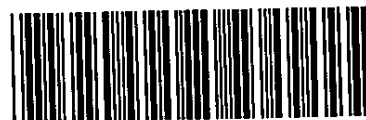


100295/20

In accordance with  
Regulation 32 of the  
Overseas Companies  
Regulations 2009.

**OS AA01**

Statement of details of parent law and  
information for an overseas company



A29 \*A5B23PDD\* #31  
COMPANIES HOUSE

TUESDAY

✓ What this form is for  
You may use this form to  
accompany your accounts  
disclosed under parent law.

X What this form is NOT for  
You cannot use this form to register  
an alteration of manner of compliance  
with accounting requirements.

For further information, please  
refer to our guidance at  
[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

## Part 1 Corporate company name

Corporate name of overseas company ① ARGON MEDICAL DEVICES NETHERLANDS B V

UK establishment number B R 0 1 5 0 0 4

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

All fields are mandatory unless  
specified or indicated by \*

① This is the name of the company in  
its home state.

## Part 2 Statement of details of parent law and other information for an overseas company

### A1 Legislation

Please give the legislation under which the accounts have been prepared and,  
if applicable, the legislation under which the accounts have been audited.

Legislation ② NETHERLANDS

② This means the relevant rules or  
legislation which regulates the  
preparation and, if applicable, the  
audit of accounts.

### A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted  
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other  
body which issued those principles below, and then go to Section A3.

Name of organisation or body ③ IFRS adopted by the EU

③ Please insert the name of the  
appropriate accounting organisation  
or body.

### A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

**OS AA01**

Statement of details of parent law and other information for an overseas company

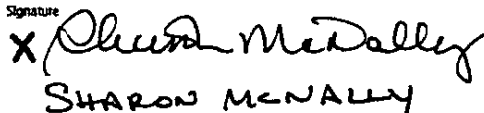
**A4****Audited accounts**

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature' <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.	<b>①</b> Please insert the name of the appropriate accounting organisation or body
Name of organisation or body <b>①</b>	IFRS adopted by the EU	

**A5****Unaudited accounts**

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.	
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**Part 3****Signature**

	I am signing this form on behalf of the overseas company	
Signature	<div>Signature</div> <div>X  X</div> <div>SHARON MCNALLY</div>	
	This form may be signed by Director, Secretary, Permanent representative	

## OS AA01

Statement of details of parent law and other information for an overseas company



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name **INTERTRUST (UK) LIMITED**

Address **11 OLD JEWRY**

**7TH FLOOR**

Post town **LONDON**

County/Region

Postcode **E C 2 R 8 D U**

Country **UNITED KINGDOM**

DX

Telephone **02077769700**



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



### Important information

Please note that all this information will appear on the public record.



### Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FE.  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post).

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Second Floor, The Cinenhall, 32-38 Cinenhall Street,  
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This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

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# **Argon Medical Devices Netherlands B.V. and Subsidiaries**

**Annual Report  
December 31, 2015 and 2014**

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## **Argon Medical Devices Netherlands B.V. and Subsidiaries**

### **Index**

**December 31, 2015 and 2014**

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## **Directors' Report**

### **Principal Activities**

Argon Medical Devices Netherlands B V and Subsidiaries (the "Company") is a distributor of specialty medical products mainly manufactured by other affiliated businesses in the United States and Singapore. The Company offers a broad line of medical devices for Interventional Radiology, Vascular Surgery, Interventional Cardiology and Critical Care procedures. The Company's products are sold throughout Europe, the Middle East and Africa through a combination of direct sales representatives and premier distributors.

### **Results and Appropriations**

Net income and total comprehensive income (loss) for the years ended December 31, 2015 and 2014 were €5,954,187 and €(1,977,468), respectively.

As of December 31, 2015 and 2014, the Company had total equity of €19,470,990 and €11,098,371, respectively, and the Company's management board does not recommend the payment of a dividend to the Company's shareholder at this time.

### **Business Developments**

The Company was incorporated in December 2010 to conduct the activities referred to in the preceding paragraph in Europe, the Middle East, and Africa which had been previously conducted by other affiliates of the Company's ultimate holding company - Argon Medical Devices Holding, Inc. - following its acquisition of the Critical Care systems business of Becton, Dickinson, and Company ("BD").

In April 2013, the Company further expanded its product line when the Company's ultimate holding company - Argon Medical Devices Holding, Inc., acquired the Interventional Products Business of Angiotech Pharmaceuticals, Inc. ("Angiotech"). The Company participated in this acquisition by acquiring the outstanding equity interests of Angiotech S L, Angiotech GmbH, Angiotech Switzerland SA, and Angiotech SARL, which had distributed the acquired business' products across Europe, the Middle East, and Africa.

The Company has a number of product lines that require a sales and marketing strategy tailored to our customers in order to deliver high-quality and cost-effective products. To help broaden awareness, the Company's sales team participates in several educational symposia and provides training to customers. A majority of the sales and marketing approach in the region is direct sales, although it varies depending on each country's size and state of development.

### **Research and Development Activities**

The Company does not engage in any substantial research and development activities. Research and development activities are conducted by affiliates of the Company's ultimate holding company - Argon Medical Devices Holding, Inc. - and the Company may benefit from those activities in future periods.

### **Workforce and Corporate Governance Development Activities**

**Workforce:** The Company's workforce consists primarily of employees engaged in selling and distribution functions which are consistent with the Company's principal activity of distributing specialty medical products throughout Europe, the Middle East, and Africa. The Company also has a limited number of employees in the supply chain and finance functions that provide support to the commercial market-facing activities conducted by the Company. The total size and size of the Company's workforce by country is contingent upon many factors, including but not limited to changes in the Company's revenues and/or profitability in total and by country, and changes in either factor may necessitate changes in the composition of the Company's workforce in the upcoming fiscal year. Management believes that the Company's existing number of employees is sufficient in the current fiscal year. There is no significant employee turnover during the year.

**Corporate Governance:** The board consists totally of two women. The Company has no intention in the short term period to change this structure. However, when an opportunity is present and makes practical business sense, the Company will consider the men to women ratio of the board, but nomination will be regardless of gender or culture.

### **Financing Activities**

The purchase price of \$3,142,000 USD (€2,880,900) due to PBN Medical Devices Denmark A/S (PBN) in conjunction with the acquisition of Argon Medical Devices Danmark ApS is converted from short-term payable into a long-term note payable with due date on December 31, 2018. A 1% interest expense is recognized by the Company in connection with this long-term note payable arrangement with PBN.

### **Risks and Uncertainties**

In compliance with the Dutch Accounting Standard 400, the Company addresses risks and uncertainties within the following sections:

#### **Methodology**

The risk management policies and procedures are key to ensuring proper management of the Company. All layers of the organization understand that risk management is an important process. Risk management is mainly carried out by the organization's executives. Risk management is a fixed item on the agenda of senior management meetings held on a regular basis. All employees contribute to identifying risks and the associated control measures. Contributions to improving risk management are rewarded in the people performance process. Risks are analyzed on an annual basis and any new risks are assessed and incorporated during the yearly planning discussion. The Vice President on Sales who also acts as the General Manager is responsible for risk management and with the help of the finance team, conducts biennial meetings for the Company's management board and key employees.

The most significant risks and the risk reduction measures taken:

The Company's activities expose it to a variety of operational and financial risks: foreign currency exchange risk, credit risk, liquidity risk, cash flow interest rate risk and concentration 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 as well as its group's overall performance.

#### Appetite for significant risks

The current risk profile is determined on the basis of this risk analysis and the control measures. The current risk profile is assessed and compared with the desired risk profile. Action plans are drawn up for each risk if the current profile is graded at a higher level than the desired risk profile to further control/reduce the existing exposure.

Risks	Controls	Current Risk Profile	Desired Risk Profile
Foreign currency exchange risk	Partly self-hedge in the current and prior years  Plan to enter in a forward currency contract in subsequent year	Medium	Low
Credit risk	Regular financial review of credit reserves  Constant and effective communication with customers through the sales workforce	Low	Low
Liquidity risk	Regular cash flow review	Low	Low
Cash flow interest rate risk	Constant communication with affiliated companies holding the Company's promissory notes	Low	Low
Concentration risk	Hired new employee with full dedication in maintaining close relationship with regional customers	High	Medium

The Company, its registered branches, and its wholly owned subsidiaries operate internationally and conduct transactions in multiple foreign currencies which create various foreign currency exposures primarily with respect to the United States dollar, Singapore dollar, British pound sterling, Swedish krona, and Danish krone, Polish zloty, Swiss franc, and Norwegian krone. The Company's principal currency exposures relate to the Euro and the United States dollar associated with long-term loan with affiliated entities. Our objective is to minimize the volatility of our exposure to these risks through normal operating activities which is partly self-hedge. The Company does not hedge these foreign currency exposures and recognized foreign currency transaction gains and losses in its consolidated statements of comprehensive income. Moreover, the Company's current policy is to not hedge substantially all of its' US dollar-denominated debt and cost of sales against changes in foreign exchange rates considering the long-term nature of the US dollar-denominated debt and high turnover of inventory which are mostly purchased directly from affiliated companies. Management continues to evaluate the impact of the devaluation of Euro against United States dollar and its impact at the group level.



Credit risk arises from cash and cash equivalent on deposit with banks as well as credit exposures to customers such as in the case of outstanding receivables and committed transactions. Credit risk on outstanding receivables is managed on a consolidated basis by the Company's ultimate holding company and its affiliates in order to mitigate the risk of counterparty default and concentration. The ultimate holding company and its affiliates manages and analyses the credit risk for each of the Company's customers before standard payment and delivery terms and conditions are offered. The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies.

Cash flow forecasting is performed at the local level as well as on a consolidated basis by the Company's ultimate holding company and its affiliates which includes monitoring rolling forecasts of liquidity needs to ensure the Company has sufficient cash to meet its operational needs. The Company believes that its liquidity risks are low given its ultimate holding company's intention to support the Company's liquidity needs in order for the Company to meet its operational needs.

The Company has no significant interest-bearing assets or liabilities except for its promissory note with Argon Medical Devices, Inc. and PBN Medical Devices Denmark A/S which mature on April 12, 2018 and December 31, 2018, respectively, and bear interest at a coupon rate of 1.00% and a 6.5% yield and can be repaid at any time without penalty or premium.

In the normal course of business, the Company provides credit to customers in the health care industry, perform credit evaluations of these customers, and maintain allowances for potential credit losses, which have historically been adequate compared to actual losses. In 2015, the Company has one Middle East customer that represents 10% or more of our total net sales or accounts receivable, net. The Company continues to do business with customers in certain Middle East countries that have experienced deteriorations in credit and economic conditions. These conditions have resulted in, and may continue to result in, a reduction in value and an increase in the average length of time that it takes to collect accounts receivable outstanding in these countries. In addition, the Company may also be impacted by declines in sovereign credit ratings or sovereign defaults in these countries. Extreme competition in certain markets could cause the Company significant effort to increase marketing and other expenditures and prevent the Company from increasing prices to recover higher costs and address inflation thereby reducing product margins or lose market share. Any of the foregoing could have a significant adverse effect on the Company's business, financial condition and results of operations. It is the policy of the Company to observe the highest standards of ethics, honesty and integrity. All employees are required to uphold these standards and must not have any personal interest that conflicts in any way with the interest of the Company and its shareholders. The Company has robust ethical guidelines which are illustrated in the Company's Human Resource Handbook outlining specific examples of anti-bribery and foreign corrupt practices act. This handbook is disseminated to new employees upon hiring. Strict adherence to these policies is constantly communicated through various means such as electronic correspondence, board postings and formal meetings to serve as effective reminder to all employees who are located in various parts of the globe. Moreover, the Company has an active whistleblower program which protects and encourages employees to report any serious violation in the Company's policies or external laws and regulations whether in person or anonymously.

**Quantification of the impact on the result and financial position if the risks materialize**

**Foreign currency exchange risk**

A sensitivity analysis surrounding the impact to the Company's profitability as a result of favorable and unfavorable fluctuations in foreign currency exchange rates is disclosed in the footnotes (Note 4) to the Company's consolidated financial statements

**Credit risk**

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Company's balance sheet

**Liquidity risk**

Excluding related party balances, the Company has a ratio of liquid asset to current liabilities of 3.6 and 4.2 as at December 31, 2015 and 2014, respectively. These liquidity asset ratios are considerably high compared with similar companies in the healthcare industry. Management also believes that it has sufficient access to its ultimate holding company's funds for emergency purposes. As such, no sensitivity analysis is performed.

**Cash flow interest rate risk**

The Company's income and operating cash flows are substantially independent of changes in market interest rates. As such, no sensitivity analysis is performed.

**Concentration risk**

The Company sells more than 10% of its products in the Middle East market. Should this market collapse, revenue would fall considerably. Moreover, a sharp fall in prices or sales in this region will negatively affect the results of the Company. Should the market contract by 50%, this would bring about a €3 million decrease in revenue with EBITDA declining by €1.3 million.

**Risks and uncertainties having a major impact in the past financial year and the consequences**

The Company's risks and uncertainties have had no major impact in the past financial year.

**Current or planned improvements in the risk management system**

The risk management methodology meets the wishes and requirements of the management of the Company. The Company has implemented a robust anti-fraud policy to detect and prevent fraud and violations of applicable laws, which includes a strict requirement prohibiting our employees and agents from violating these laws. With these policies, there remains some degree of risk that improper conduct could occur, thereby exposing us to potential liability and the costs associated with investigating potential misconduct.

**Use of Financial Instruments**

The Company's use of financial instruments is limited to the extension of credit to its customers in the ordinary course of business, cash on deposit at banks, and to the financing activities undertaken with affiliates of the Company's ultimate holding company, Argon Medical Devices Holding, Inc.

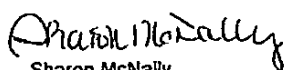
The risk posed by the extension of credit to its customers in the ordinary course of business is mitigated by the Company's adherence to strict credit policies as overseen by affiliates of the Company's ultimate holding company and the risk posed by having cash on deposit at banks is mitigated by the high credit ratings assigned by to these counterparties by international credit rating agencies

Undertaking financing activities with affiliates of the Company's ultimate holding company may expose the Company to collection risk and/or cash flow interest rate risk. The Company believes that the collection risk associated with amounts due from affiliates of the Company's ultimate holding company is low given that the counterparties are sufficiently capitalized and due to the financial support which all affiliates may receive from the ultimate parent company. In addition, since the interest-bearing liabilities of the Company carry a fixed annual coupon interest rate of 1.00% and a yield of 6.5% have been issued to related parties, the Company considers the financing risk posed by these financial instruments to be low

#### Outlook

During the year, the Company continued its focus on harnessing the benefits of the acquisition of the outstanding equity interests of Angiotech S.L., Angiotech GmbH, Angiotech Switzerland SA, Angiotech SARL and Angiotech Danmark A/S, in order to convert them into sales growth, unit pricing improvements, and/or expense containment and reduction in order to facilitate the achievement of profitability targets.

