
BK Medical Holding ApS

Mileparken 34, DK-2730 Herlev

Annual Report for 1 August 2014 - 31 July 2015

CVR No 27 97 14 07

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
15/3 2016

David James Flanagan
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of BK Medical Holding ApS for the financial year 1 August 2014 - 31 July 2015.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 July 2015 of the Company and of the results of the Company operations for 2014/15.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 15 March 2016

Direktion

Jesper Manigoff

Bestyrelse

David Flanagan
Chairman

Jesper Manigoff

John James Fry

Independent Auditor's Report on the Financial Statements

To the Shareholders of BK Medical Holding ApS

Report on the Financial Statements

We have audited the Financial Statements of BK Medical Holding ApS for the financial year 1 August 2014 - 31 July 2015, which comprise income statement, balance sheet, notes and summary of significant accounting policies. 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 as 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 whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, 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 audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 July 2015 and of the results of the Company operations for the financial year 1 August 2014 - 31 July 2015 in accordance with the Danish Financial Statements Act.

Report on Other Legal and Regulatory Requirements

Emphasis of matter paragraph concerning other matter

As the company's annual report was not submitted to the Danish Business Authority within the deadlines

Independent Auditor's Report on the Financial Statements

stipulated in the Danish Financial Statements Act, management may be held liable.

Frederiksberg, 15 March 2016

Ernst & Young

Godkendt Revisionspartnerselskab

CVR No 30 70 02 28

Christian Schwenn Johansen
statsautoriseret revisor

Rasmus Bloch Jespersen
statsautoriseret revisor

Company Information

The Company

BK Medical Holding ApS
Mileparken 34
DK-2730 Herlev

Telephone: + 45 44 52 81 00

Facsimile: + 45 44 52 81 99

CVR No: 27 97 14 07

Financial period: 1 August - 31 July

Municipality of reg. office: Herlev

Main activity

The main objective of the company is ownership of shares in the private limited liability subsidiary BK Medical ApS, CVR-no. 15 73 11 76.

Board of Directors

David Flanagan, Chairman
Jesper Manigoff
John James Fry

Executive Board

Jesper Manigoff

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
DK-2000 Frederiksberg

Lawyers

Accura Advokataktieselskab
Strandvejen 60
DK-2900 Hellerup

Bankers

Nordea Bank Danmark A/S
Nørgaardsvej 2
DK-2800 Kongens Lyngby

Income Statement 1 August - 31 July

	Note	2014/15 DKK '000	2013/14 DKK '000
Income from investments in subsidiaries		100.000	18.000
Other external expenses		-86	-146
Profit/loss before financial income and expenses		99.914	17.854
Other financial expenses	1	-14.738	-14.348
Profit/loss before tax		85.176	3.506
Tax on profit/loss for the year	2	-1.344	3.701
Net profit/loss for the year		83.832	7.207

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	80.000
Retained earnings	83.832	-72.793
	83.832	7.207

Balance Sheet 31 July

Assets

	Note	2014/15 DKK '000	2013/14 DKK '000
Investments in subsidiaries	3	603.767	603.767
Fixed asset investments		603.767	603.767
Fixed assets		603.767	603.767
Corporation tax		9.264	3.977
Receivables		9.264	3.977
Cash at bank and in hand		2.117	7.679
Currents assets		11.381	11.656
Assets		615.148	615.423

Balance Sheet 31 July

Liabilities and equity

	Note	2014/15 DKK '000	2013/14 DKK '000
Share capital		100.000	100.000
Retained earnings		146.120	62.288
Proposed dividend for the year		0	80.000
Equity	4	246.120	242.288
Payables to group enterprises		358.674	358.674
Long-term debt	5	358.674	358.674
Payables to group enterprises	5	10.262	14.347
Other payables		92	114
Short-term debt		10.354	14.461
Debt		369.028	373.135
Liabilities and equity		615.148	615.423
Contingent assets, liabilities and other financial obligations	6		
Ownership	7		

Notes to the Financial Statements

	<u>2014/15</u> DKK '000	<u>2013/14</u> DKK '000
1 Other financial expenses		
Interest paid to group enterprises	14.347	14.347
Other financial expenses	4	1
Exchange adjustments, expenses	387	0
	<u>14.738</u>	<u>14.348</u>
2 Tax on profit/loss for the year		
Current tax for the year	-3.483	-3.701
Adjustment of tax concerning previous years	4.827	0
	<u>1.344</u>	<u>-3.701</u>

Notes to the Financial Statements

	2014/15 DKK '000	2013/14 DKK '000
3 Investments in subsidiaries		
Cost at 1 August	603.767	649.127
Net effect from change of accounting policy	<u>0</u>	<u>-45.360</u>
Carrying amount at 31 July	<u>603.767</u>	<u>603.767</u>

In 2012/13 the ultimate parent company Analogic Inc. bought Ultrasonix Medical Corporation, a Canadian based ultrasound manufacture. In relation to the purchase it was agreed to have BK Medical ApS US based subsidiary acquire stock in the Canadian entity for a total of USD 8.010 thousand (DKK 45.360 thousand). This transaction was accounted in the US based financial statement and also in the annual report for BK Medical ApS.

