

Alpine Biomed ApS

Tonsbakken 16-18
2740 Skovlunde

CVR no. 30 27 72 60

Annual report 2015

The annual report was presented and
adopted at the annual general meeting of
the Company on 31 May 2016

JOSEPH WADE

Joseph Wade
Chairman

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Alpine Biomed ApS for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

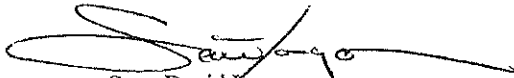
It is my opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the result of the Company's operations for the financial year 1 January - 31 December 2015.

In my opinion, the Management's review includes a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Skovlunde, 31 May 2016

Executive Board



Sean David Langan
adm. direktør

ALPINE BIOMED ApS
Tonsbakken 16-18
DK-2740 Skovlunde
Denmark



Independent auditor's report

To the shareholder of Alpine Biomed ApS

Independent auditor's report on the financial statements

We have audited the financial statements of Alpine Biomed ApS for the financial year 1 January - 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.



Independent auditor's report

Emphasis of matter regarding matters in the financial statement

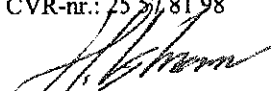
Without modifying our opinion, we draw attention to the fact that there is uncertainty related to the measurement of the deferred tax asset as of 31 December 2015. We refer to note 1 "Uncertainty related to measurement of deferred tax asset", where Management has described the uncertainty regarding the measurement of the account in the financial statements.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016

KPMG
Statsautoriseret Revisionspartnerselskab
CVR-nr.: 25 57 81 98



Henrik Kyhnav
State Authorised
Public Accountant

Management's review

Company details

Company	Alpine Biomed ApS Tonsbakken 16-18 2740 Skovlunde Denmark
	Telephone: 44579500
	CVR no.: 30 27 72 60
	Financial year: 1 January - 31 December
	Incorporated: 13 February 2007
	Registered office: Ballerup

Executive Board Sean David Langan, CEO

Auditor KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København
Denmark

General meeting The annual general meeting is held on 31 May 2016 at the Company's address.

Financial statements 1 January - 31 December

Management's review

Operating review

Core activity

Alpine Biomed ApS develops EMG products within neurology for the global distributor, which is an associated company in Germany, Natus Europe GmbH. The Company's revenue comes from a business leasing agreement between the parties.

Development in the year

The loss before tax for the year amounted to DKK 857 thousand. This is in line with Management's expectations. However, although the result is in line with Management's expectations that result is not considered satisfactory for the Company.

The loss is primarily caused by a decline in the royalty income from Natus GmbH compared to prior year.

Further, a management charge from the Company's parent of DKK. 10,563 thousand has been recognised in 2015.

Special risks - operating risks and financial risks

Foreign exchange risks

The Company's overseas activities result in foreign currency transactions, primarily in EUR and USD. Transactions in EUR and USD are to a large extent naturally hedged as they include both income and expenditure.

Uncertainty relating to measurement of deferred tax asset

Management has as of 31 December 2015 made a valuation of the deferred tax asset based on Management's expectation to the Company's profitability in the next 3-5 years.

The measurement of the deferred tax asset is based on Management's best estimation and forecast of the Company's profitability in the next 3-5 years. The Company's profitability is depending on that cost savings will materialise in the period and is therefore associated with significant uncertainty.

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January - 31 December

Accounting policies

The Annual Report of Alpine Biomed ApS for 2015 has been prepared in accordance with the provisions applying to enterprises of reporting class B under the Danish Financial Statements Act.

The accounting policies applied remain unchanged from previous years.

The annual report for 2015 is presented in DKK.

Income statement

Revenue

Revenue in the form of royalty income is recognised in the income statement concurrently with the group companies' utilisation of the Company's intangible patents and rights.

Other operating income

Other operating income comprises amortisation of goodwill from business acquisition, which is an item of a secondary nature to the core activities of the Company.