No significant investments in opening additional offices or hiring additional sales, marketing, and supply chain employees are anticipated in the upcoming year ending December 31, 2016 as the Company believes that its established infrastructure will permit the Company to achieve its profitability targets



Sharon McNally  
Director  
June 30, 2016



Aike Alda van Solkema-Boer  
Director  
June 30, 2016

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**  
**December 31, 2015 and 2014**

<i>(amounts presented in Euro (€) unless otherwise stated)</i>	<b>2015</b>	<b>2014</b>
Net sales (Note 6)	€ 42,039,896	€ 45,992,353
Cost of sales (Note 7)	<u>29,524,083</u>	<u>32,628,351</u>
Gross profit	12,515,813	13,364,002
Selling, general and administrative expenses (Note 8,9,10,11)	<u>12,341,347</u>	<u>12,608,268</u>
Operating profit	174,466	755,734
Interest expense, net (Note 12)	728,978	625,052
Foreign currency losses	<u>1,154,637</u>	<u>2,066,523</u>
Total finance losses	1,883,615	2,691,575
Gain on write off of payable to an affiliated company (Note 13)	<u>7,859,426</u>	<u>-</u>
Income (loss) before taxation	6,150,277	(1,935,841)
Income taxes (Note 14)	<u>196,090</u>	<u>41,627</u>
Income (loss) after taxation	5,954,187	(1,977,468)
Other comprehensive income (loss)		
Foreign currency translation adjustments	<u>1,998,782</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>€ 7,952,969</u>	<u>€ (1,977,468)</u>

The accompanying notes are an integral part of these consolidated financial statements

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**Years Ended December 31, 2015 and 2014**

<i>(amounts presented in Euro (€) unless otherwise stated)</i>	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
<b>Noncurrent assets</b>		
Property and equipment, net (Note 15)	€ 46,614	€ 39,215
Intangible assets, net (Note 16)	8,645,729	8,809,047
Goodwill (Note 16)	12,639,986	11,455,754
	<u>21,332,329</u>	<u>20,304,016</u>
<b>Current assets</b>		
Inventories (Note 17)	7,004,335	7,720,618
Trade receivables (Note 18)	7,024,675	7,064,219
Receivables due from related parties (Note 26)	46,000	1,163,607
Prepaid expenses and other current assets (Note 19)	159,347	191,913
Indirect taxes receivable (Note 20)	90,818	131,838
Income taxes receivable (Note 14)	199,193	85,903
Cash at banks (Note 21)	4,743,693	5,331,327
	<u>19,268,061</u>	<u>21,689,425</u>
<b>Total assets</b>	<b>€ 40,600,390</b>	<b>€ 41,993,441</b>
<b>Equity and Liabilities</b>		
<b>Equity attributable to owner of the company</b>		
Share capital (Note 22)	€ 18,000	€ 18,000
Share premium (Note 22)	10,567,008	10,147,358
Accumulated other comprehensive income (loss) - foreign currency translation adjustment	1,998,782	-
Accumulated earnings	6,887,200	933,013
<b>Total equity</b>	<b>19,470,990</b>	<b>11,098,371</b>
<b>Noncurrent liabilities</b>		
Related party promissory note (Note 24, 26)	10,592,186	6,927,663
Deferred income tax liabilities (Note 14)	2,083,681	2,250,001
<b>Total noncurrent liabilities</b>	<b>12,675,867</b>	<b>9,177,664</b>
<b>Current liabilities</b>		
Payables due to related parties (Note 26)	5,121,055	18,728,694
Accounts payable and accrued expenses (Note 25)	2,222,566	2,281,809
Indirect taxes payable (Note 20)	604,107	598,910
Income tax payable (Note 14)	505,805	107,993
<b>Total current liabilities</b>	<b>8,453,533</b>	<b>21,717,406</b>
<b>Total liabilities</b>	<b>21,129,400</b>	<b>30,895,070</b>
<b>Total equity and liabilities</b>	<b>€ 40,600,390</b>	<b>€ 41,993,441</b>

The accompanying notes are an integral part of these consolidated financial statements

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2015 and 2014**

	Attributable to Owner of the Company				
			Accumulated Other Comprehensive Income (Loss) Foreign Currency Translation Adjustment	Accumulated Earnings	Total Equity
<i>(amounts presented in Euro (€) unless otherwise stated)</i>	Share Capital	Share Premium			
Balances at January 1, 2014	€ 18 000	€ 10 147 358	€ -	€ 2 910 481	€ 13 075,839
Comprehensive loss	-	-	-	(1 977 468)	(1 977 468)
Balances at December 31 2014	€ 18 000	€ 10 147 358	€ -	€ 933 013	€ 11 098 371
Balances at January 1, 2015	€ 18,000	€ 10,147 358	€ -	€ 933 013	€ 11 098 371
Related party promissory note discount		419 650	-	-	419 650
Comprehensive income		-	-	5 954,187	5 954 187
Foreign currency translation adjustment gain		-	1 998 782		1 998 782
Balances at December 31, 2015	€ 18 000	€ 10 567 008	€ 1 998 782	€ 6 887 200	€ 19 470 990

The accompanying notes are an integral part of these consolidated financial statements

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

<i>(amounts presented in Euro (€) unless otherwise stated)</i>	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Income before taxation	€ 6,150,277	€ (1,935,841)
Adjustments for		
Depreciation (Note 15)	27,876	4,493
Amortization of intangible assets (Note 11, 16)	977,868	896,939
Amortization of promissory note debt discount	398,287	336,593
Gain on write off of payable to an affiliated company (Note 13)	(7,859,426)	-
Provision for impairment of trade receivables (Note 18)	61,280	8,615
Provision for excess and obsolete inventories (Note 17)	352,957	203,482
Changes in working capital components, net of acquisitions	-	-
Trade receivables (Note 18)	(21,736)	249,954
Due to/from related parties, net (Note 26)	(855,659)	(3,597,092)
Inventories (Note 17)	363,326	3,619,345
Indirect taxes, net (Note 20)	46,217	(28,015)
Prepaid expenses (Note 19)	32,566	620,688
Accounts payable and accrued expenses (Note 25)	(59,243)	597,895
Cash generated from (used in) operations	(385,410)	977,056
Income taxes paid (Note 14)	(77,888)	(190,936)
Cash paid for interest	(89,060)	-
Net cash generated from (used in) operating activities	(552,359)	786,120
<b>Cash flows from investing activities</b>		
Purchases of property and equipment (Note 15)	(35,275)	(10,193)
Net cash used in investing activities	(35,275)	(10,193)
Net (decrease) increase in cash	(587,634)	775,927
<b>Cash</b>		
Beginning of year	5,331,327	4,555,400
End of year	€ 4,743,693	€ 5,331,327
<b>Supplemental disclosures of noncash investing and financing activities</b>		
Conversion of short-term payable to long term note payable due to an affiliated company (Note 26)	€ 2,461,250	€ -

The accompanying notes are an integral part of these consolidated financial statements

## **Argon Medical Devices Netherlands B.V. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

### **December 31, 2015 and 2014**

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*(amounts presented in Euro (€) unless otherwise stated)*

#### **1. General Information**

Argon Medical Devices Netherlands B.V. and Subsidiaries (collectively the "Company") was incorporated on December 20, 2010 and maintains a registered office in Amsterdam, the Netherlands. The registered office is located at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

In addition to its registered office in Amsterdam, the Netherlands, the Company has established branch offices in Belgium, Denmark, Finland, Germany, and Sweden, and has representatives in France, Greece, and the United Kingdom. The Company is wholly owned by Argon Medical Devices Singapore Pte. Ltd., a Singapore Corporation, which the Company regards as its intermediate holding company. After the acquisition of Interventional Products Business as noted in Note 2, the Company's group operating structure also includes Argon Medical Devices S.L. (f/k/a Angiotech S.L.), a Spanish legal entity, Argon Medical Devices GmbH (f/k/a Angiotech GmbH), a German legal entity, Argon Medical Devices SARL (f/k/a Angiotech SARL), a French legal entity, and Argon Medical Devices Switzerland SA (f/k/a Angiotech Switzerland SA), a Swiss legal entity.

The Company's ultimate holding company is Argon Medical Devices Holding, Inc., a United States Corporation. The Company's ultimate holding company is majority-owned by RoundTable Healthcare Partners, LP, RoundTable Healthcare Partners II, LP, RoundTable Healthcare Partners III, LP, RoundTable Healthcare Investors, LP, and RoundTable Healthcare Investors II, LP, and RoundTable Healthcare Investors III, LP (collectively referred to as "RoundTable").

The Company distributes single-use vascular-access medical devices, biopsy devices, blood pressure monitoring devices, central venous, pulmonary artery and extended dwell catheters to hospital cardiac catheterization laboratories, interventional radiology laboratories and critical care units. The Company's products are sold throughout Europe, the Middle East and Africa through a combination of direct sales representatives and premier distributors.

#### **2. Acquisitions**

On February 9, 2014, the Company's ultimate parent company - Argon Medical Devices Holding, Inc., a United States Corporation - initiated a restructuring of certain entities under common control. In connection with this restructuring, the Company purchased from PBN Medical Devices Denmark A/S, an affiliate under common control of the Company's ultimate parent company, one-hundred percent (100%) of the issued share capital of Argon Medical Devices Danmark ApS (f/k/a Angiotech Danmark A/S) for a purchase price of \$3,142,000 USD (€2,414,941). As a result of this common control transaction, any difference between the net carrying value of the assets and liabilities transferred and the purchase price paid was presented as an equity transaction in the period received.



## **Argon Medical Devices Netherlands B.V. and Subsidiaries**

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IFRS does not provide guidance on the accounting for common control transactions. However, as noted in IAS 8 10 it does require that entities develop an accounting policy for accounting for these transactions. The two methods most commonly chosen for accounting for business combinations between entities under common control are (1) the acquisition method and (2) the predecessor values method. The Company has chosen the predecessor values method. As a result, the net carrying value of the assets and liabilities received by the Company in this transaction was recognized as a capital contribution to the Company. The results of operations of Argon Medical Devices Danmark ApS (f/k/a Angiotech Danmark A/S) are included in the Company's consolidated results of operations from April 12, 2013 (original date of acquisition) to December 31, 2013. The historical financial statements reflect this change resulting from the common control transaction that occurred during 2014.

Following acquisition described above, the Company's focus is on harnessing the benefits of the acquisition in order to convert them into sales growth, unit pricing improvements, and/or expense containment and reduction. These areas of focus are designed to meet the Company's future profitability targets.

#### **Indemnification Provisions**

The Stock Purchase Agreement with Angiotech contains certain indemnification provisions granted to all subsidiaries of the Company's ultimate holding company. These indemnifications include, but are not limited to, indemnification from certain tax and employee termination and severance liabilities. A portion of the purchase price paid by all affiliates of the Company's ultimate holding company was set aside in escrow on the Closing Date, to secure these indemnifications and was scheduled to be released on the first anniversary of the Closing Date. Up to the first anniversary of the Closing Date, the Company's ultimate holding company submitted reimbursement requests or notices of unresolved claims relating to indemnified matters of the subsidiaries acquired by the Company totaling €1,387,915 to the escrow agent and the remaining balance in escrow was released on April 14, 2014.

Following the release of the escrow deposits on April 14, 2014, indemnification recoveries are capped at €1,816,000 (\$2,500,000) in certain instances, including indemnification claims related to certain tax matter, for all subsidiaries of the Company's ultimate holding company except for additional escrows deposited by Angiotech to secure indemnifications granted to other subsidiaries of the Company's ultimate holding company and except for amounts related to the reimbursement requests and notices of unresolved claims submitted prior to the release of the escrow deposits on April 14, 2014. The tax indemnifications included in Stock Purchase Agreement expire three years from the anniversary of the Closing Date and the remaining indemnification provisions expire at various future dates. As of December 31, 2015 there are no additional risks related to the indemnification provisions.

### **3. Summary of Significant Accounting Policies**

#### **Basis of Preparation**

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and under the historical cost convention. The principal accounting policies, which have been consistently applied, are set out below.

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The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

#### **Operating Structure**

The Company's operating structure includes Argon Medical Devices Netherlands B.V., a Dutch entity, branch offices of Argon Medical Devices Netherlands B.V. in Belgium, Denmark, Finland, Germany, and Sweden, and representatives of Argon Medical Devices Netherlands B.V. operating in France, Greece, and the United Kingdom which were formed and existed prior to December 31, 2011. After the acquisition of Interventional Products Business acquisition as noted in Note 2, the Company's group operating structure also includes Argon Medical Devices S.L. (f/k/a Angiotech S.L.), a Spanish legal entity, Argon Medical Devices GmbH (f/k/a Angiotech GmbH), a German legal entity, Argon Medical Devices SARL (f/k/a Angiotech SARL), a French legal entity, and Argon Medical Devices Switzerland SA (f/k/a Angiotech Switzerland SA), a Swiss legal entity.

#### **Consolidation**

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. Inter-company transactions, balances and unrealized gains and losses on transactions between the Company and its subsidiaries are eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Company's accounting policies.

The consolidated financial statements include the accounts of the Argon Medical Devices Netherlands B.V. and its wholly owned subsidiaries: Argon Medical Devices S.L. (f/k/a Angiotech S.L.), a Spanish legal entity, Argon Medical Devices GmbH (f/k/a Angiotech GmbH), a German legal entity, Argon Medical Devices SARL (f/k/a Angiotech SARL), a French legal entity, and Argon Medical Devices Switzerland SA (f/k/a Angiotech Switzerland SA), a Swiss legal entity.

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The Company's consolidated financial statements include the results of operations and balance sheets of its wholly owned subsidiaries and branch offices. Intra-company transactions, balances, income and expenses on transactions between the Company, its wholly owned subsidiaries and branch offices, and income and expenses from intra-company transactions that are recognized in assets, if any, are eliminated.

#### **Changes in Accounting Policy and Disclosures**

##### ***New and Amended Standards Adopted by the Company***

The following new and revised International Financial Reporting Standards (IFRSs) have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS – Annual Improvements to IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle

The adoption of the improvements made in the 2012-2012 Cycle has required additional disclosures in our segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The group also elected to adopt the following two amendments early: "Annual Improvements to IFRSs 2012-2014 Cycle" and "Disclosure Initiative Amendments to IAS 1". As these amendments merely clarify the existing requirements, they do not affect the group's accounting policies or any of the disclosures.

##### ***New Standards and Interpretations not yet Adopted***

The Company has applied in the preparation of these consolidated financial statements all the standards and interpretations of the IFRS, as adopted by the EU, that are effective at the date of these consolidated financial statements. A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after December 31, 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the Company's consolidated financial statements.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company does not anticipate any impact to the financial statements as a result of this accounting standard. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for

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annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Company is assessing the impact of IFRS 15, if any.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company is assessing the impact of IFRS 15, if any.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company upon adoption.

#### **Foreign Currency Translation**

Items included in the Company's consolidated financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The consolidated financial statements are presented in Euro (€), the Company's functional and presentation currency. Each of the Company's subsidiaries was also determined to have a functional currency of the Euro (€) since the primary economic environment in which these entities operate uses the Euro (€) as the predominant local currency.

The Company has operations in several countries where their local currencies are different than their functional currency. Adjustments resulting from the process of translating local currency financial statement into the functional currency of the Euro (€) are included in accumulated other comprehensive income (loss) in stockholders' equity. Foreign currency transactions of the Company and its subsidiaries which are denominated in currencies other than the Company's functional currency are translated into the Company's functional and presentation currency for financial reporting purposes. Foreign exchange gains and losses resulting from the re-measurement of foreign currency transactions denominated in currencies other than the Company's functional currency at the reporting date and the settlement of such transactions are recognized in the statement of comprehensive income.

