounts to kSEK 33,801 (2013: kSEK 43,679), and relates to trade receivables, other receivables and bank deposits.

18 Cash and cash equivalents

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Cash at bank and in hand	23,898	35,196	9,777	14,450
Total	23,898	35,196	9,777	14,450

19 Equity

Group & Parent	No. of ordinary shares	Share capital	Additional paid in Capital		
			Statutory reserve	Share premium	Share-based payment
Balance at 1 January 2014	8,086,957	40,435	274,180	443,764	2,896
Share issues	5,161,307	25,806	-	6,031	223
Share based payments	-	-	-	-	-
Balance at 31 December 2014	13,248,264	66,241	274,180	449,795	3,119

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 727,094 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.

5,161,307 in placing completed during 2014.

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 2014.

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 (%)	0.03%	0.03%	0.14%
Expected dividends	nil	nil	nil
Estimated life	1.33	2.25	3.00
Fair value per option (SEK)	0.0065	0.0306	0.1260

The volatility for the share is based on closing prices/day from February 2006 to December 2014.

Total expenses related to each of the plans above were recognized as follows during 2014 and 2013:

(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
2013				
Vesting charge	113,033	13,103	241,784	367,920
Social security	56,594	2,270	-1,102	57,762
Total Expense	169,627	15,373	240,682	425,682

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

Outstanding options and warrants

	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

	2013	
	Average exercise price in SEK per share	Warrants/Options (thousands)
At 1 January	23.78	53
Granted	23.50	-
Forfeited	-	-
Expired	-	-
Exercised	-	-
Cancelled	-	-
Replaced	-	-
At 31 December	24.26	53

Expiry date	Exercise price, SEK	Number of options	
		2014	2013
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 (2013: none) were exercisable. The average price of the outstanding warrants/options is SEK 24.26. The exercise price of options outstanding at 31 December 2014 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 2014 was 2.2 years (2013: 3.4 years).

As of 31 December 2014, no option program is outstanding in AJAT.

21 Loans and borrowings

The Group's borrowing of kSEK 16,677 (kEUR 1,753) in nominal value, included kSEK 173 (kEUR 18) of accrued interest and principle amounts due of kSEK 16,504 (kEUR 1,734). Carrying value at 31 December 2014 amounted to kSEK 17,916 (kEUR 1,883) (2013: kSEK 30,331 (kEUR 3,392)).

In 2013 XCounter received capital loans five times from Visuray PLC, the nominal value of the loans is kSEK 12,987 (kEUR 1,365). This was done to continue the funding and acceleration of the ongoing projects. The loans have a fixed interest rate of 6% and assumes assets in XCounter as collateral. The loans were converted in to shares of the Company, the subscription price is SEK 5.50 per share.

In the second half of 2011 AJAT received loans of kSEK 2,260 (kEUR 262) in nominal value from Nordea in order to finance part of its expansion with larger facility and new equipment.

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 11,740 (kEUR 1,234 (kYEN 180,981)) at 31 December 2014 (2013: kSEK 12,694 (kEUR 1,419 (kYEN 205,424))). The currency cap/floor is determined to be an embedded derivative and is treated separately from the host contract; see information below "Embedded derivative – fair value".
- 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 2014 was kSEK 2,026 (kEUR 213) (2013: kSEK 2,183 (kEUR 244)).
- 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 2014 was kSEK 832 (kEUR 87) (2013: kSEK 887 (kEUR 99)).

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 2014 a second repayment was made to all loan givers with a total of kSEK 2,747 (kEUR 289) (2013: 2,754 (kEUR 308)). The level of the repayment also applies to 2015 with a final repayment 2016. Repayment schedule is established for 2011-2016 and all loan givers will be treated equal and repayments are made to all at the same time each year.

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.

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Embedded derivative – 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.

Currency derivative	Group	
	2014	2013
Opening balance	-1,254	116
Change in value (financial cost)	176	-1,370
Closing balance	-1,078	-1,254

22 Trade and other payables

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Current liabilities				
Advance payment from customers	5,807	1,145	3,366	261
Trade payables	7,786	7,349	3,466	1,197
Short term loan	-	12,753	-	12,753
Payroll related liabilities	261	576	261	-
Social security and other taxes	792	1,011	295	564
Accrued payroll expense	58	1,779	-	71
Holiday pay liability	3,524	3,063	889	819
Accrued expenses	1,535	528	-132	349
Other liabilities	6,171	19,710	1,313	14,557
Total current liabilities	19,764	28,204	8,145	16,016

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 months' notice.