Administrative costs

Administrative costs include expenses related to administration, intra group services, premises, payments under operating leases, etc.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc., to the Company's employees excluding refunds from public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial items comprise interest income and interest expense, as well as realised and unrealised gains and losses on payables and transactions in foreign currencies, surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit/loss for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Financial statements 1 January - 31 December

Accounting policies

Balance sheet

Intangible assets

Patents and trademarks

Patents and trademarks are measured at cost with deduction of accumulated amortisation. Amortisation, based on cost, is calculated on a straight-line basis over the expected useful life of the assets, with a maximum of 10 years.

Patents and trademarks which are amortised over a longer period than 5 years, are estimated to support the earnings of the Company through use in such longer period.

Property, plant and equipment

Property, plant and equipment are initially measured at cost.

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment write-down.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	3-5	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-5	years

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January - 31 December

Accounting policies

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning the following year.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the country at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and in equity.

Liabilities

Financial liabilities and finance lease debt are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid.

Trade payables and amounts owed to group enterprises are recognised at cost.

Subsequently, these financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Accounting policies

Badwill from business acquisitions

The Company acquired the Gastroenterology and Neurology business from the Medtronic Group.

The acquisition was accounted for in accordance with section 122 of the Danish Financial Statements Act, "The acquisition method".

At the time of the acquisition, net assets exceeded the purchase price. Accordingly, negative goodwill (badwill) was recognised in liabilities.

Amounts related to expected future losses or income from the bargain purchase, are recognised in the income statement as part of other operating income as they are realised.

Realisation is estimated to mirror the useful life of the acquired trademarks.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January - 31 December

Income statement

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Revenue		17,845,419	30,345,535
Other operating income		3,507,992	3,507,992
Administrative costs		<u>-11,730,978</u>	<u>-16,627,469</u>
Gross profit		9,622,433	17,226,058
Staff costs	2	-9,593,995	-16,883,106
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	<u>-843,598</u>	<u>-1,700,582</u>
Ordinary operating loss		-815,160	-1,357,630
Financial income	4	5,711,296	1,521,101
Financial expenses	5	<u>-5,752,700</u>	<u>-2,944,902</u>
Loss before tax		-856,564	-2,781,431
Tax on loss for the year	6	<u>194</u>	<u>693,560</u>
Loss for the year		<u>-856,370</u>	<u>-2,087,871</u>
Proposed distribution of loss			
Retained earnings		<u>-856,370</u>	<u>-2,087,871</u>
		<u>-856,370</u>	<u>-2,087,871</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Assets			
Acquired trademarks		900,075	1,469,541
Intangible assets	7	<u>900,075</u>	<u>1,469,541</u>
Other fixtures and fittings, tools and equipment		76,957	109,417
Property, plant and equipment in progress		229,325	470,996
Property, plant and equipment	8	<u>306,282</u>	<u>580,413</u>
Deposits		446,050	811,550
Investments		<u>446,050</u>	<u>811,550</u>
Total non-current assets		<u>1,652,407</u>	<u>2,861,504</u>
Receivables from group entities		79,696,821	79,436,254
Other receivables		0	50,058
Deferred tax asset		3,339,978	3,339,784
Corporation tax		948,000	1,282,000
Prepayments		147,896	58,786
Receivables		<u>84,132,695</u>	<u>84,166,882</u>
Cash at bank and in hand		<u>13,577,072</u>	<u>5,713,729</u>
Total current assets		<u>97,709,767</u>	<u>89,880,611</u>
Total assets		<u>99,362,174</u>	<u>92,742,115</u>

Financial statements 1 January - 31 December

Balance sheet

	<u>Note</u>	<u>2015</u> DKK	<u>2014</u> DKK
Equity and liabilities			
Share capital		1,000,000	1,000,000
Retained earnings		<u>51,165,138</u>	<u>52,021,508</u>
Total equity	9	<u>52,165,138</u>	<u>53,021,508</u>
Trade payables		36,918	25,036
Payables to group entities		40,073,526	26,477,482
Other payables		1,532,270	4,155,775
Badwill from business aquisitions		<u>5,554,322</u>	<u>9,062,314</u>
Current liabilities other than provisions		<u>47,197,036</u>	<u>39,720,607</u>
Liabilities other than provisions		<u>47,197,036</u>	<u>39,720,607</u>
Total equity and liabilities		<u><u>99,362,174</u></u>	<u><u>92,742,115</u></u>
Uncertainty related to measurement of deferred tax asset	1		
Contingent assets, liabilities and other financial obligations	10		