#### **Comprehensive Income (Loss)**

Other than the adjustments to translate local currency financial statement into the function currency of the Euro (€) as part of the Company's cumulative translation adjustment, the Company has no transactions that need to be presented in other comprehensive income (loss) or accumulated other comprehensive income (loss). Accordingly, no transactions are expected to be recycled from accumulated other income (loss) through the Company's consolidated statement of income in the upcoming fiscal year.

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**Property and Equipment**

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the property and equipment. 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 statements of comprehensive income during the period in which they are incurred. Depreciation is calculated using the straight-line method, assuming no residual value, over the assets' estimated useful lives, or the life of the underlying lease, whichever is shorter, as follows:

	<b>Estimated Useful Lives</b>
Furniture and fixtures	3–5 years
Computer hardware	3 years
Computer software	3–5 years

When assets are retired or sold, the net carrying amount is eliminated with any gain or loss on disposal recognized in the period of disposal and classified within selling, general and administrative expenses in the Company's consolidated statements of comprehensive income.

**Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of goodwill impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination. Each CGU to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount which is the higher of value in use and the fair value less costs of disposal. The value in use is calculated using the discounted cash flow model. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Operating segments are reported in accordance with internally reported information to the chief operating decision-maker. The Executive Board is regarded as the chief operating decision-maker responsible for the allocation of funds to and the assessment of the operating segments.

The company monitors results by product line. The product lines comprise two cash generating units. The Executive Board bases its decisions on this. The cash generating units are grouped together on a segment basis. Disclosure on the operating segment is in keeping with this grouping, with the cash generating units being consolidated as they both benefit from the business combination that gave rise to the goodwill.

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**Intangible Assets, Net**

Intangible assets consist of fair values assigned to customer relationships, proprietary technology and know-how, patents, and trade-names, arising from the acquisition discussed in Note 2 which have been grouped into the principal product lines (Vascular & Biopsy) which were acquired in that acquisition. These intangible assets have definite lives and are carried at cost less accumulated amortization in the Company's consolidated balance sheets. Amortization is calculated using the straight-line method to allocate the cost of these intangible assets over their estimated useful lives of eight (8) to twelve (12) years assuming no residual value.

**Impairment of Nonfinancial Assets**

Assets that are subject to depreciation or amortization, such as property and equipment and definite-lived intangible 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). There have been no nonfinancial assets that have suffered from impairment for the years ended December 31, 2015 and 2014.

**Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less disposal costs. The Company evaluates inventory levels and expected usage on a periodic basis and records valuation allowances as required. Substantially all inventories are purchased from related parties as further discussed in Note 17.

**Trade Receivables**

Trade receivables represent amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, trade receivables are classified as current assets. If not, trade receivables are presented as noncurrent assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The provision for impairment is recorded based upon the Company's estimate of credit losses included in accounts receivable considering historical losses on trade receivables and a specific review of all accounts whose aging is nearing or has exceeded credit terms. Account balances are charged against the provision for impairment when it is determined they will not be collected. The Company records a provision for customer returns and customer discounts at the time of product shipment based upon the Company's historical experience with customer rebates and discounts.

**Prepaid Expenses and Other Current Assets**

Costs incurred which the Company expects will benefit multiple periods are capitalized as prepaid expenses. These costs are recognized in the statements of comprehensive income over the period in which the Company benefits from the expenditure using a method that reflects the pattern in which the Company benefits from the expenditure.

Other current assets consist mostly of other nontrade receivables which the Company expects to collect within twelve (12) months from the balance sheet date.

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**Indirect Taxes**

Indirect taxes are added to goods or services when they are purchased (indirect tax receivable) and when they are sold (indirect tax payable). The Company recognizes indirect taxes owed to and owed from taxing authorities in each country in which it conducts transactions subject to these taxes and remits payments on a timely basis to the taxing authorities in each country.

**Cash at Banks**

Amounts presented as cash at bank include only cash at call with banks.

**Share Capital and Share Premium**

Ordinary shares are classified as equity. Equity contributions made by the Company's shareholder in excess of the par value of the Company's shares are classified as share premium in the Company's consolidated balance sheets.

**Related Party Promissory Note**

Related party borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs incurred) and the redemption value is recognized in the Company's statements of comprehensive income over the period of the borrowings using the effective interest method.

Due to the related party nature of the Company's outstanding borrowings, no transaction costs or other direct fees were incurred regarding the establishment of the promissory note.

**Borrowing Costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets, if any, is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and accrued expenses are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities. None of the Company's accounts payable or accrued expenses include a provision for interest to be charged on outstanding amounts.

**Due to/from Related Parties**

Amounts due to and due from related parties have arisen as a result of the related party transactions described in Note 26. Amounts due to and due from related parties are classified as current if payment is due within one year or less. If not, amounts due to and due from related parties are presented as noncurrent. Amounts due to and due from related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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**Employee Benefits**

The Company does not directly sponsor any defined benefit pension plans or other post-retirement benefit plans

The Company participates in defined contribution benefit plans in multiple countries which are administered by either the government or a third-party administrator depending on the territory. For these defined contribution benefit plans, once the Company has made its contribution, which can be either voluntary, mandatory, or a combination depending on the country, the Company has no further obligation to fund the defined contribution benefit plan. Obligations to contribute to defined contribution benefit plans are recognized as incurred which is generally when an employee renders services that entitle them to the related contribution.

At the discretion of the Company's management, bonuses may be paid to the Company's employees. The Company recognizes a liability and the expense for any bonuses expected to be paid for the current year's performance as incurred which is generally when an employee renders services that entitle them to the related contribution.

**Income Taxes**

The income tax expense recognized includes current and deferred income taxes for the period. Income taxes are recognized in the statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In the case of items recognized in other comprehensive income or directly in equity, the associated income taxes are also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense recognized is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and registered branches operate and generate taxable income. Management periodically evaluates positions taken in income tax returns with respect to situations in which the applicable income tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there



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is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognized

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxing authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

**Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, when the goods have been delivered, and when specific criteria have been met for each of the Company's activities. The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company's invoices include amounts for shipping and handling costs including postage. The Company recognizes these billings as sales and includes the associated costs in selling, general, and administrative expenses.

**Cost of Sales**

Cost of goods sold represents the associated cost of inventories sold in sales transactions and is recorded at the time sales are recognized. Acquired inventories are initially measured at fair value which can result in an increase or decrease from their historical cost basis which is recognized in cost of goods sold when the inventories were sold (Note 7).

**Royalty Expense**

Product royalties owed to third parties are recognized as expense goods subject to the royalty arrangements are sold based on the substance of the relevant agreements (Note 10).

**Amortization Expense**

Amortization expense related to the amortization of definite-lived intangible assets over their estimated useful lives (Note 11).

**Interest Expense, Net**

Interest charged on borrowings is recognized in accordance with the terms of the underlying financial instruments (Note 12).

**Leases**

The Company leases certain property and equipment under operating leases. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the

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lessor) are charged to the statements of comprehensive income on a straight-line basis over the period of the lease

#### 4 Financial Risk Management

##### Financial Risk Factors

The Company's activities expose it to a variety of financial risks: foreign exchange risk, credit 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.

##### Foreign Exchange Risk

The Company, its registered branches, and wholly owned subsidiaries operate internationally and conduct transactions in multiple foreign currencies which create various foreign currency exposures primarily with respect to the United States dollar, Singapore dollar, British pound sterling, Swedish krona, and Danish krone, Polish zloty, Swiss franc, and Norwegian krone. The Company does not hedge these foreign currency exposures and recognizes foreign currency transaction gains and losses in its statements of comprehensive income.

As of December 31, 2015 and 2014, various individual balances included in the Company's balance sheets were denominated in foreign currencies as follows:

	Balances at December 31, 2015, Shown in Euro (€), Denominated in Foreign Currencies						
	EUR	USD	SEK	GBP	DKK	PLN	NOK
Property and equipment, net	€ 1,048				€ 44,868		
Trade receivables	2,587,534	2,069,460	457,934	424,182	304,415	100,572	262,823
Receivables due from related parties	18,000				28,000		
Prepaid expenses	42,482		24,813		46,302		(16,253)
Income taxes receivable	27,583		141,968		29,642		
Indirect taxes receivable	67,054						18,195
Deferred income taxes							5,949
Inventories	7,004,335						
Cash at bank	2,008,904	529,747	844,022		839,374		252,725
	11,845,840	2,399,207	1,489,735	424,182	1,292,401	100,572	518,930
Loan due to a related party		10,592,186					
Payables due to related parties	1,993,701	€ 3,127,354					
Accounts payable and accrued expenses	1,362,394		223,277		218,256		84,111
Income taxes payable	281,486				237,050		6,618
Indirect taxes payable	311,220		223,502		69,385		
Deferred income taxes	2,063,681						
	6,032,484	13,719,540	446,779		625,340		70,729
Net foreign currency exposure	€ 5,813,358	€ (10,321,333)	€ 1,021,956	€ 424,182	€ 767,061	€ 100,572	€ 446,261
							€ (58,780)

	Balances at December 31, 2014, Shown in Euro (€), Denominated in Foreign Currencies						
	EUR	USD	SEK	GBP	DKK	PLN	NOK
Property and equipment, net	€ 10,814		€ 820		€ 27,581		
Trade receivables	3,046,621	2,505,903	451,530	333,496	348,997	116,963	231,831
Receivables due from related parties	1,163,607						
Prepaid expenses	75,327		12,978		80,601		(19,758)
Income taxes receivable	50,078		137,141		2,809		(67)
Indirect taxes receivable	123,837						
Deferred income taxes							8,031
Inventories	7,720,816						
Cash at bank	2,586,960	1,828,934	495,877		276,367		243,418
	14,777,663	4,133,437	1,099,147	333,496	736,775	116,963	455,522
Loan due to a related party		6,927,683					
Payables due to related parties		18,728,884					
Accounts payable and accrued expenses	1,592,114		124,745		227,361		49,581
Income taxes payable	344,487				20,478		27,151
Indirect taxes payable	311,401		208,036		71,298		7,175
Deferred income taxes	1,900,338						
	4,148,341	25,656,357	333,781		319,158		83,917
Net foreign currency exposure	€ 10,629,322	€ (21,522,920)	€ 765,366	€ 333,496	€ 417,617	€ 116,963	€ 371,605
							€ (107,117)

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The Company's total comprehensive income for the years ended December 31, 2015 and 2014 would have been impacted as follows if the various foreign currency movements had occurred (assuming all other variables held constant)

	2015 Increase (Decrease) in Profits (in Euro (€)) Due to Foreign Currency Exchange Rate Movements									
USD Strengthened by 1%	€	(100,213)	€	€	€	€	€	€	€	€
USD Weakened by 1%		100,213								
SEK Strengthened by 1%				10,220						
SEK Weakened by 1%				(10,220)						
GBP Strengthened by 1%					4,242					
GBP Weakened by 1%					(4,242)					
DKK Strengthened by 1%						7,871				
DKK Weakened by 1%						(7,871)				
PLN Strengthened by 1%							1,006			
PLN Weakened by 1%							(1,006)			
NOK Strengthened by 1%								4,463		
NOK Weakened by 1%								(4,463)		
CHF Strengthened by 1%									(558)	
CHF Weakened by 1%									558	

	2014 Increase (Decrease) in Profits (in Euro (€)) Due to Foreign Currency Exchange Rate Movements									
USD Strengthened by 1%	€	€	(215,229)	€	€	€	€	€	€	€
USD Weakened by 1%			215,229							
SEK Strengthened by 1%				7,654						
SEK Weakened by 1%				(7,654)						
GBP Strengthened by 1%					3,335					
GBP Weakened by 1%					(3,335)					
DKK Strengthened by 1%						4,176				
DKK Weakened by 1%						(4,176)				
PLN Strengthened by 1%							1,170			
PLN Weakened by 1%							(1,170)			
NOK Strengthened by 1%								3,716		
NOK Weakened by 1%								(3,716)		
CHF Strengthened by 1%									(1,071)	
CHF Weakened by 1%									1,071	

#### Credit Risk

Credit risk arises from cash and cash equivalent on deposit with banks as well as credit exposures to customers such as in the case of outstanding receivables and committed transactions. Credit risk on outstanding receivables is managed on a consolidated basis by the Company's ultimate holding company and its affiliates in order to mitigate the risk of counterparty default and concentration. The ultimate holding company and its affiliates manages and analyses the credit risk for each of the Company's customers before standard payment and delivery terms and conditions are offered.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Company's balance sheet.

#### Liquidity Risk

Cash flow forecasting is performed on a consolidated basis by the Company's ultimate holding company and its affiliates which includes monitoring rolling forecasts of liquidity needs to ensure the Company has sufficient cash to meet its operational needs. As of December 31, 2015, the Company had €4,743,693 in cash at banks in various territories. The Company believes the liquidity risk posed by its cash being held in various territories is minimal as none of these territories possesses onerous restrictions on the Company's ability to freely transfer cash to other territories to meet its liquidity needs. The current liabilities that will be settled within one year were €8,453,533 and €21,717,406 at December 31, 2015 and 2014, respectively.

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During the year ended December 31, 2013, the Company entered in a promissory note with a principal balance of \$10,002,000 USD (€7,265,463) with Argon Medical Devices, Inc. The promissory note matures April 12, 2018, bears interest at a coupon rate of 1.00% and a 6.5% yield (payable monthly). The promissory note can be repaid at any time without penalty or premium as initiated by Argon Medical Devices Netherlands B.V. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 and 2014 is €8,130,936 and €6,927,663.

On December 31, 2015, the Company entered in \$3,142,000 USD (€2,880,900) promissory note with PBN Medical Devices Denmark A/S (PBN), an affiliate of the Company's ultimate holding company, which converted its short-term payable initially recognized in conjunction with the 2014 acquisition of Argon Medical Devices Danmark ApS to long-term as at 2015. The promissory note matures December 31, 2018, bears interest at a coupon rate of 1.00% (payable annually) and can be repaid at any time without penalty or premium. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 is €2,461,250. Due to the related party nature of the Company's outstanding borrowings, no transaction costs or other direct fees were incurred regarding the establishment of the promissory note.

The table below analyses the Company's non-derivative financial liabilities into maturity groupings based on contractual maturity dates.

	Interest Expense on Promissory Note	Nominal Value Payment on Promissory Note	Total Payments on Promissory Note
2015	€ 501,738	€ -	€ 501,738
2016	688,373	-	688,373
2017	725,285	-	725,285
2018	341,307	12,051,733	12,393,040

Due to the Company's non-derivative financial liabilities having a contractual maturity of April 12, 2018 and the related party nature of these obligations, the Company believes these borrowings do not pose any significant liquidity risk. The effect of a one-percent (1%) increase or decrease in the interest rate on the Company's financial liabilities would be an decrease or increase to the Company's profitability of approximately (€120,000) and €120,000, respectively, in the upcoming fiscal year.

Company's profitability due to increases or decreases in interest expense recognized as a result of changes in foreign currency exchange rates is substantially similar to the effects described in the preceding section regarding foreign exchange risk and movements in the United States dollar foreign exchange rate since the Company's interest-bearing debt is denominated in United States dollar.

