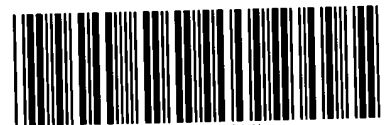


Registered number: 06410118

**AGAMATRIX EUROPE LIMITED**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**AGAMATRIX EUROPE LIMITED**

**COMPANY INFORMATION**

<b>Director</b>	John Alberico
<b>Company secretary</b>	Jordan Company Secretaries Limited
<b>Registered number</b>	06410118
<b>Registered office</b>	Harwell Innovation Centre 173 Curie Avenue Harwell Science and Innovation Campus Didcot Oxon OX11 0QG
<b>Independent auditors</b>	PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD

**AGAMATRIX EUROPE LIMITED**

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**AGAMATRIX EUROPE LIMITED**

**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Director presents his report and the financial statements for the year ended 31 December 2016.

**Principal activity**

The principal activity of the Company is that of the sale and distribution of blood glucose monitoring equipment and consumables.

**Director**

The Director who served during the year was:

John Alberico

**Disclosure of information to auditors**


The Director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **28 September 2017** and signed on its behalf.



John Alberico  
Director

## **AGAMATRIX EUROPE LIMITED**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

The Director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Director must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Director's reports may differ from legislation in other jurisdictions.

## **AGAMATRIX EUROPE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGAMATRIX EUROPE LIMITED**

We have audited the financial statements of AgaMatrix Europe Limited for the year ended 31 December 2016, set out on pages 5 to 12. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Director's responsibilities statement on page 2, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

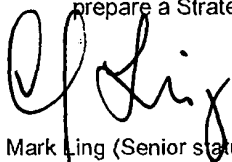
**AGAMATRIX EUROPE LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AGAMATRIX EUROPE LIMITED  
(CONTINUED)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Director was not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Mark Ling (Senior statutory auditor)

for and on behalf of  
PKF Littlejohn LLP

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

Date:

28 September 2017

**AGAMATRIX EUROPE LIMITED**  
**REGISTERED NUMBER: 06410118**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Current assets</b>			
Stocks	5	891,931	635,847
Debtors: amounts falling due within one year	6	1,164,935	1,121,186
Cash at bank and in hand	7	394,406	281,783
		<u>2,451,272</u>	<u>2,038,816</u>
Creditors: amounts falling due within one year	8	(7,279,795)	(5,742,057)
<b>Net current liabilities</b>		<u>(4,828,523)</u>	<u>(3,703,241)</u>
<b>Total assets less current liabilities</b>		<u>(4,828,523)</u>	<u>(3,703,241)</u>
<b>Net liabilities</b>		<u>(4,828,523)</u>	<u>(3,703,241)</u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		(4,828,623)	(3,703,341)
		<u>(4,828,523)</u>	<u>(3,703,241)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

**28 September 2017**



**John Alberico**  
**Director**

The notes on pages 6 to 12 form part of these financial statements.

**AGAMATRIX EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. General information**

The principal activity of the Company is that of the sale and distribution of blood glucose monitoring equipment and consumables.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of AgaMatrix Holdings LLC (formerly AgaMatrix, Inc.) as at 31 December 2016 and these financial statements may be obtained from 7C Raymond Avenue, Salem, NH 03079, U.S.A..

**2.3 Going concern**

The Company incurred a loss on ordinary activities before and after taxation of £1,125,282 during the year ended 31 December 2016 and, at that date, the Company's total liabilities exceeded its total assets by £4,828,523.

Included within creditors due within one year, are amounts owed to the Parent Company and a fellow group company totalling £6,334,636.

The Company is dependent on the continued support of the Parent Company AgaMatrix, Inc. AgaMatrix, Inc. has confirmed that it will continue to financially support the Company for the foreseeable future and for at least the next twelve months from the date of approval of the financial statements. The Parent Company recorded a loss after income taxes and a shareholder deficit balance in its financial statements for the year ended 31 December 2016.

The Parent Company has also confirmed that the liabilities will not be called upon to be repaid until the Company is in a financial position to do so.

The Directors therefore consider the Company to be a going concern.

## AGAMATRIX EUROPE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

## **AGAMATRIX EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **2. Accounting policies (continued)**

##### **2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.10 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

**AGAMATRIX EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**2. Accounting policies (continued)**

**2.11 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party or factors which are within the control of one or other of the parties.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

Equity instruments issued prior to the Company's transition date to FRS 102 have not been recognised in the Balance Sheet. For further information please see note 13.

**2.12 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**3. Employees**

The average monthly number of employees, including directors, during the year was 25 (2015 - 17).

**AGAMATRIX EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. Tangible fixed assets**

	Computer equipment £
<b>Cost or valuation</b>	
At 1 January 2016	7,555
At 31 December 2016	<u>7,555</u>
<b>Depreciation</b>	
At 1 January 2016	7,555
At 31 December 2016	<u>7,555</u>
<b>Net book value</b>	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>-</u>

**5. Stocks**

	2016 £	2015 £
Finished goods and goods for resale	891,931	635,847
	<u>891,931</u>	<u>635,847</u>

**6. Debtors**

	2016 £	2015 £
Trade debtors	1,153,374	964,987
Amounts owed by group undertakings	4,953	-
Other debtors	6,608	156,199
	<u>1,164,935</u>	<u>1,121,186</u>

**AGAMATRIX EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	394,406	281,783
	<u>394,406</u>	<u>281,783</u>

**8. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	611,990	376,913
Amounts owed to group undertakings	6,334,636	5,088,423
Other taxation and social security	76,834	26,833
Other creditors	256,335	249,888
	<u>7,279,795</u>	<u>5,742,057</u>

**9. Reserves**

	Profit and loss account £
At 1 January 2016	(3,703,341)
Loss for the financial year	(1,125,282)
At 31 December 2016	<u>(4,828,623)</u>

**10. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £34,120 (2015 - £31,850). Included within other creditors, an amount of £7,234 (2015 - £3,985) was due at the year end.

**AGAMATRIX EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**11. Commitments under operating leases**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	5,959	-
	<u>5,959</u>	<u>-</u>

**12. Transactions with directors**

During the year the Company did not entered into transactions with the directors of the Company.

**13. Share Options**

As at the period ending 31 December 2016, 135,000 (2015 - 175,000) options had been granted to employees to subscribe in the shares of Agamatrix Inc. and were outstanding.

No options were granted within the year (2015 - 50,000).

50,000 of these options have an exercise price of \$4.04 (2015 - \$4.04). 70,000 of these options have an exercise price of \$3.19 (2015 - \$3.19) and 15,000 of these options have an exercise price of \$4.00 (2015 - \$4.00).

All of the options are subject to certain conditions. Of the outstanding options, there were 67,500 (2015 - 85,000) that had not vested at the period end.

70,000 options have an expiry date of 21 November 2023, 15,000 options have an expiry date of 15 July 2018 and 50,000 have an expiry date of 4 February 2025.

During the period no options were exercised and 40,000 (2015 - none) were cancelled.

As at 31 December 2016, the share options had a fair value of \$1.41 (31 December 2015 - \$3.86).

**14. Post balance sheet events**

There have been no significant post balance sheet events.

**15. Controlling party**

The immediate and ultimate parent undertaking is AgaMatrix, Inc., a company incorporated in the United States of America. Group accounts are prepared and are available on request from AgaMatrix Holdings LLC, 7C Raymond Avenue, Salem, NH 03079, U.S.A.

In the opinion of the directors there is no ultimate controlling party.