Financial statements 1 January - 31 December

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1 Uncertainty related to measurement of deferred tax asset

Management has as of 31 December 2015 made a valuation of the deferred tax asset based on Management's expectation to the Company's profitability in the next 3-5 years.

The measurement of the deferred tax asset is based on Management's best estimation and forecast of the Company's profitability in the next 3-5 years. The Company's profitability is depending on that cost savings will materialise in the period and is therefore associated with significant uncertainty.

	2015	2014
	DKK	DKK
2 Staff costs		
Wages and salaries	8,779,278	15,513,107
Pensions	783,715	1,288,818
Other social security costs	31,002	81,181
	<u>9,593,995</u>	<u>16,883,106</u>

3 Depreciation, amortisation, and impairment of intangible assets and property, plant and equipment

Amortisation intangible assets	569,467	1,603,690
Depreciation property, plant and equipment	274,131	96,892
	<u>843,598</u>	<u>1,700,582</u>

which breaks down as follows:

Acquired patents	0	1,034,223
Acquired trademarks	569,467	569,467
Plant and equipment	0	55,451
Other fixtures and fittings, tools and equipment	274,131	41,441
	<u>843,598</u>	<u>1,700,582</u>

Financial statements 1 January - 31 December

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	<u>2015</u>	<u>2014</u>
	DKK	DKK
4 Financial income		
Interest received from group entities	1,659,586	1,517,803
Other financial income	0	3,298
Exchange gains	4,051,710	0
	<u>5,711,296</u>	<u>1,521,101</u>
5 Financial expenses		
Interest paid to group entities	578,433	502,653
Other financial expenses	18,474	34,620
Exchange loss	5,155,793	2,407,629
	<u>5,752,700</u>	<u>2,944,902</u>
6 Tax on loss for the year		
Change in deferred tax for the year	-194	-693,560
	<u>-194</u>	<u>-693,560</u>

Financial statements 1 January - 31 December

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7 Intangible assets

	Acquired patents	Acquired trademarks
	DKK	DKK
Cost at 1 January 2015	26,602,821	5,819,369
Cost at 31 December 2015	26,602,821	5,819,369
Amortisation at 1 January 2015	26,602,821	4,349,827
Amortisation for the year	0	569,467
Amortisation at 31 December 2015	26,602,821	4,919,294
Carrying amount at 31 December 2015	0	900,075

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Plant and equipment
	DKK	DKK	DKK
Cost at 1 January 2015	1,000,339	612,929	3,437,219
Cost at 31 December 2015	1,000,339	612,929	3,437,219
Impairment losses and depreciation at 1 January 2015	890,922	612,929	2,966,233
Depreciation for the year	32,460	0	241,661
Impairment losses and depreciation at 31 December 2015	923,382	612,929	3,207,894
Carrying amount at 31 December 2015	76,957	0	229,325

Financial statements 1 January - 31 December

Notes

9 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January 2015	1,000,000	52,021,508	53,021,508
Net loss for the year	0	-856,370	-856,370
Equity at 31 December 2015	1,000,000	51,165,138	52,165,138

The share capital consists of 1,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

10 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Alpine Biomed ApS has entered into a leasehold agreement which can only be terminated with six months notice to the end of a quarter. The Company's leasehold agreement in respect of the office facilities at Tonsbakken 16-18, Skovlunde can be terminated at 1 July 2018. The leasehold commitment amounts to DKK 2,275 thousand (2014: DKK 3,122 thousand).

Alpine Biomed ApS has entered into operating lease agreements on operating equipment. The operating lease commitments amount to DKK 46 thousand (2014: DKK 90 thousand).