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**Cash Flow Interest Rate Risk**

The Company's cash-flow interest rate risk generally arises from its related party promissory note. This financial instrument has a fixed annual coupon interest rate of 1% and a yield of 6.5%. The nature of the related party promissory note minimizes the cash-flow interest rate risk posed by this borrowing.

The Company has no other significant interest-bearing assets or liabilities. Therefore its income and operating cash flows are substantially independent of changes in market interest rates and no sensitivity analysis is performed.

**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 its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure represents equity attributable to the owner of the Company and includes issued share capital, share premium, and accumulated earnings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its shareholder, return capital to its shareholder, issue new shares or sell assets to reduce debt. Compared to last year there have been no significant changes in capital risk management policies.

**Fair Value Estimation**

The Company's financial instruments can be classified by which level in the valuation hierarchy, the inputs which in their measurement correspond. The different levels have been defined as follows:

- |         |   |
|---------|---|
| Level 1 | Quoted prices (unadjusted) in active markets for identical assets or liabilities  |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) |
| Level 3 | Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)   |

The Company's related party promissory note (Note 26) was valued using Level 3 inputs and the fair value of this financial liability approximates its carrying value as of December 31, 2015. The fair value of the Company's other financial instruments such as accounts receivable, other current assets, accounts payable, and accrued expenses approximate their carrying value due to their short duration.

The Company's related party promissory note (Note 26) nor its other related party balances are subject to master netting arrangements between different related party entities and have therefore balances due to and/or due from these different related party entities only been subject to netting on an individual legal entity basis.

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**5. Critical Accounting 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 Company 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 include the provision for impairment of trade receivables and inventory reserves and the evaluation of the recoverability of deferred income tax assets as described further below

The calculation of the provision for impairment of trade receivables relies on historical losses on trade receivables and a specific review all accounts whose aging is nearing or which have exceeded credit terms as of the reporting date in order to estimate the necessary provision. Future losses on trade receivables may be more or less than historical losses and the specific review of accounts whose aging is nearing or which have exceeded credit terms may not accurately capture all uncollectible account balances which may have an impact on the accuracy of the provision for impairment recorded at the balance sheet date

The impairment of trade receivables would be an estimated €10,000 lower or €10,000 higher were the historical rate used in the analysis to differ by 10% from management's estimates.

Inventory valuation allowances are recognized based on the estimated net realizable value of inventories as of the reporting date and net realizable value is comprised of the estimated selling price of the inventories in the ordinary course of business less disposal costs. The future selling prices of inventories and disposal costs may be more or less than the estimated amounts used in determining the inventory valuation allowances which may have an impact on the accuracy of the provision for impairment recorded at the balance sheet date

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. When future taxable profits are judged to not exist, valuation allowances against deferred income taxes are recognized in order to reduce those deferred income assets to their estimated recoverable amount. Within the next financial year, the Company's estimates of future taxable profits may change which could impact the Company's assessment of the recoverability of its deferred income tax assets and result in the release of its valuation allowances recorded against its deferred income tax assets at December 31, 2015

Were the actual final outcome (on the judgment areas) of expected cash flows to differ by 10% from management's estimates, the group would need to

- Increase the income tax liability by an estimated €45,000 and the deferred tax liability by an estimated €12,000, if unfavorable, or
- Decrease the income tax liability by estimated €45,000 and the deferred tax liability by an estimated €12,000, if favorable

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In addition to those 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, the estimates and assumptions related to Intangible Assets and Goodwill are important to the Company's consolidated financial statements

Estimates related to Intangible assets recognized in connection with the Company's acquisition of the Interventional Products Business disclosed in Note 2 were initially recorded at fair value. The important estimates related to the Intangible assets are discussed within Note 2 of the financials

The Company tests annually whether goodwill has suffered any impairment in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The principal inputs to these value in-use calculations are profitability at the legal entity level (which was determined by the Company to be the cash-generating units ("CGUs") for purposes of conducting these tests), discount rates, and/or market multiples. The accuracy of the principal inputs used by the Company in its value-in-use calculations has a direct impact on its calculation of the recoverable amount of goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates in Note 16. Per the goodwill impairment analysis performed in the above noted Note, there was no impairment in 2015.

If the estimated cost of capital used in determining the pre-tax discount rate for the CGU had been 1% higher than management's estimates (for example, 10% instead of 9%), the group still would have not had an impairment charge in 2015 against goodwill.

The Company conducts its business activities in multiple countries across Europe, the Middle East, and Africa and those business activities and the Company's multi-jurisdictional structure requires that the Company, its branch offices, and its wholly owned subsidiaries comply with income tax laws and regulations in several countries and there may be transactions and balances for which the ultimate income tax determination is uncertain. Local tax authorities may challenge the Company's income tax positions and final determinations by those authorities which differ from income tax positions taken by the Company may result in impact the accuracy of the income tax figures reported by the Company.

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**6. Net Sales**

Net sales reported for the years ended December 31, 2015 and 2014 were generated by the following registered branch offices and legal entity

	2015	2014
<b>Branch</b>		
Belgium	€ 1,184,265	€ 1,132,834
Denmark	1,319,274	1,327,344
Finland	2,376,062	2,550,719
Germany	4,512,817	4,325,324
Norway	2,321,375	2,362,484
Sweden	4,241,269	4,513,245
	<u>15,955,062</u>	<u>16,211,950</u>
<b>Legal entity</b>		
Netherlands (Argon Medical Devices Netherlands B V )	8,960,885	8,833,455
France (Argon Medical Devices SARL)	1,766,287	1,877,426
Germany (Argon Medical Devices GmbH)	1,960,440	1,894,398
Spain (Argon Medical Devices S L )	1,368,077	1,277,703
Switzerland (Argon Medical Devices Switzerland SA)	10,441,908	14,230,834
Denmark (Argon Medical Devices Danmark A/S)	1,587,237	1,666,587
	<u>26,084,834</u>	<u>29,780,403</u>
	<u>€ 42,039,896</u>	<u>€ 45,992,353</u>

Net sales to distributors generated by the Company's representatives in France, Greece, and the United Kingdom are recognized by the Company's Netherlands legal entity

**7. Cost of Sales**

Cost of goods sold for the years ended December 31, 2015 and 2014 were comprised of €29,524,083 and €32,628,351, respectively, of inventories that were sold in sales transactions, including impact related to the fair value of acquired inventories in excess of or less than their historical cost basis (Note 2)



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**8. Selling, General and Administrative Expenses**

Selling, general and administrative expenses reported in 2015 and 2014 were comprised of the following components

	2015	2014
Employee costs	€ 4,757,967	€ 4,755,815
Transportation expenses	1,400,181	1,406,448
Outsourced logistics and administrative services expenses	1,783,947	1,884,384
Amortization expense	977,868	896,939
Auditing and taxation services (independent auditor's remuneration)	850,884	700,470
Consulting services	75,263	331,963
Operating lease expenses	473,935	436,225
Royalty expense	395,740	459,676
Travel and entertainment	372,123	355,186
Commission	366,080	535,291
Meetings and seminars	148,700	110,378
Marketing and advertising expenses	135,444	95,496
Communication and information technology	96,150	98,739
Office administration	90,794	67,152
Registration	33,317	22,461
Legal services	31,055	64,790
Depreciation	27,876	4,493
Provision for (reversal of provision for) impairment of trade receivables	101,069	(2,062)
Other expenses	222,954	384,424
	<u>€ 12,341,347</u>	<u>€ 12,608,268</u>
<b>Independent auditor's remuneration</b>		
Audit services		
PwC Netherlands	€ 36,772	€ 35,875
Other PwC Offices	367,579	251,790
Sub-total	<u>404,351</u>	<u>287,665</u>
Taxation services		
PwC Netherlands	75,430	14,000
Other PwC Offices	208,867	215,075
Sub-total	<u>284,297</u>	<u>229,075</u>
Consulting services Non-Netherlands PwC Offices	42,107	62,979
	<u>€ 730,755</u>	<u>€ 579,719</u>

The Audit and Tax fees listed above relate to the procedures applied to the Company and its consolidated group entities by the external independent auditor and accounting firm PricewaterhouseCoopers Accountants N V as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act (Dutch acronym Wta). Audit and Tax services were all performed by PricewaterhouseCoopers global network.

Consulting services relate to advisory services rendered by the Company's independent auditors to advise the Company on human resources, payroll, employee benefits arrangements and other matters and are also performed by PricewaterhouseCoopers global network.

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**9 Information Regarding Employees**

Employee costs for the years ended December 31, 2015 and 2014 were comprised of the following significant components

	2015	2014
Salaries	€ 2,740,739	€ 3,003,545
Pension costs - defined contribution plans	519,541	250,825
Social security costs	742,723	773,341
Bonus	330,706	293,756
Compensated absences	144,728	100,896
Other employee costs	279,530	333,452
	<u>€ 4,757,967</u>	<u>€ 4,755,815</u>

The average monthly number of persons (including directors) employed by the Company for the years ended December 31, 2015 and 2014 was

	2015	2014
Selling and distribution	46	45
Supply chain	2	1
Finance	2	2
	<u>50</u>	<u>48</u>

As of December 31, 2015 and 2014, the number of persons (including directors) employed by the Company working in the Netherlands were three (3)

Included in pension costs and social security costs above are the Company's expenses for its participation in defined contribution benefit plans as well as the cost associated with the Company's obligation to make contributions to government-sponsored employee retirement programs in certain countries

**10 Royalty Expense**

Argon Medical Devices, Inc , an affiliate of the Company's ultimate holding company, has a royalty arrangement with a third party that requires the third party be paid a royalty on global sales of licensed products based on the profitability of the associated products. The Company offers these licensed products for sale across Europe, the Middle East, and Africa, and recognizes royalty expense when these products are sold which are paid to affiliates monthly. During the years ended December 31, 2015 and 2014, the Company recognized €395,740 and €459,676, respectively, in royalty expense associated with the sale of these licensed products.

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The Company has a supply arrangement with Argon Medical Devices Biocoatings Corp (f/k/a Angiotech Biocoatings Corp ), an affiliate of the Company's ultimate holding company, that requires the Company pay a royalty based on the Company's sale of certain products across Europe, the Middle East, and Africa, which utilize intellectual property which is controlled by the affiliate. The Company recognizes royalty expense when the licensed products are sold which is paid to the affiliate monthly. During the years ended December 31, 2015 and 2014, the Company recognized €167,493, €219,271, respectively, in royalty expense associated with the sale of these licensed products.

**11. Amortization Expense**

Amortization expense of definite-lived intangible assets for the years ended December 31, 2015 and 2014 was approximately €977,868 and €896,939, respectively. The Company estimates annual amortization expense of definite-lived intangible assets will be approximately €980,000 in 2016, 2017, 2018, 2019 and 2020 related to its definite-lived intangible assets.

**12. Interest Expense, Net**

Interest expense, net, for the years ended December 31, 2015 and 2014 was €728,978 and €625,052, respectively, and arose primarily as a result of interest incurred on related party borrowings (Note 26).

**13. Gain on Write off of Payable to an Affiliated Company**

In 2015, one of the Company's wholly owned subsidiaries, Argon Medical Devices Switzerland SA, recognized a gain on write off on its short-term payable to PBN Medicals Danmark A/S, an affiliated company under common control of the Company's ultimate parent company. This short term payable was properly cleared at the consolidated financial statements of the ultimate holding company upon the acquisition of the Interventional Products Business in 2013. Management made a decision to write off the short-term payable to follow the approach of its ultimate holding company. There is not a tax impact of this write off as the transaction was not taxable.

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**14. Income Taxes**

The Company has a global transfer pricing arrangement. The Company therefore incurs tax expense (income) with respect to various jurisdictions in which business is conducted. Income tax expense recognized during the years ended December 31, 2015 and 2014 were comprised of the following significant components:

	2015	2014
<b>Current income tax</b>		
Current income tax on profits for the year	€ 441,090	€ 207,746
Total current income tax expense (benefit)	<u>441,090</u>	<u>207,746</u>
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	(245,000)	(166,119)
Total deferred income tax expense (benefit)	<u>(245,000)</u>	<u>(166,119)</u>
Total income tax expense (benefit)	<u>€ 196,090</u>	<u>€ 41,627</u>

The income tax expense recognized on the Company's profit before income taxes differs from the theoretical amount that would arise using the weighted average income tax rate applicable to profits before income taxes as follows:

	2015	2014
<b>Profit on ordinary activities before taxation</b>		
Profit before tax multiplied by weighted average rate of 3.19% and -2.15% at December 31, 2015 and 2014, respectively	€ 66,940	€ (131,071)
Permanent nondeductible expenses	129,150	172,698
Total current income tax expense	<u>€ 196,090</u>	<u>€ 41,627</u>

The Company's weighted average tax rate of 3.19% and -2.15% at December 31, 2015 and 2014, respectively, differs from the tax rate of 25.00% applicable on taxable profits in excess of €200,000 since the Company's taxable profits up to €200,000 were subject to tax at a lower rate of 20.00% applicable for entities incorporated in the Netherlands.

There were no income taxes recognized in other comprehensive income or directly in equity during the years ended December 31, 2015 and 2014.

The Company periodically remits payments to the tax authorities for its estimated income taxes in those jurisdictions where the Company has income tax obligations. Payments made in excess of the Company's income tax obligation for the period are recognized as income taxes receivable and income tax obligations for the period in excess of payments made are recognized as income taxes payable. As of December 31, 2015 and 2014, the Company had income taxes receivables and payables of €199,193 and €505,805 respectively, and €85,903 and €107,993, respectively.

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Components of deferred income tax assets and deferred income tax liabilities at December 31, 2015 and 2014 are as follows

	2015	2014
<b>Deferred income tax assets</b>		
Net operating losses	€ 1,138,033	€ 3,929,874
Total deferred income tax assets	<u>1,138,033</u>	<u>3,929,874</u>
<b>Deferred income tax liabilities</b>		
Intangible assets	<u>(2,083,681)</u>	<u>(2,250,001)</u>
Total deferred income tax liabilities	<u>(2,083,681)</u>	<u>(2,250,001)</u>
Valuation allowance	<u>(1,138,033)</u>	<u>(3,929,874)</u>
Net deferred income tax asset (liability)	<u>€ (2,083,681)</u>	<u>€ (2,250,001)</u>

The net movement on the deferred income tax account is as follows

	2015	2014
Net deferred income tax asset (liability) at January 1	€ (2,250,001)	€ -
Acquisition of Angiotech Interventional Products Business	-	(2,024,631)
Reversal (origination) of temporary differences	<u>166,320</u>	<u>(225,370)</u>
Net deferred income tax asset (liability) at December 31	<u>€ (2,083,681)</u>	<u>€ (2,250,001)</u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows

**Deferred Income Tax Assets**

	2015	2014
Deferred income tax assets at January 1	€ -	€ -
Acquisition of Angiotech Interventional Products Business	3,929,874	4,235,529
Reversal (origination) of temporary differences	<u>(2,791,841)</u>	<u>(305,655)</u>
Recognition of valuation allowance against net operating losses	<u>(1,138,033)</u>	<u>(3,929,874)</u>
Deferred income tax assets at December 31	<u>€ -</u>	<u>€ -</u>

**Deferred Income Tax Liabilities**

	2015	2014
Deferred income tax liabilities at January 1	€ (2,250,001)	€ -
Acquisition of Angiotech Interventional Products Business	-	(2,330,286)
Reversal (origination) of temporary differences	<u>166,320</u>	<u>80,285</u>
Deferred income tax liabilities at December 31	<u>€ (2,083,681)</u>	<u>€ (2,250,001)</u>

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In connection with the Interventional Products Business acquisition discussed in Note 2, the Company assumed the income tax positions of the acquired entities, including but not limited to Argon Medical Devices Switzerland SA (f/k/a Angiotech Switzerland SA) which had significant historical net operating losses. These net operating losses were initially measured at fair value which was determined to be zero since the likelihood of their reliability in future periods was remote due to the entity's history of losses and the existence of a local tax holiday that precluded the entity from benefiting from these net operating losses while the local tax holiday was in place. Subsequent to the Interventional Products Business acquisition, the entity applied for a repeal of the local tax holiday and the its profitability forecasts were enhanced due to its participation in the ultimate parent company's global transfer pricing program which targets that the entity earn profits ranging from three percent (3%) to five percent (5%) of sales. As of December 31, 2015, the available evidence did not indicate that it was more likely than not that these net operating losses would be realized in future periods and therefore the valuation allowance against these deferred income tax assets was kept in place, however, it is possible that the weight of available positive evidence shifts in the next financial year which would result in a release of the valuation allowance.