The minimum lease rentals to be paid under non-cancellable operating leases at 31 December 2014 are as follows:

(kSEK)	Group		Parent	
	2014	2013	2014	2013
Within one year	6,884	3,980	1,020	2,095
Between one and five years	16,978	4,009	-	2,005
Total	23,862	7,989	1,020	4,100

24 Related parties

Related parties identified include; management transactions and VisuRay PLC ("VisuRay"). All transactions are made at market conditions and prices. VisuRay holds 42.4% of the shares in XCounter. XCounter's also sold industrial sensors to VisuRay.

Sales to related parties (kSEK)	Group		Parent	
	2014	2013	2014	2013
AJAT	-	-	1,909	1,406
VisuRay	473	594	473	594
Total sales to related parties	473	594	2,382	2,000

Purchases from related parties

(kSEK)	Group		Parent	
	2014	2013	2014	2013
AJAT	-	-	2,898	1,434
Charles Spicer Consulting	-	54	-	54
Innovative Pivotal Applications Ltd.	2,179	-	2,179	-
Tyholmen AS	65	65	65	65
Whitehorse Investing Ltd.	2,740	1,468	2,740	1,468
Total purchases from related parties	4,984	1,587	7,881	3,021

Other related party transactions

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Capital loan from management	498	531	-	-
Total other related party transactions	498	531	-	-

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

(kSEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
AJAT (receivable)	-	-	167	971
AJAT (payable)	-	-	1,033	58
Innovative Pivotal Applications Ltd. (payable)	427	-	427	-
VisuRay (advance payment from customers & loan)	876	13,015	876	13,015
Whitehorse Investing Ltd. (payable)	207	-	207	-
Total purchases from related parties	1,509	13,015	2,709	14,044

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 2016 is calculated to kSEK 13,297 (kEUR 1,397) (2013: kSEK 14,612 (kEUR 1,634)).

26 Cash used in operations

(kSEK)	Group		Parent	
	2014	2013	2014	2013
Adjustments for non-cash items				
Amortization, intangibles	8,739	5,773	3,187	-
Impairment loss, intangibles	-	28,736	-	26,987
Depreciation, tangibles	1,298	585	129	48
Gain/loss on sale of equipment	200	-	200	-
Disposals, intangibles	-	529	-	529
Currency exchange gain/loss	130	-2,701	12	-
Financial income	-111	-70	-57	-45
Financial expense	-416	-1,611	-	243
Net other financial items	186	66	-	107
Share-based payments	223	368	223	368
Total adjustments	10,249	31,676	3,693	28,237

27 Other information and events after the balance sheet date

- XCounter attend at the European Congress of Radiology 2015 in order to promote current products.
- XCounters' subsidiary AJAT attend at the International Dental Show 2015 where a major partner to AJAT launched a dental system containing a customized AJAT detector.
- XCounter have set up a manufacturing and assembly facility in London during Q1 as part of its ongoing plan to make the business capable of servicing major volume clients while maintaining high standards for quality.

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 definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial 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 2014 impairment assessment extends over the period from 2015 to 2019. 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% (2013: 15.62%) applied to the forecasts. Increasing the discount rate to 20.0% would reduce the total discounted cash flow with approx. SEK 32.6m (EUR 3.4m) (2013: SEK 57.5m (EUR 6.4m)). 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 2014 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 management's 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 Group's 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 “the Parent company”) 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 2014. Today’s 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 AB’s resources is optimized. The Parent company plays a central role in leading and coordinating the Group’s activities to expand opportunities throughout the X-ray imaging industry aiming at making the Company the number one provider of leading edge specialty X-ray sensors.

January-December

- Net sales increased to SEK 5.7m (kEUR 0.6m) (2013: SEK 5.2m (EUR 0.6m))
 - Loss for the period was SEK -21.1m (EUR -2.3m) (2013: SEK -42.4m (EUR -4.9m))
 - Net cash at the end of the period of SEK 9.8m (EUR 1.0m) (2013: SEK 14.4m (EUR 1.6m))
-

30 Future upcoming reporting dates

Annual report 2015 latest 31 March 2016

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

31 Annual general meeting 2015

The AGM is scheduled to be held 28 May 2015 at the Company’s office, Svärdvägen 23, Danderyd. Notice to the Annual General Meeting will be announced and published to all shareholders no later than 28 April 2015.

Approval of financial statements

Consolidated financial statements will be submitted to the annual general meeting 28 May 2015 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 group's financial position and results. The annual report have 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 director's 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, 2015

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, 2015 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 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 6-39.

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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement 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 company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the 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 2014 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 2014 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 company's business if the required financing isn't 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 company's profit or loss and the administration of the Board of Directors and the Managing Director of XCounter AB for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined 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 2015

PricewaterhouseCoopers AB

Mattias Lamme
Authorized Public Accountant
Auditor in charge

Johan Rönnbäck
Authorized Public Accountant