In 2014/15 management received information that the transaction never legally occurred and the transaction has therefore been reversed again.

Due to the significance of the matter, the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of material misstatements. Consequently, the comparatives and the equity as at August 1, 2013 has been restated in these financial statements.

The restatement impacts the comparatives and the opening equity as follows:

- Investment in subsidiary at 1 August 2013 and 1 August 2014 has decreased by DKK 45.360.
- Equity decreased by DKK 45.360 thousand at 1 August 2013 and 1 August 2014 and the balance sheet total decreased by the same amount.

The impairment test performed did not give rise to any write down of the asset.

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
BK Medical ApS	Denmark	64.225	100%	224.951	-47.523

Notes to the Financial Statements

4 Equity

	Share capital DKK '000	Retained earnings DKK '000	Proposed dividend for the year DKK '000	Total DKK '000
2014/15				
Equity at 1 August	100.000	62.288	80.000	242.288
Ordinary dividend paid	0	0	-80.000	-80.000
Net profit/loss for the year	0	83.832	0	83.832
Equity at 31 July	100.000	146.120	0	246.120
2013/14				
Equity 1. august	245.218	-106.818	0	138.400
Net effect from adjustment of fundamental error	0	-45.360	0	-45.360
Net effect from change of accounting policy	0	142.041	0	142.041
Adjusted equity at 1 August	245.218	-10.137	0	235.081
Cash capital reduction	-145.218	145.218	0	0
Net profit/loss for the year	0	-72.793	80.000	7.207
Equity at 31 July	100.000	62.288	80.000	242.288

The share capital consists of 100.000 shares of a nominal value of DKK '000 1.000. No shares carry any special rights.

The share capital has developed as follows:

	2014/15 DKK '000	2013/14 DKK '000	2012/13 DKK '000	2011/12 DKK '000	2010/11 DKK '000
Share capital at 1 August	100.000	245.218	245.218	245.218	245.218
Capital increase	0	0	0	0	0
Capital decrease	0	-145.218	0	0	0
Share capital at 31 July	100.000	100.000	245.218	245.218	245.218

Notes to the Financial Statements

5 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2014/15</u> DKK '000	<u>2013/14</u> DKK '000
Payables to group enterprises		
Between 1 and 5 years	358.674	358.674
Long-term part	358.674	358.674
Other short-term debt to group enterprises	10.262	14.347
	<u>368.936</u>	<u>373.021</u>

6 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed for the income year 2014/2015.

Other

BK Medical Holding ApS has this year been audited by the Danish tax authorities related to the transfer pricing used in the transactions between BK Medical Holding ApS and its related companies. According to the ruling by the Danish tax authorities an expense of approximately DKK 4 million plus interest has been imposed. This amount has been paid and expensed in the financial report. The ruling has been appealed to the Danish National Tax Tribunal.

7 Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Analogic Holding Luxembourg S.á.r.l.
5 rue Guillaume Kroll
1882 Luxembourg

Accounting Policies

Basis of Preparation

The Annual Report of BK Medical Holding ApS for 2014/15 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Financial Statements for 2014/15 are presented in DKK '000.

Material misstatement

Investment in subsidiary

In 2012/13 the ultimate parent company Analogic Inc. bought Ultrasonix Medical Corporation, a Canadian based ultrasound manufacture. In relation to the purchase it was agreed to have BK Medical ApS US based subsidiary acquire stock in the Canadian entity for a total of USD 8.010 thousand (DKK 45.360 thousand). This transaction was accounted in the US based financial statement and also in the annual report for BK Medical ApS. In 2014/15 management received information that the transaction never legally occurred and the transaction has therefore been reversed again.

Due to the significance of the matter, the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of material misstatements.

Consequently, the comparatives and the equity as at August 1, 2013 has been restated in these financial statements. The restatement impacts the comparatives and the opening equity as follows: -Investment in subsidiary at 1 August 2013 and 1 August 2014 has decreased by DKK 45.360 -Equity decreased by DKK 45.360 thousand at 1 August 2013 and 1 August 2014 and the balance sheet total decreased by the same amount.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared as the company's and its subsidiaries' financial statements are included in the consolidated financial statements of the ultimate parent company, Analogic Corporation, USA.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, provisions and reversals do to changed accounting estimates of amounts which were previously recognized in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Accounting Policies

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Other external expenses

Other external expenses comprise office expenses as well as advisory and consultant fees etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Company is jointly taxed with the wholly owned subsidiary BK Medical ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.