**15. Property and Equipment**

Property and equipment as of December 31, 2015 and 2014, which consists primarily of computer and software, consists of

	2015	2014
Beginning net book value	€ 39,215	€ 33,515
Cost		
Additions	35,275	10,193
Disposal	-	-
At December 31	<u>74,490</u>	<u>43,708</u>
Depreciation		
Charge for the year	27,876	4,493
Disposal	-	-
At December 31	<u>27,876</u>	<u>4,493</u>
Net book value	<u>€ 46,614</u>	<u>€ 39,215</u>

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**16. Goodwill and Intangible Assets, Net**

Cost basis, accumulated amortization, and net book values of goodwill and intangible assets at December 31, 2015 and 2014 consist of

**Cost Basis**

	Goodwill	Vascular Product Lines	Biopsy Product Lines	Total Intangible Assets
Balances at December 31, 2013	€ 11,455,754	€ 722,484	€ 9,640,549	€ 10,363,033
Foreign exchange differences	-	-	-	-
Balances at December 31, 2014	11,455,754	722,484	9,640,549	10,363,033
Foreign exchange differences	1,184,232	59,627	880,012	939,639
Balances at December 31, 2015	€ 12,639,986	€ 782,111	€ 10,520,561	€ 11,302,672

**Accumulated Amortization**

	Goodwill	Vascular Product Lines	Biopsy Product Lines	Total Intangible Assets
Balances at December 31, 2013	€ -	€ (65,706)	€ (591,341)	€ (657,047)
Amortization expense (Note 11)	-	(90,440)	(804,237)	(894,677)
Foreign exchange differences	-	(220)	(2,042)	(2,262)
Balances at December 31, 2014	-	(156,366)	(1,397,620)	(1,553,986)
Amortization expense (Note 11)	-	(100,761)	(877,107)	(977,868)
Foreign exchange differences	-	2,994	(128,083)	(125,089)
Balances at December 31, 2015	€ -	€ (254,133)	€ (2,402,810)	€ (2,656,943)

**Net Book Value**

	Goodwill	Vascular Product Lines	Biopsy Product Lines	Total Intangible Assets
Balances at December 31, 2013	€ 11,455,754	€ 656,778	€ 9,049,208	€ 9,705,986
Cost	11,455,754	722,484	9,640,549	10,363,033
Accumulated Amortization	-	(156,366)	(1,397,620)	(1,553,986)
Balances at December 31, 2014	11,455,754	566,118	8,242,929	8,809,047
Cost	12,639,986	782,111	10,520,561	11,302,672
Accumulated Amortization	-	(254,133)	(2,402,810)	(2,656,943)
Balances at December 31, 2015	€ 12,639,986	€ 527,978	€ 8,117,751	€ 8,645,729

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The Company's goodwill arises from the acquisition of Intervention Business Products from Angiotech Pharmaceuticals, Inc. in 2013. The business which was acquired conducted its operations principally through legal entities in France, Germany, Spain, Switzerland and Denmark, and the goodwill recognized upon acquisition was allocated to these territories as noted below. These balances are presented in 2013 as a result of the acquisition and the common control transaction being recorded using the predecessor method (Note 2). There were no additions of goodwill in 2015.

	Opening	Acquisitions	Foreign Exchange	Ending
<b>Goodwill Allocation - 2013</b>				
France	€ -	€ 444,504	€ -	€ 444,504
Germany		223,227		223,227
Spain		91,771		91,771
Switzerland		9,398,275	1,185,523	10,583,798
Denmark		1,297,977	(1,291)	1,296,686
<b>Balances at December 31, 2013</b>	<b>€ -</b>	<b>€ 11,455,754</b>	<b>€ 1,184,232</b>	<b>€ 12,639,986</b>

The recoverable amount of goodwill has been estimated based on value in-use calculations whose principal inputs are a combination of projections of profitability at the legal entity level (which was determined by the Company to be the cash-generating units ("CGUs") for purposes of conducting these tests), discount rates, and/or market multiples. As the Company is a distributor, the sum of the entities creates a single CGU in which goodwill impairment is assessed at.

However, each of the legal entities where goodwill has been allocated – France, Germany, Spain, Switzerland and Denmark – participate in the Company's ultimate holding company's global transfer pricing program which generally targets that entities of the size and complexity of similar to that of these legal entities earn profits ranging from three percent (3%) to five percent (5%) which supersedes all other inputs in terms of significance. The Company's ultimate holding company has the discretion to increase these profitability targets in future periods in order to permit the recoverability of the Company's goodwill or decrease them under certain conditions although no significant changes are likely to occur with the next twelve months.

Consistent with prior periods, the Executive Board analyzes the results of the Company by product line. The monthly information reported to the Executive Board, as chief operating decision maker, is in line with this. Group results for the product lines are consolidated and analyzed as a single segment. The Executive Board bases its decisions on this information.

The value in use of the cash-generating unit resulted in no impairment compared to the carrying amount as at December 31, 2015 or 2014.

Management has projected cash flow forecasts over a period of five years. The annual budget is used as a basis for the projection in the first year whereas key assumptions were applied for the extrapolation of the results to the period after the second year.



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Management determined compound annual growth rate of from 2.3 to 3.7% for the cash-generating unit covering over the five-year forecast period to be a key assumption. The volume of sales in each period is the main driver for revenue and costs. The compound annual growth rate is based on past performance and management's expectations of market development. EBITDA is assumed to consistently approximate 3.5% of revenue for each projected period in 2015 or 2014. This is consistent with prior periods and the profitability targets by management as discussed above. The Company has insignificant plant property and equipment, therefore, depreciation related costs are insignificant to the projections. The weighted average cost of capital is a key assumption within the analysis and is determined to be 9% by management across the different countries in 2015 or 2014. This is consistent with valuations completed by the Company in previous periods. The Company considered the weighted average cost of capital in different countries to address potential different risk profiles. The Company considered the country specific risk, however determined that this does not lead to any material other outcome of the impairment model in 2015 or 2014.

**17. Inventories**

Inventories as of December 31, 2015 and 2014 consist of

	2015	2014
Finished goods	€ 7,501,039	€ 7,864,365
Less: Excess and obsolescence provision	<u>(496,704)</u>	<u>(143,747)</u>
	<u>€ 7,004,335</u>	<u>€ 7,720,618</u>

Movements in the Company's excess and obsolescence provision of inventories during the years ended December 31, 2015 and 2014 were as follows

<b>At December 31, 2013</b>	<b>€ 135,496</b>
Provision for (recovery of provision for) excess and obsolete inventories	203,482
Disposal of previously reserved inventory	<u>(195,231)</u>
<b>At December 31, 2014</b>	<b>143,747</b>
Provision for (recovery of provision for) excess and obsolete inventories	614,118
Disposal of previously reserved inventory	<u>(261,161)</u>
<b>At December 31, 2015</b>	<b><u>€ 496,704</u></b>

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
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**18 Trade Receivables**

Receivables as of December 31, 2015 and 2014, which are due within one year, consist of

	2015	2014
Trade receivables	€ 7,119,655	€ 7,097,919
Less Provision for impairment	<u>(94,980)</u>	<u>(33,700)</u>
Trade receivables, net of provisions	<u>€ 7,024,675</u>	<u>€ 7,064,219</u>

The estimated fair value of the Company's trade receivables were €7,024,675 and €7,064,219 at December 31, 2015 and 2014, respectively

These past due but not impaired trade receivables relate to a number of independent customers with no history of default whose aging as of December 31, 2015 and 2014 were as follows

	2015	2014
Performing trade receivables	€ 5,388,739	€ 4,452,132
Past due trade receivables	-	-
Less than 3 months	1,034,104	1,847,704
3-6 months	187,900	753,863
6-9 months	22,387	44,220
9-12 months	-	-
More than 12 months	486,525	-
Impaired trade receivables	<u>(94,980)</u>	<u>(33,700)</u>
	<u>€ 7,024,675</u>	<u>€ 7,064,219</u>

As of December 31, 2015 and 2014, trade receivables of €94,980 and €33,700, respectively, were impaired. Receivables considered impaired had aging three months or less. Throughout the years ended December 31, 2015 and 2014, the Company's estimate of the recoverability of its accounts receivable improved based on prevailing factors which led to a decrease in the provision for impairment of trade receivables recorded at December 31, 2015. Actual recoveries of trade receivables which were previously considered impaired were not significant during the years ended December 31, 2015 and 2014.

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At December 31, 2015 and 2014, the carrying amount of the Company's trade receivables excluding provision for impairment was denominated in the following currencies

	<b>2015</b>	
	<b>Local Currency</b>	<b>Euro (€)</b>
Euro	2,682,514	€ 2,682,514
Swiss franc	19,246	17,775
British pound sterling	312,536	424,162
Norwegian krone	2,526,982	262,823
Polish zloty	429,403	100,572
United states dollar	3,129,970	2,869,460
Danish krone	2,272,673	304,415
Swedish krona	4,208,212	457,934
		<b>€ 7,119,655</b>

	<b>2014</b>	
	<b>Local Currency</b>	<b>Euro (€)</b>
Euro	3,080,321	€ 3,080,321
Swiss franc	33,895	28,178
British pound sterling	260,976	333,496
Norwegian krone	2,100,970	231,931
Polish zloty	503,382	116,963
United states dollar	3,046,678	2,506,503
Danish krone	2,598,364	348,997
Swedish krona	4,285,778	451,530
		<b>€ 7,097,919</b>

Movements in the Company's provision for impairment of trade receivables during the years ended December 31, 2015 and 2014 were as follows

<b>At December 31, 2013</b>	<b>€ 35,762</b>
Reversal of provision for impairment of trade receivables	<u>(2,062)</u>
<b>At December 31, 2014</b>	<b>33,700</b>
Accounts receivable write off	<u>(39,789)</u>
Provision for (recovery of provision for) impairment of trade receivables	<u>101,069</u>
<b>At December 31, 2015</b>	<b>€ 94,980</b>

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
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(amounts presented in Euro (€) unless otherwise stated)

**19. Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets at December 31, 2015 and 2014 consist of

	2015	2014
Escrow receivables (payables)	€ (99,912)	€ -
Security deposits	110,145	86,982
Other current assets	149,114	104,931
Prepaid expenses and other current assets	<u>€ 159,347</u>	<u>€ 191,913</u>

Escrow receivables are related to reimbursements due from Angiotech Pharmaceuticals, Inc and affiliates under the terms of the indemnification arrangements related to the acquisition of the Interventional Products Business

**20 Indirect Taxes**

Indirect taxes receivable and indirect taxes payable at December 31, 2015 and 2014 consist of

	2015										Total
	Netherlands	Belgium	Denmark	Finland	Germany	Sweden	Norway	France	Spain	Switzerland	
Indirect taxes receivable	€ 62,654	€ 24,304	€ 103,987	€ 2,547	€ 81,115	€ 51,828	€ 118,277	€ 3,865	€ 3,228	€ 3,588	€ 448,382
Indirect taxes payable	(118,955)	(173,277)	(193,275)	(188,271)	(274,579)	(82,062)	(25,042)	(75,242)			(881,881)
Indirect taxes receivable (payable) net	€ 62,654	€ 4,398	€ 89,389	€ 100,891	€ 117,157	€ 233,807	€ 18,185	€ 21,257	€ 72,019	€ 6,588	€ 512,238
Indirect taxes receivable	€ 62,654	€ 4,398					€ 18,185			€ 6,588	€ 80,818
Indirect taxes payable	€	€	€ 89,389	€ 100,891	€ 117,157	€ 233,807	€	€ 21,257	€ 72,019	€	€ 804,107

	2014										Total
	Netherlands	Belgium	Denmark	Finland	Germany	Sweden	Norway	France	Spain	Switzerland	
Indirect taxes receivable	€ 735,484	€ 3,750	€ 108,383	€ 19,087	€ 28,518	€ 50,729	€ 184,028	€ 108,138	€ 8,580	€ 8,001	€ 1,253,717
Indirect taxes payable	(881,844)	(8,738)	(180,897)	(118,417)	(203,880)	(258,785)	(201,203)	(77,841)	(31,527)		(1,718,788)
Indirect taxes receivable (payable) net	€ 73,640	€ (2,988)	€ (71,299)	€ (108,329)	€ (177,144)	€ (208,056)	€ (17,175)	€ 50,198	€ (4,947)	€ 8,001	€ (467,071)
Indirect taxes receivable	€ 73,640							€ 50,198		€ 8,001	€ 131,839
Indirect taxes payable	€	€ 2,988	€ 71,299	€ 108,329	€ 177,144	€ 208,056	€ 7,175	€	€ 21,947	€	€ 598,910

**21. Cash at Banks**

Cash at banks at December 31, 2015 and 2014 was located in the following territories

	2015	2014
Netherlands	€ 411,691	€ 274,756
Belgium	122,685	99,198
Germany	542,228	462,995
Sweden	844,022	496,878
Denmark	839,374	276,386
Finland	348,006	505,327
France	138,118	267,012
Norway	252,225	243,416
Spain	211,155	198,319
Switzerland	1,034,189	2,507,040
Cash at banks	<u>€ 4,743,693</u>	<u>€ 5,331,327</u>

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
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**22. Share Capital and Share Premium**

**Share Capital**

Share capital as of December 31, 2015 and 2014 consists of

	2015	2014
<b>Authorized</b>		
90,000 ordinary shares of €1 each	€ 90,000	€ 90,000
<b>Issued and fully paid</b>		
18,000 ordinary shares of €1 each	€ 18,000	€ 18,000

As of the Company's date of incorporation, all issued share capital (18,000 ordinary shares) was fully paid

**Share Premium**

Share premium as of December 31, 2015 and 2014 consists of

	2015	2014
<b>Authorized</b>	€ 8,487,104	€ 8,487,104
<b>Related Party Promissory Note Discount</b>	2,079,904	1,660,254
<b>Issued and fully paid</b>	€ 10,567,008	€ 10,147,358

During the year ended December 31, 2013, Argon Medical Devices Singapore Pte Ltd, a Singapore Corporation, which the Company regards as its intermediate holding company, capitalized the Company with an additional €6,535,224 through a noncash conversion of payables due to related parties into share premium. This noncash conversion was recognized at the book value of the payables due to related parties which were effectively settled and cancelled in connection with the transaction.

Movements in the Company's share capital during the year ended December 31, 2015 were

	Share Capital	Share Premium
<b>At December 31, 2014</b>	€ 18,000	€ 10,147,358
<b>At December 31, 2015</b>	€ 18,000	€ 10,567,008

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
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**23. Stock Option Plan**

During the year ended December 31, 2012, the directors of the Company's ultimate parent company - Argon Medical Devices Holding, Inc - amended the terms of the Argon Medical Devices Holding, Inc 2010 Stock Option Plan (the "Plan") to allow participation by non-U S based persons. During the years ended December 31, 2015 and 2014, zero options to purchase shares in Argon Medical Devices Holding, Inc, were granted to an employee of the Company. The respective issuances of units vest over a five year period. The fair value of the stock option plan is accounted for in line with IFRS 2. The expense related to vested options are €15,300 and €12,500 for the years ended December 31, 2015 and 2014. The Company is not directly charged for the immaterial stock compensation expense of these stock options by Argon Medical Devices Holding, Inc within the respective periods. This cost is considered in the transfer pricing and management expense rate charged to Argon Medical Devices B.V. and Subsidiaries from Argon Medical Devices Holding, Inc.

**24 Borrowings**

Borrowings as of December 31, 2015 and 2014 consists of

	2015	2014
Loan to Argon Medical Devices, Inc	€ 8,130,936	€ 6,927,663
Loan to PBN Medical Denmark A/S	2,461,250	-
Total borrowings	<u>€ 10,592,186</u>	<u>€ 6,927,663</u>

On April 12, 2013, the Company entered in \$10,002,000 USD (€7,265,463) promissory note with Argon Medical Devices, Inc, an affiliate of the Company's ultimate holding company. The promissory note matures April 12, 2018, bears interest at a coupon rate of 1.00% and a 6.5% yield (payable monthly), and can be repaid at any time without penalty or premium. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 is €8,130,936 (2014 – €6,927,663). Due to the related party nature of the Company's outstanding borrowings, no transaction costs or other direct fees were incurred regarding the establishment of the promissory note.

On December 31, 2015, the Company entered in \$3,142,000 USD (€2,880,900) promissory note with PBN Medical Devices Denmark A/S (PBN), an affiliate of the Company's ultimate holding company, which converted its short-term payable initially recognized in conjunction with the 2014 acquisition of Argon Medical Devices Danmark ApS to long-term as at 2015. The promissory note matures December 31, 2018, bears interest at a coupon rate of 1.00% (payable annually) and can be repaid at any time without penalty or premium. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 is €2,461,250. Due to the related party nature of the Company's outstanding borrowings, no transaction costs or other direct fees were incurred regarding the establishment of the promissory note.

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**25 Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses at December 31, 2015 and 2014 consist of

	2015	2014
Accrued outsource services	€ 232,972	€ 219,090
Accounts payable	310,237	253,287
Accrued transportation expenses	138,630	152,808
Accrued professional fees	640,342	582,297
Accrued bonuses	247,764	305,979
Accrued compensated absences	424,743	468,242
Accrued commission	32,156	57,690
Others	195,722	242,416
	<u>€ 2,222,566</u>	<u>€ 2,281,809</u>

**26. Related Party Transactions**

The following transactions and balances were carried out with affiliates of the Company's ultimate holding company, Argon Medical Devices Holding, Inc , during the years ended December 31, 2015 and 2014

	2015	2014
<b>Purchases of goods</b>		
Argon Medical Devices, Inc	€ 14,507,555	€ 17,579,774
Argon Critical Care Systems Singapore, Pte Ltd	13,580,404	10,531,350
<b>Royalty expense</b>		
Argon Medical Devices, Inc	228,247	240,405
Argon Medical Devices Biocoatings Corp	167,493	219,271

Goods bought from affiliates of the Company's ultimate holding company, Argon Medical Devices Holding, Inc , are bought under a global transfer pricing arrangement which generally targets that the manufacturer earn profits ranging from cost plus five percent (cost + 5%) to cost plus seventy-five percent (cost +75%) while allowing the Company to earn profits ranging from three percent (3%) to five percent (5%) of sales

Argon Medical Devices, Inc , an affiliate of the Company's ultimate holding company, has a royalty arrangement with a third party that requires the third party be paid a royalty on global sales of licensed products based on the profitability of the associated products. The Company offers these licensed products for sale across Europe, the Middle East, and Africa, and recognizes royalty expense when these products are sold which are paid to affiliates monthly. During the years ended December 31, 2015 and 2014, the Company recognized €395,740 and €459,676, respectively, in royalty expense associated with the sale of these licensed products

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
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The Company has a supply arrangement with Argon Medical Devices Biocoatings Corp (f/k/a Angiotech Biocoatings Corp), an affiliate of the Company's ultimate holding company, that requires the Company pay a royalty based on the Company's sale of certain products across Europe, the Middle East, and Africa, which utilize intellectual property which is controlled by the affiliate. The Company recognizes royalty expense when the licensed products are sold which is paid to affiliates monthly. During the years ended December 31, 2015 and 2014, the Company recognized €167,493 and €219,271, respectively, in royalty expense associated with the sale of these licensed products.

Additionally, certain employees of the Company's ultimate holding company, Argon Medical Devices Holding, Inc. and its affiliates devote a portion of their time to performing human resources, IT, payroll, accounts payable, and other functions on behalf of the Company in the normal course of business. The Company is not directly charged for these services by Argon Medical Devices Holding, Inc. or its affiliates; instead, the cost of these services is one factor, among many, used to determine the price paid to purchase inventories from affiliates under the Company's global transfer pricing arrangement in place for all affiliates of Argon Medical Devices Holding, Inc.

As of December 31, 2015 and 2014, the following related party receivables and payables were outstanding:

	2015	2014
<b>Receivables from related parties</b>		
Argon Critical Care Systems Singapore Pte Ltd	€ -	€ 1,145,607
PBN Medicals Denmark A/S	28,000	-
Argon Medical Devices Singapore Pte Ltd	18,000	18,000
Total receivables due from related parties	<u>€ 46,000</u>	<u>€ 1,163,607</u>
<b>Payables to related parties</b>		
Argon Medical Devices, Inc	€ 3,070,637	€ 8,526,012
Argon Critical Care Systems Singapore Pte Ltd	1,993,701	-
PBN Medicals Denmark A/S	-	10,202,349
Argon Medical Devices Biocoatings Corp	56,717	-
Others	-	332
Total payables due to related parties	<u>€ 5,121,055</u>	<u>€ 18,728,693</u>
<b>Loan to related parties</b>		
Argon Medical Devices, Inc	€ 8,130,936	€ 6,927,663
PBN Medicals Denmark A/S	2,461,250	-
Total related party promissory note	<u>€ 10,592,186</u>	<u>€ 6,927,663</u>

Receivables from Argon Medical Devices, Inc. arose mainly as a result of cash collections from sales transactions in periods prior to January 1, 2012 which was remitted to Argon Medical Devices, Inc. in lieu of the Company. These receivables were repaid in full during the year ended December 31, 2015. Proceeds from the repayment of these receivables were used to fund the acquisition disclosed in Note 2 and therefore been presented as a financing activity within the consolidated statements of cash flows.



**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
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*(amounts presented in Euro (€) unless otherwise stated)*

Receivables due from Argon Medical Devices Singapore Pte Ltd are for expenditures made by the Company on its behalf which are reimbursable

Payables due to Argon Medical Devices, Inc arise mainly from the purchase of goods, the obligation to reimburse Argon Medical Devices, Inc for payments made by Argon Medical Devices, Inc directly to the Company's vendors, and as a result of the royalty arrangement described above. These payables are generally due two (2) to six (6) months after the date of purchase, and do not bear interest.

Payables due to Argon Medical Devices Singapore Pte Ltd arise mainly from the purchase of goods, are generally due two (2) to six (6) months after the date of purchase, and do not bear interest. During the year ended December 31, 2014, Argon Medical Devices Singapore Pte Ltd, a Singapore Corporation, which the Company regards as its intermediate holding company, capitalized the Company with an additional €6,535,224 through a noncash conversion of payables due to related parties into additional share premium which has been classified as share premium in the accompanying consolidated balance sheets and contributes to the significant decrease in the outstanding balance at December 31, 2014 compared to December 31, 2013.

Payables due to Medical Device Technologies, Inc, PBN Medicals Denmark A/S and Argon Medical Devices Danmark A/S arise mainly from the purchase of goods. A substantial portion of these outstanding balances were assumed upon the acquisition of the Interventional Products Business as disclosed in Note 2 and is significantly aged. Although these obligations are long past their initial due dates, the Company intends to settle these obligations in the ordinary course of business using funds generated from its operations.

Payables due to Argon Medical Devices Biocoatings Corp arise primarily as a result of the royalty arrangement described above, are due monthly, and do not bear interest.

During the year ended December 31, 2013, the Company entered in a promissory note with a principal balance of \$10,002,000 USD (€7,265,453) with Argon Medical Devices, Inc. The promissory note matures April 12, 2018, bears interest at a coupon rate of 1.00% and a 6.5% yield (payable monthly), and can be repaid at any time without penalty or premium. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 and 2014 is €8,130,936 and €6,927,663, respectively.

On December 31, 2015, the Company entered in \$3,142,000 USD (€2,880,900) promissory note with PBN Medical Devices Denmark A/S (PBN), an affiliate of the Company's ultimate holding company, which converted its short-term payable initially recognized in conjunction with the 2014 acquisition of Argon Medical Devices Danmark ApS to long-term as at 2015. The promissory note matures December 31, 2018, bears interest at a coupon rate of 1.00% (payable annually) and can be repaid at any time without penalty or premium. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 is €2,461,250. Due to the related party nature of the Company's outstanding borrowings, no transaction costs or other direct fees were incurred regarding the establishment of the promissory note.

**Argon Medical Devices Netherlands B.V. and Subsidiaries**  
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*(amounts presented in Euro (€) unless otherwise stated)*

**27 Management Board**

The Company regards its Management Board, as defined by the Company's Articles of Association, as key management of the Company. During the years ended December 31, 2015 and 2014, two (2) persons, were represented on the Management Board. The Dutch citizen on the Company's Management Board, who is an employee and Director of the Company, received approximately €114,000 and €111,000 in total remuneration during years ended December 31, 2015 and 2014, respectively. The majority of the remuneration noted above was salary and bonus.

The second member of the Company's Management Board, who is also a director of the Company, is an employee of an affiliate of the Company's ultimate holding company, Argon Medical Devices, Inc. All remuneration paid to this person was borne by that affiliate and none charged to the Company during the years ended December 31, 2015 and 2014.

**28 Commitments**

**Operating Lease Commitments**

The Company leases office space in various countries throughout Europe and certain equipment under non-cancelable operating leases which expire at various dates through 2020. Under these leases, the Company may be liable for certain other costs, including but not limited to, common area maintenance charges or real estate taxes.

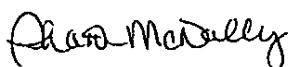
During the years ended December 31, 2015 and 2014, total rent expense under non-cancelable operating leases was approximately, €473,935 and €436,225, respectively.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	2015	2014
Within a year	€ 481,474	€ 329,232
Between two and five years	1,197,504	771,595
More than five years	251,141	124,727
	<u>€ 1,930,119</u>	<u>€ 1,225,554</u>

**29 Subsequent Events**

The Company has evaluated the impact of subsequent events through June 30, 2016 the date the consolidated financial statements were made available to be issued. The directors of Sharon McNelly and Alke Alida van Solkema-Boer authorized the financial statements to be issued on the below noted date.



Sharon McNelly  
Director  
June 30, 2016



Alke Alida van Solkema-Boer  
Director  
June 30, 2016

**Argon Medical Devices  
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**Argon Medical Devices Netherlands B.V.**  
**Company Statements of Income**  
**December 31, 2015 and 2014**

<i>(amounts presented in Euro (€) unless otherwise stated)</i>	<b>2015</b>	<b>2014</b>
Net sales (Note 2)	€ 19,534,568	€ 19,431,406
Cost of sales (Note 3)	<u>12,910,152</u>	<u>13,075,661</u>
Gross profit	6,624,416	6,355,745
Selling, general and administrative expenses (Note 4, 5, 6)	<u>6,198,384</u>	<u>6,000,740</u>
Operating profit	426,032	355,005
Interest expense, net (Note 7)	516,599	410,607
Foreign currency losses	<u>1,462,434</u>	<u>1,371,314</u>
Total finance losses	1,979,033	1,781,921
Share of results of subsidiaries (Note 10)	<u>7,692,072</u>	<u>(406,642)</u>
Income (loss) before taxation	6,139,071	(1,833,558)
Income taxes (Note 8)	<u>184,884</u>	<u>143,910</u>
Total income (loss) after taxation for the year	<u>€ 5,954,187</u>	<u>€ (1,977,468)</u>

The accompanying notes are an integral part of these financial statements

**Argon Medical Devices Netherlands B.V.**  
**Company Statements of Financial Position**  
**Years Ended December 31, 2015 and 2014**

<i>(amounts presented in Euro (€) unless otherwise stated)</i>	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Noncurrent assets		
Property and equipment, net (Note 9)	€ 13,305	€ 2,609
Investment in subsidiaries (Note 10)	25,114,128	17,422,056
	<u>25,127,433</u>	<u>17,424,665</u>
Current assets		
Inventories (Note 11)	4,024,589	2,714,936
Trade receivables (Note 12)	3,611,734	2,882,482
Receivables due from related parties (Note 20)	18,000	1,163,607
Prepaid expenses and other current assets (Note 14)	128,475	146,257
Indirect taxes receivable (Note 13)	67,054	73,639
Income taxes receivable (Note 8)	-	103,748
Cash at bank (Note 15)	2,331,325	939,427
	<u>10,181,177</u>	<u>8,024,096</u>
Total assets	<u>€ 35,308,610</u>	<u>€ 25,448,761</u>
<b>Equity and Liabilities</b>		
Equity attributable to owner of the company		
Share capital (Note 16)	€ 18,000	€ 18,000
Share premium (Note 16)	10,719,462	10,147,358
Accumulated earnings	€ 6,887,200	933,013
Total equity	<u>17,624,662</u>	<u>11,098,371</u>
Noncurrent liabilities		
Loan due to related parties (Note 18, 20)	<u>10,592,186</u>	<u>6,927,663</u>
Current liabilities		
Payables due to related parties (Note 20)	5,243,139	5,658,181
Accounts payable and accrued expenses (Note 19)	1,194,993	1,169,256
Indirect taxes payable (Note 13)	321,278	336,455
Income tax payable (Note 8)	332,352	258,836
Total current liabilities	<u>7,091,762</u>	<u>7,422,728</u>
Total liabilities	<u>17,683,948</u>	<u>14,350,391</u>
Total equity and liabilities	<u>€ 35,308,610</u>	<u>€ 25,448,761</u>

The accompanying notes are an integral part of these financial statements

**Argon Medical Devices Netherlands B.V.**  
**Company Statements of Changes in Equity**  
**Years Ended December 31, 2015 and 2014**

<i>(amounts presented in Euro (€) unless otherwise stated)</i>	Attributable to Owner of the Company		
	Share Capital	Share Premium	Accumulated Earnings
Balances at January 1, 2014	€ 18 000	€ 10 147,358	€ 2 910,481
Comprehensive loss	-	-	(1,977,468)
Balances at December 31, 2014	€ 18,000	€ 10 147,358	€ 933,013
Balances at January 1, 2015	€ 18 000	€ 10,147,358	€ 933,013
Related party promissory note discount	-	572,104	-
Comprehensive income	-	-	€ 5,954 187
Balances at December 31, 2015	€ 18 000	€ 10,719 462	€ 6 887 200

The accompanying notes are an integral part of these financial statements

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

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*(amounts presented in Euro (€) unless otherwise stated)*

**1. General Information**

The financial statements of Argon Medical Devices Netherlands B V are prepared in accordance with the legal requirement of Part 9, Book 2 of the Dutch Civil Code. The Company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the consolidated financial statements.

Subsidiaries of Argon Medical Devices Netherlands B V are presented using the equity method. The equity value of subsidiaries comprises the cost of Argon's share in the net assets of the subsidiary, plus Argon's share in income or losses since acquisition, less dividends received. Goodwill paid upon acquisition of an investment in a subsidiary, joint venture or associate is included in the net equity value of the investment and is not shown separately on the face of the balance sheet.

**2. Net Sales**

Net sales reported for the years ended December 31, 2015 and 2014 were generated by the following registered branch offices and legal entity:

	2015	2014
<b>Branch</b>		
Belgium	€ 1,184,265	€ 1,132,834
Denmark	1,319,274	1,327,344
Finland	1,399,016	1,498,096
Germany	4,512,817	4,325,324
Sweden	2,158,310	2,314,353
	<u>10,573,682</u>	<u>10,597,951</u>
<b>Legal entity</b>		
Netherlands (Argon Medical Devices Netherlands B V)	8,960,886	8,833,455
	<u>€ 19,534,568</u>	<u>€ 19,431,406</u>

Net sales to distributors generated by the Company's representatives in France, Greece, and the United Kingdom are recognized by the Company's Netherlands legal entity.

**3. Cost of Sales**

Cost of goods sold for the years ended December 31, 2015 and 2014 were comprised of €12,910,152 and €13,075,661, respectively, of inventories that were sold in sales transactions.

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

(amounts presented in Euro (€) unless otherwise stated)

**4. Selling, General and Administrative Expenses**

Selling, general and administrative expenses reported in 2015 and 2014 were comprised of the following components

	2015	2014
Employee costs	€ 2,580,782	€ 2,560,597
Transportation expenses	632,197	635,317
Outsourced logistics and administrative services expenses	1,149,657	1,135,690
Auditing and taxation services (independent auditor's remuneration)	297,866	297,244
Consulting services	67,426	
Operating lease expenses	286,226	271,490
Royalty expense	186,032	240,405
Travel and entertainment	215,979	215,042
Commission	303,367	355,074
Meetings and seminars	103,998	98,045
Marketing and advertising expenses	54,185	55,421
Communication and information technology	24,360	22,259
Office administration	58,341	61,557
Registration	33,055	22,358
Legal services	-	3,653
Depreciation	5,517	4,493
Provision for impairment of trade receivables	99,013	8,615
Other expenses	100,383	13,480
	<u>€ 6,198,384</u>	<u>€ 6,000,740</u>
<b>Independent auditor's remuneration</b>		
Audit services		
PwC Netherlands	€ 36,772	€ 35,875
Other PwC Offices	110,425	68,861
Sub-total	<u>147,197</u>	<u>104,736</u>
Taxation services		
PwC Netherlands	75,430	14,000
Other PwC Offices	75,239	99,385
Sub-total	<u>150,669</u>	<u>113,385</u>
Consulting services Non-Netherlands PwC Offices	37,501	62,979
	<u>€ 335,367</u>	<u>€ 281,100</u>

The Audit and Tax fees listed above relate to the procedures applied to the Company and its consolidated group entities by the external independent auditor and accounting firm PricewaterhouseCoopers as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act (Dutch acronym Wta) Audit and Tax services were all performed by PricewaterhouseCoopers global network

Consulting services relate to advisory services rendered by the Company's independent auditors to advise the Company on human resources, payroll, employee benefits arrangements and other matters and are also performed by PricewaterhouseCoopers global network



**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

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*(amounts presented in Euro (€) unless otherwise stated)*

**5. Information Regarding Employees**

Employee costs for the years ended December 31, 2015 and 2014 were comprised of the following significant components

	2015	2014
Salaries	€ 1,481,364	€ 1,484,950
Pension costs - defined contribution plans	261,541	250,825
Social security costs	432,857	399,506
Bonus	226,399	272,573
Compensated absences	95,346	80,577
Other employee costs	83,275	72,166
	<u>€ 2,580,782</u>	<u>€ 2,560,597</u>

The average monthly number of persons (including directors) employed by the Company for the years ended December 31, 2015 and 2014 was

	2015	2014
Selling and distribution	25	24
Supply chain	2	1
	<u>27</u>	<u>25</u>

As of December 31, 2015 and 2014, the number of persons (including the director) employed by the Company working in the Netherlands were three (3)

Included in pension costs and social security costs above are the Company's expenses for its participation in defined contribution benefit plans as well as the cost associated with the Company's obligation to make contributions to government-sponsored employee retirement programs in certain countries

**6 Royalty Expense**

Argon Medical Devices, Inc , an affiliate of the Company's ultimate holding company, has a royalty arrangement with a third party that requires the third party be paid a royalty on global sales of licensed products based on the profitability of the associated products. The Company offers these licensed products for sale across Europe, the Middle East, and Africa, and recognizes royalty expense when these products are sold which are paid to affiliates monthly. During the years ended December 31, 2015 and 2014, the Company recognized €186,032 and €240,405, respectively, in royalty expense associated with the sale of these licensed products.

**7. Interest Expense, Net**

Interest expense, net, for the year ended December 31, 2015 and 2014, was €516,599 and €410,607, respectively, and arose primarily as a result of interest incurred on related party borrowings (Note 18)

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

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*(amounts presented in Euro (€) unless otherwise stated)*

**8. Income Taxes**

Income tax expense recognized during the years ended December 31, 2015 and 2014 were comprised of the following significant components

	2015	2014
<b>Current income tax</b>		
Current income tax on profits for the year	€ 184,884	€ 143,910
Total current income tax	<u>184,884</u>	<u>143,910</u>
Total income tax expense	<u>€ 184,884</u>	<u>€ 143,910</u>

The income tax expense recognized on the Company's profit before income taxes differs from the theoretical amount that would arise using the weighted average income tax rate applicable to profits before income taxes as follows

	2015	2014
<b>Profit on ordinary activities before taxation</b>		
Profit before tax multiplied by weighted average rate of 3.16% and -10.0% at December 31, 2015 and 2014, respectively	€ 55,734	€ (17,582)
Permanent nondeductible expenses	<u>129,150</u>	<u>161,492</u>
Total current income tax expense	<u>€ 184,884</u>	<u>€ 143,910</u>

The Company's weighted average tax rate of 3.16% and -10.0% at December 31, 2015 and 2014, respectively, differs from the tax rate of 25.00% applicable on taxable profits in excess of €200,000 since the Company's taxable profits up to €200,000 were subject to tax at a lower rate of 20.00% applicable for entities incorporated in the Netherlands

There were no income taxes recognized in other comprehensive income or directly in equity during the years ended December 31, 2015 and 2014

The Company periodically remits payments to the tax authorities for its estimated income taxes in those jurisdictions where the Company has income tax obligations. Payments made in excess of the Company's income tax obligation for the period are recognized as income taxes receivable and income tax obligations for the period in excess of payments made are recognized as income taxes payable. As of December 31, 2015 and 2014, the Company had income taxes receivables and payables of €0 and 332,352, respectively, and €103,748 and €258,836, respectively

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

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*(amounts presented in Euro (€) unless otherwise stated)*

**9. Property and Equipment**

Property and equipment as of December 31, 2015 and 2014, which consists primarily of computer and software, consists of

	<b>2015</b>	<b>2014</b>
Beginning net book value	€ 2,609	€ 7,102
Cost		
Additions	16,213	-
Disposal	-	-
At December 31	<u>18,822</u>	<u>7,102</u>
Depreciation		
Charge for the year	5,517	4,493
Disposal	-	-
At December 31	<u>5,517</u>	<u>4,493</u>
Net book value	<u>€ 13,305</u>	<u>€ 2,609</u>

**10 Investment in Subsidiaries**

Movements in the Company's investment in subsidiaries during the year ended December 31, 2015 were

<b>At December 31, 2013</b>	€ 17,828,698
Share of results of subsidiaries	<u>(406,642)</u>
<b>At December 31, 2014</b>	17,422,056
Share of results of subsidiaries	<u>7,692,072</u>
<b>At December 31, 2015</b>	<u>€ 25,114,128</u>

**11 Inventories**

Inventories as of December 31, 2015 and 2014 consist of

	<b>2015</b>	<b>2014</b>
Finished goods	€ 4,249,787	€ 2,781,169
Less Excess and obsolescence provision	<u>(225,198)</u>	<u>(66,233)</u>
	<u>€ 4,024,589</u>	<u>€ 2,714,936</u>

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

*(amounts presented in Euro (€) unless otherwise stated)*

Movements in the Company's excess and obsolescence provision of inventories during the years ended December 31, 2015 and 2014 were as follows

<b>At December 31, 2013</b>	<b>€</b>	<b>135,838</b>
Inventory scrap		(195,231)
Provision for (recovery of provision for) excess and obsolete inventories		<u>125,626</u>
<b>At December 31, 2014</b>		<b>66,233</b>
Inventory scrap		(69,991)
Provision for (recovery of provision for) excess and obsolete inventories		<u>228,956</u>
<b>At December 31, 2015</b>	<b>€</b>	<b><u>225,198</u></b>

**12. Trade Receivables**

Receivables as of December 31, 2015 and 2014, which are due within one year, consist of

	<b>2015</b>	<b>2014</b>
Trade receivables	<b>€ 3,714,419</b>	<b>€ 2,924,157</b>
Less Provision for impairment	<u>(102,685)</u>	<u>(41,675)</u>
Trade receivables, net of provisions	<b><u>€ 3,611,734</u></b>	<b><u>€ 2,882,482</u></b>

The estimated fair value of the Company's trade receivables were €3,611,734 and €2,882,482 at December 31, 2015 and 2014, respectively

These past due but not impaired trade receivables relate to a number of independent customers with no history of default whose aging as of December 31, 2015 and 2014 were as follows

	<b>2015</b>	<b>2014</b>
Performing trade receivables	<b>€ 2,970,960</b>	<b>€ 2,292,980</b>
Past due trade receivables	-	-
Less than 3 months	533,172	561,859
3-6 months	187,900	25,098
6-9 months	22,387	44,220
9-12 months	-	-
More than 12 months	-	-
Impaired trade receivables	<u>(102,685)</u>	<u>(41,675)</u>
	<b><u>€ 3,611,734</u></b>	<b><u>€ 2,882,482</u></b>

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

*(amounts presented in Euro (€) unless otherwise stated)*

As of December 31, 2015 and 2014, trade receivables of €102,685 and €41,675, respectively, were impaired. Receivables considered impaired had aging three months or less. Throughout the years ended December 31, 2015 and 2014, the Company's estimate of the recoverability of its accounts receivable improved based on prevailing factors which led to a decrease in the provision for impairment of trade receivables recorded at December 31, 2015 as described below. Actual recoveries of trade receivables which were previously considered impaired were not significant during the years ended December 31, 2015 and 2014.

At December 31, 2015 and 2014, the carrying amount of the Company's trade receivables excluding provision for impairment was denominated in the following currencies:

<b>2015</b>		
	<b>Local Currency</b>	<b>Euro (€)</b>
Euro	1,440,069	€ 1,440,069
Swiss franc	19,246	17,775
British pound sterling	307,996	418,001
Norwegian krone	191,765	19,945
Polish zloty	429,403	100,572
United states dollar	1,437,018	1,317,192
Danish krone	968,812	129,768
Swedish krona	2,491,252	271,097
		<b>€ 3,714,419</b>

<b>2014</b>		
	<b>Local Currency</b>	<b>Euro (€)</b>
Euro	1,493,582	€ 1,493,582
Swiss franc	33,895	28,178
British pound sterling	256,721	328,059
Norwegian krone	99,240	10,955
Polish zloty	503,382	116,963
United states dollar	635,871	523,132
Danish krone	1,311,677	176,177
Swedish krona	2,345,500	247,111
		<b>€ 2,924,157</b>

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

(amounts presented in Euro (€) unless otherwise stated)

Movements in the Company's provision for impairment of trade receivables during the years ended December 31, 2015 and 2014 were as follows

<b>At December 31, 2013</b>	<b>€</b>	<b>33,060</b>
Reversal of provision for impairment of trade receivables		<u>8,615</u>
<b>At December 31, 2014</b>		<b>41,675</b>
Accounts receivable write off		(38,003)
Provision for (recovery of provision for) impairment of trade receivables		<u>99,013</u>
<b>At December 31, 2015</b>	<b>€</b>	<b>102,685</b>

**13 Indirect Taxes**

Indirect taxes receivable and indirect taxes payable at December 31, 2015 and 2014 consist of

	2015						Total
	Netherlands	Belgium	Denmark	Finland	Germany	Sweden	
Indirect taxes receivable	€ 62 656	€ 24 304	€ 4 353	€ 1 432	€ 80 389	€ 7 632	€ 180 766
Indirect taxes payable		(19 905)	(77 129)	(81 956)	(142 087)	(133 912)	(434 989)
Indirect taxes receivable (payable) net	<u>62 656</u>	<u>4 399</u>	<u>(72 776)</u>	<u>(80 524)</u>	<u>(61 698)</u>	<u>(126 280)</u>	<u>(254 223)</u>
Indirect taxes receivable	62 656	4 399					67 055
Indirect taxes payable	€	€ -	€ 72 776	€ 80 524	€ 61 698	€ 126 280	€ 321 278

	2014						Total
	Netherlands	Belgium	Denmark	Finland	Germany	Sweden	
Indirect taxes receivable	€ 735 485	€ 3 750	€ 5 236	€ 1 180	€ 77 738	€ 9 246	€ 832,635
Indirect taxes payable	(661 845)	(6 739)	(82 354)	(74 587)	(141 882)	(128 043)	(1 095 451)
Indirect taxes receivable (payable) net	<u>73 639</u>	<u>(2 989)</u>	<u>(77 118)</u>	<u>(73 407)</u>	<u>(64 144)</u>	<u>(118 797)</u>	<u>(262 816)</u>
Indirect taxes receivable	73 639						73 639
Indirect taxes payable	€ -	€ 2 989	€ 77 118	€ 73 407	€ 64 144	€ 118 797	€ 336 455

**14 Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets at December 31, 2015 and 2014 consist of

	2015	2014
Security deposits	€ 79,811	€ 79,811
Other current assets	<u>48,664</u>	<u>66,446</u>
Prepaid expenses and other current assets	<b>€ 128,475</b>	<b>€ 146,257</b>

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

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*(amounts presented in Euro (€) unless otherwise stated)*

**15 Cash at Banks**

Cash at banks at December 31, 2015 and 2014 was located in the following territories

	2015	2014
Netherlands	€ 411,691	€ 274,756
Belgium	122,685	99,198
Germany	352,330	168,681
Sweden	594,831	163,276
Denmark	699,742	26,961
Finland	150,046	206,555
Cash at banks	<u>€ 2,331,325</u>	<u>€ 939,427</u>

**16. Share Capital and Share Premium**

Details of the Company's share capital and share premium are disclosed in the accompanying consolidated financial statements

**17 Stock Option Plan**

During the year ended December 31, 2012, the directors of the Company's ultimate parent company - Argon Medical Devices Holding, Inc - amended the terms of the Argon Medical Devices Holding, Inc 2010 Stock Option Plan (the "Plan") to allow participation by non-U S based persons. During the years ended December 31, 2015 and 2014, zero options to purchase shares in Argon Medical Devices Holding, Inc, with an estimated fair value of €15,300 and €12,500, respectively, were granted to an employee of the Company who provide services to the Company. The Company is not directly charged for the estimated fair value, or cost, of these stock options by Argon Medical Devices Holding, Inc, instead, the estimated fair value, or cost, of these stock options is one factor, among many, used to determine the price paid to purchase inventories from affiliates under the Company's global transfer pricing arrangement in place for all affiliates of Argon Medical Devices Holding, Inc.

**18. Borrowings**

Borrowings as of December 31, 2015 and 2014 consists of

	2015	2014
Loan to Argon Medical Devices, Inc	€ 8,130,936	€ 6,927,663
Loan to PBN Medical Denmark A/S	<u>2,461,250</u>	<u>-</u>
Total borrowings	<u>€ 10,592,186</u>	<u>€ 6,927,663</u>

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

*(amounts presented in Euro (€) unless otherwise stated)*

On April 12, 2013, the Company entered in \$10,002,000 USD (€7,265,463) promissory note with Argon Medical Devices, Inc , an affiliate of the Company's ultimate holding company. The promissory note matures April 12, 2018, bears interest at a coupon rate of 1.00% and a 6.5% yield (payable monthly), and can be repaid at any time without penalty or premium. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 and 2014 is €8,130,936 and €6,927,663, respectively. Due to the related party nature of the Company's outstanding borrowings, no transaction costs or other direct fees were incurred regarding the establishment of the promissory note.

**19. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses at December 31, 2015 and 2014 consist of

	2015	2014
Accrued outsource services	€ 187,162	€ 171,180
Accounts payable	65,121	97,554
Accrued transportation expenses	80,812	104,898
Accrued professional fees	254,487	239,742
Accrued bonuses	216,537	257,028
Accrued compensated absences	224,988	202,092
Accrued commission	32,156	57,690
Others	133,730	39,072
	<u>€ 1,194,993</u>	<u>€ 1,169,256</u>

**20. Related Party Transactions**

The following transactions and balances were carried out with affiliates of the Company's ultimate holding company, Argon Medical Devices Holding, Inc , during the years ended December 31, 2015 and 2014

	2015	2014
<b>Purchases of goods</b>		
Argon Medical Devices, Inc	€ 594,555	€ 613,859
Argon Critical Care Systems Singapore, Pte Ltd	13,580,404	10,531,350
<b>Royalty expense</b>		
Argon Medical Devices, Inc	186,032	240,405

Goods bought from affiliates of the Company's ultimate holding company, Argon Medical Devices Holding, Inc , are bought under a global transfer pricing arrangement which generally targets that the manufacturer earn profits ranging from cost plus five percent (cost + 5%) to cost plus seventy-five percent (cost +75%) while allowing the Company to earn profits ranging from three percent (3%) to five percent (5%) of sales.



**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

*(amounts presented in Euro (€) unless otherwise stated)*

Argon Medical Devices, Inc, an affiliate of the Company's ultimate holding company, has a royalty arrangement with a third party that requires the third party be paid a royalty on global sales of licensed products based on the profitability of the associated products. The Company offers these licensed products for sale across Europe, the Middle East, and Africa, and recognizes royalty expense when these products are sold which are paid to affiliates monthly. During the years ended December 31, 2015 and 2014, the Company recognized €186,032 and €240,405, respectively, in royalty expense associated with the sale of these licensed products.

Additionally, certain employees of the Company's ultimate holding company, Argon Medical Devices Holding, Inc, and its affiliates devote a portion of their time to performing human resources, IT, payroll, accounts payable, and other functions on behalf of the Company in the normal course of business. The Company is not directly charged for these services by Argon Medical Devices Holding, Inc or its affiliates, instead, the cost of these services is one factor, among many, used to determine the price paid to purchase inventories from affiliates under the Company's global transfer pricing arrangement in place for all affiliates of Argon Medical Devices Holding, Inc.

As of December 31, 2015 and 2014, the following related party receivables and payables were outstanding:

	2015	2014
<b>Receivables from related parties</b>		
Argon Critical Care Systems Singapore Pte Ltd	€ -	€ 1,145,607
Argon Medical Devices Singapore Pte Ltd	18,000	18,000
<b>Total receivables due from related parties</b>	<b>€ 18,000</b>	<b>€ 1,163,607</b>
<b>Payables to related parties</b>		
Argon Medical Devices, Inc	€ 399,799	€ 16,143,438
Argon Critical Care Systems Singapore Pte Ltd	1,993,701	-
PBN Medicals Denmark A/S	-	2,584,923
Argon Medical Devices Danmark A/S	2,180,690	-
Argon Medical Devices SARL	331,925	-
Argon Medical Devices GmbH	189,671	-
Argon Medical Devices S L	118,544	-
Others	28,809	332
<b>Total payables due to related parties</b>	<b>€ 5,243,139</b>	<b>€ 18,728,693</b>
<b>Loan due to related parties</b>		
Argon Medical Devices, Inc	€ 8,130,936	€ 6,927,663
PBN Medicals Denmark A/S	2,461,250	-
<b>Total related party promissory note</b>	<b>€ 10,592,186</b>	<b>€ 6,927,663</b>

Receivables due from Argon Critical Care Systems Singapore Pte Ltd arises from advanced payment of purchase of goods.

Receivables due from Argon Medical Devices Singapore Pte Ltd are for expenditures made by the Company on its behalf which are reimbursable.

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

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*(amounts presented in Euro (€) unless otherwise stated)*

Payables due to Argon Medical Devices, Inc arise mainly from the purchase of goods, the obligation to reimburse Argon Medical Devices, Inc for payments made by Argon Medical Devices, Inc directly to the Company's vendors, and as a result of the royalty arrangement described above. These payables are generally due two (2) to six (6) months after the date of purchase, and do not bear interest.

Payables due to Argon Critical Care Systems Singapore Pte Ltd arise mainly from the purchase of goods, are generally due two (2) to six (6) months after the date of purchase, and do not bear interest. During the year ended December 31, 2013 Argon Medical Devices Singapore Pte Ltd, a Singapore Corporation, which the Company regards as its intermediate holding company, capitalized the Company with an additional €6,535,224 through a noncash conversion of payables due to related parties into additional share premium which has been classified as share premium in the accompanying consolidated balance sheets and contributes to the significant decrease in the outstanding balance at December 31, 2015 compared to December 31, 2014.

On December 31, 2015, the Company entered in short term promissory notes with its subsidiaries Argon Medical Devices Danmark A/S, Argon Medical Devices SARL, Argon Medical Devices GmbH and Argon Medical Devices S L with principal balances of DKK17,000,000 (€2,277,861), €350,000, €200,000 and €125,000, respectively, to pay part of its outstanding trade payables to Argon Medical Devices, Inc. The promissory notes mature December 31, 2018, bear interest at a coupon rate of 1.00% and a 6.5% yield payable upon maturity. These related party borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. As of December 31, 2015, the fair values of the promissory notes are €2,180,690, €331,925, €189,671 and €118,545, respectively.

During the year ended December 31, 2013, the Company entered in a promissory note with a principal balance of \$10,002,000 USD (€7,265,453) with Argon Medical Devices, Inc. The promissory note matures April 12, 2018, bears interest at a coupon rate of 1.00% and a 6.5% yield (payable monthly), and can be repaid at any time without penalty or premium. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 and 2014 is €8,130,936 and €6,927,663, respectively.

On December 31, 2015, the Company entered in \$3,142,000 USD (€2,880,900) promissory note with PBN Medical Devices Denmark A/S (PBN), an affiliate of the Company's ultimate holding company, which converted its short-term payable initially recognized in conjunction with the 2014 acquisition of Argon Medical Devices Danmark ApS to long-term as at 2015. The promissory note matures December 31, 2018, bears interest at a coupon rate of 1.00% (payable annually) and can be repaid at any time without penalty or premium. This related party borrowing is recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. The fair value of the promissory note as of December 31, 2015 is €2,461,250. Due to the related party nature of the Company's outstanding borrowings, no transaction costs or other direct fees were incurred regarding the establishment of the promissory note.

**Argon Medical Devices Netherlands B.V.**  
**Notes to Company Financial Statements**  
**December 31, 2015 and 2014**

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*(amounts presented in Euro (€) unless otherwise stated)*

**21. Management Board**

The Company regards its Management Board, as defined by the Company's Articles of Association, as key management of the Company. During the years ended December 31, 2015 and 2014, two (2) persons, were represented on the Management Board. The Dutch citizen on the Company's Management Board, who is an employee and Director of the Company, received approximately €114,000 and €111,000 in total remuneration during years ended December 31, 2015 and 2014, respectively.

The second member of the Company's Management Board, who is also a director of the Company, is an employee of an affiliate of the Company's ultimate holding company, Argon Medical Devices, Inc. All remuneration paid to this person was borne by that affiliate and none charged to the Company during the years ended December 31, 2015 and 2014.

**22. Commitments**

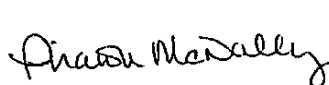
**Operating Lease Commitments**

The Company leases office space in various countries throughout Europe and certain equipment under non-cancelable operating leases which expire at various dates through 2020. Under these leases, the Company may be liable for certain other costs, including but not limited to, common area maintenance charges or real estate taxes.


During the years ended December 31, 2015 and 2014, total rent expense under non-cancelable operating leases was approximately, €286,226 and €271,490, respectively.

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	2015	2014
Within a year	€ 287,784	€ 210,544
Between two and five years	852,458	714,087
More than five years	251,141	124,727
	<u>€ 1,391,381</u>	<u>€ 1,049,358</u>



Sharon McNally  
Director  
June 30, 2016



Alke Alida van Solkema-Boer  
Director  
June 30, 2016

## **Other information**

### **Argon Medical Devices Netherlands B.V. and Subsidiaries December 31, 2015**

#### **Provision in the articles of association governing the appropriation of profits**

According to Article 11 of the articles of association the net profit for the year is at the free disposal of the annual general meeting

#### **Appropriation of result**

The net income of €5,954,187 will be recorded within the Accumulated Earnings. There is sufficient cash flow from historical Accumulated Earnings to support future growth and operations of Argon Medical Devices Netherlands B.V. and Subsidiaries. The Company's management board does not recommend the payment of a dividend to the Company shareholders at this time.

#### **Events occurring after the balance sheet date**

The Company has evaluated the impact of subsequent events through June 30, 2016 the date the consolidated financial statements were made available to be issued. The directors of Sharon McNally and Alke Alida van Solkema-Boer authorized the financial statements to be issued on the below noted date.



## *Independent auditor's report*

To the general meeting of Argon Medical Devices Netherlands B.V. and Subsidiaries

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### *Report on the financial statements 2015*

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#### *Our opinion*

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Argon Medical Devices Netherlands B.V. and Subsidiaries as at 31 December 2015 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Argon Medical Devices Netherlands B.V. and Subsidiaries as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2015 of Argon Medical Devices Netherlands B.V., Amsterdam ('the company'). The financial statements include the consolidated financial statements of Argon Medical Devices Netherlands B.V. and its subsidiaries (together 'the Group') and the company financial statements

The consolidated financial statements comprise.

- the consolidated statement of financial position as at 31 December 2015;
- the following statements for 2015: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows, and
- the notes, comprising a summary of significant accounting policies and other explanatory information

The company financial statements comprise:

- the company statement of financial position as at 31 December 2015,
- the company statement of income for the year then ended and changes in equity;
- the notes, comprising a summary of the accounting policies and other explanatory information

Ref.: e0383325

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T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, [www.pwc.nl](http://www.pwc.nl)*

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The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of Argon Medical Devices Netherlands B V. and Subsidiaries in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

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### *Responsibilities of the directors*

The directors are responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the directors should prepare the financial statements using the going-concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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### *Our responsibilities for the audit of the financial statements*

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements

A more detailed description of our responsibilities is set out in the appendix to our report



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## ***Report on other legal and regulatory requirements***

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### ***Our report on the directors' report and the other information***

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and the other information).

- we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed;
- we report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Amsterdam, 30 June 2016

PricewaterhouseCoopers Accountants N V

A handwritten signature in black ink, appearing to be 'P.W.J. Middelhoven', written over a horizontal line.

P.W.J. Middelhoven RA



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## ***Appendix to our auditor's report on the financial statements 2015 of Argon Medical Devices Netherlands B.V. and Subsidiaries***

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In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Concluding on the appropriateness of the directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary





We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## ***Independent auditor's report***

To the general meeting of Argon Medical Devices Netherlands B.V. and Subsidiaries

---

### ***Report on the financial statements 2015***

---

#### ***Our opinion***

In our opinion

- the accompanying consolidated financial statements give a true and fair view of the financial position of Argon Medical Devices Netherlands B.V. and Subsidiaries as at 31 December 2015 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Argon Medical Devices Netherlands B.V. and Subsidiaries as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### ***What we have audited***

We have audited the accompanying financial statements 2015 of Argon Medical Devices Netherlands B.V., Amsterdam ('the company'). The financial statements include the consolidated financial statements of Argon Medical Devices Netherlands B.V. and its subsidiaries (together 'the Group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2015;
- the following statements for 2015: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows, and
- the notes, comprising a summary of significant accounting policies and other explanatory information

The company financial statements comprise:

- the company statement of financial position as at 31 December 2015,
- the company statement of income for the year then ended and changes in equity,
- the notes, comprising a summary of the accounting policies and other explanatory information

Ref.: 00383325

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**PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands**  
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The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements

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### ***The basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report

We are independent of Argon Medical Devices Netherlands B.V. and Subsidiaries in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

---

### ***Responsibilities of the directors***

The directors are responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the directors should prepare the financial statements using the going-concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements

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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements

A more detailed description of our responsibilities is set out in the appendix to our report



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## ***Report on other legal and regulatory requirements***

---

### ***Our report on the directors' report and the other information***

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and the other information)

- we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed;
- we report that the directors' report, to the extent we can assess, is consistent with the financial statements

Amsterdam, 30 June 2016

PricewaterhouseCoopers Accountants N.V

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a series of horizontal strokes.

P W.J. Middelhoven RA



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## ***Appendix to our auditor's report on the financial statements 2015 of Argon Medical Devices Netherlands B.V. and Subsidiaries***

---

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

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- Obtaining an understanding of internal control relevant to the audit 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Concluding on the appropriateness of the directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit