UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

September 18, 2015
Date of Report (date of earliest event reported)

TransEnterix, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	0-19437	11-2962080
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

635 Davis Drive, Suite 300
Morrisville, North Carolina
(Address of principal executive offices)

919-765-8400
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Amendment No. 1

Explanatory Note

As previously reported in the Current Report on Form 8-K, filed by TransEnterix, Inc. (the “Company” or “TransEnterix”) with the Securities and Exchange Commission (“SEC”) on September 21, 2015 (the “Initial Form 8-K”), TransEnterix entered into a Membership Interest Purchase Agreement, dated September 18, 2015 (the “Purchase Agreement”) with SOFAR S.p.A., (the “Seller” or “SOFAR”), Vulcanos S.r.l., as the acquired company, and TransEnterix International, Inc., a wholly owned subsidiary of the Company (the “Buyer”). Immediately prior to the closing of the transactions contemplated by the Purchase Agreement, SOFAR conferred all of the assets, liabilities, employees, contracts and operations of the ALF-X division of SOFAR to Vulcanos S.r.l. The closing of the transactions contemplated by the Purchase Agreement occurred on September 21, 2015 (the “Closing Date”) pursuant to which the buyer acquired all of the membership interests of Vulcanos S.r.l. from the Seller, and changed the name of the acquired company to TransEnterix Italia S.r.l (“TransEnterix Italia”).

This Form 8-K, Amendment No. 1 to the Initial Form 8-K amends and supplements Items 9.01 (a) and (b) of the Initial Form 8-K to provide the audited carve-out financial statements of the ALF-X division of SOFAR and pro forma financial information required by such Items. In this Form 8-K, Amendment No. 1 including exhibits, we may refer to the carve-out financial statements of the ALF-X division of SOFAR as the financial statements of TransEnterix Italia. Except as set forth herein, all other information in the Initial Form 8-K remains unchanged.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

- The audited carve-out financial statements of ALF-X System (a carve-out of SOFAR S.p.A.) as of and for the years ended December 31, 2014 and 2013 are filed as Exhibit 99.2 to this Form 8-K, Amendment No. 1. The attached audited carve-out financial statements of ALF-X System (a carve-out of SOFAR S.p.A.) have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The audit of these ALF-X System (a carve-out of SOFAR S.p.A.) carve-out financial statements was conducted in accordance with U.S. generally accepted auditing standards (“GAAS”).
- The unaudited carve-out financial statements of ALF-X System (a carve-out of SOFAR S.p.A.) as of June 30, 2015 and for the six months ended June 30, 2015 and 2014 are filed as Exhibit 99.3 to this Form 8-K, Amendment No. 1.

(b) Pro Forma Financial Information.

The following unaudited pro forma condensed combined financial information of TransEnterix Italia and TransEnterix, Inc. are filed as Exhibit 99.4 to this Form 8-K, Amendment No. 1 and incorporated herein by reference:

- Unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2015.
- Unaudited pro forma condensed combined statement of operations for the year ended December 31, 2014.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of BDO S.p.A. with respect to the audited carve-out financial statements of ALF-X System (a carve-out of SOFAR S.p.A.).
99.2	Audited carve-out financial statements of ALF-X System (a carve-out of SOFAR S.p.A.) as of and for the years ended December 31, 2014 and 2013.
99.3	Unaudited carve-out financial statements of ALF-X System (a carve-out of SOFAR S.p.A.) as of June 30, 2015 and for the six months ended June 30, 2015 and 2014.
99.4	Unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2015 and for the year ended December 31, 2014 of TransEnterix Italia and TransEnterix, Inc.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TransEnterix, Inc.

December 4, 2015

By: /s/ Joseph P. Slattery
Name: Joseph P. Slattery
Title: Executive Vice President and Chief Financial Officer

Exhibit 23.1

Consent of Independent Auditor

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-193235 and No. 333-199998) and Form S-8 (No. 333-191011, No. 333-190184, No. 333-161291, No. 333-193234, No. 333-197908, and No. 333-203950) of TransEnterix, Inc. (known prior to December 2013 as SafeStitch Medical, Inc.) of our report dated December 3, 2015, relating to the carve-out financial statements of ALF-X System (a carve-out of SOFAR S.p.A.) which appears in this Form 8-K/A.

/s/ BDO S.p.A.
Milano, Italy

December 3, 2015

Exhibit 99.2

ALF-X System (a carve-out of SOFAR S.p.A.)

Financial Statements

As of and for the years ended December 31, 2014 and 2013

ALF-X SYSTEM
(a carve-out of
Sofar S.p.A.)

Carve-out Financial Statements
December 31, 2014 and 2013

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
TransEnterix Italia S.r.l.
Trezzano Rosa (Milan)
Italy

We have audited the accompanying carve-out financial statements of ALF-X System (a carve-out of Sofar S.p.A.), which comprise the carve-out balance sheets as of December 31, 2014 and 2013 and the related statements of operations, statements of changes in equity and cash-flows for the years then ended, and the related notes to the carve-out financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the carve-out 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 these carve-out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

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

Opinion

In our opinion, the carve-out financial statements referred to above present fairly, in all material respects, the financial position of ALF-X System (a carve-out of Sofar S.p.A.) as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a matter

As discussed in Note 1 of the carve-out financial statements, TransEnterix Italia S.r.l. is a limited liability company established under the Italian law on July 22, 2015. On September 21, 2015, TransEnterix International, Inc. completed the acquisition of TransEnterix Italia S.r.l. from Sofar S.p.A. that included all of the transferred assets, employees and contracts related to the advanced robotic system for minimally invasive laparoscopic surgery known as the ALF-X System.

The carve-out financial statements have been derived from the accounting records of Sofar S.p.A. on a carve-out basis. The carve-out financial statements of ALF-X System (a carve-out of Sofar S.p.A.) reflect the assets, liabilities, revenue and expenses directly attributable to the ALF-X System, as well as allocations deemed reasonable by management, to present the carve-out financial position, results of operations, changes in equity and cash flows of the ALF-X System on a stand-alone basis and do not necessarily reflect the carve-out financial position, results of operations, changes in equity and cash flows of the ALF-X System in the future or what they would have been had the ALF-X System been a separate, stand-alone entity during the periods presented.

Milan (Italy), December 3, 2015

/s/ BDO S.p.A.
Certified Public Accountants (Italian)

ALF-X System (a carve-out of Sofar S.p.A.)
Carve-out Balance Sheets
December 31, 2014 and 2013

	December 31, 2014	December 31, 2013
Assets		
Current Assets		
Inventories	€1,448,494	€ 830,067
Other current assets	4,328,066	2,525,880
Total Current Assets	5,776,560	3,355,947
Intangibles	121,729	119,034
Security deposits	4,950	9,101
Total Assets	€5,903,239	€3,484,082
Liabilities and Equity		
Current Liabilities		
Accounts payable	€1,616,162	€1,344,184
Accrued payroll	51,162	48,759
Current tax liabilities	30,406	25,679
Other current liabilities	161,414	150,085
Total Current Liabilities	1,859,144	1,568,707
Other long term liabilities	15,692	65,485
Total Liabilities	€1,874,836	€1,634,192
Parent's Equity		
Accumulated net parent investment	4,028,403	1,849,890
Total Equity	4,028,403	1,849,890
Total Liabilities and Equity	€5,903,239	€3,484,082

See accompanying notes to Carve-out Financial Statements

ALF-X System (a carve-out of Sofar S.p.A.)
Carve-out Statements of Operations
Years Ended December 31, 2014 and 2013

	the year ended December 31, 2014	December 31, 2013
Sales	€ —	€ —
Operating Expenses		
General and administrative	2,269,759	2,490,267
Research and development	1,044,691	1,107,667
Amortization of intangibles	7,349	6,847
Other operating expenses	26,000	28,016
Total Operating Expenses	3,347,799	3,632,797
Operating Loss	(3,347,799)	(3,632,797)
Other Expenses	16,520	2,747
Loss before income taxes	(3,364,319)	(3,635,544)
Income tax expense/benefit	—	—
Net loss	€(3,364,319)	€(3,635,544)

See accompanying notes to Carve-out Financial Statements

ALF-X System (a carve-out of Sofar S.p.A.)
Carve-out Statements of Changes in Equity
December 31, 2014 and 2013

	Total Equity
Balance, December 31, 2012	€ 563,724
Net Loss	(3,635,544)
Parent investment	4,921,710
Balance, December 31, 2013	€ 1,849,890
Net Loss	(3,364,319)
Parent investment	5,542,832
Balance, December 31, 2014	€ 4,028,403

See accompanying notes to Carve-out Financial Statement

ALF-X System (a carve-out of Sofar S.p.A.)
Carve-out Statements of Cash Flows
December 31, 2014 and 2013

	the year ended December 31, 2014	the year ended December 31, 2013
Operating Activities:		
Net loss	€(3,364,319)	€(3,635,544)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Amortization of intangible assets	7,349	6,847
Changes in operating assets and liabilities:		
Inventories	(618,427)	(377,584)
Other current and long term assets	(1,802,186)	(1,498,313)
Security deposits	4,151	2,299
Accounts payable	271,978	454,609
Accrued payroll	2,403	17,189
Current tax liabilities	4,727	3,982
Other current and long term liabilities	(38,464)	114,796
Net cash and cash equivalents used in operating activities	(5,532,788)	(4,911,719)
Investing Activities:		
Purchase of intangibles	(10,044)	(9,991)
Net cash and cash equivalents used in investing activities	(10,044)	(9,991)
Financing Activities:		
Net contributions from Parent	5,542,832	4,921,710
Net cash and cash equivalents provided by financing activities	5,542,832	4,921,710
Cash and Cash Equivalents:		
Cash and Cash Equivalents, beginning of period	—	—
Cash and Cash Equivalents, end of period	€ —	€ —

See accompanying notes to Carve-out Financial Statements

1. Business description and nature of operations

TransEnterix Italia S.r.l. (the “Company”), formerly known as Vulcanos S.r.l., is a limited liability company established under the Italian law on July 22, 2015. The Company is focused on the development and commercialization of the ALF-X System; it operates in Trezzano Rosa (Milano) and also utilizes an external warehouse based in Fara Gera D’Adda (Bergamo).

TransEnterix Italia S.r.l. is wholly owned by TransEnterix International, Inc., incorporated in Delaware, USA, which is a subsidiary of TransEnterix, Inc., an American publicly traded company, headquartered in North Carolina, and listed on the NYSE MKT Exchange.

TransEnterix, Inc. is a medical device company that is pioneering the use of robotics to improve minimally invasive surgery by addressing the clinical challenges associated with current laparoscopic and robotic options. TransEnterix, Inc. has developed the SurgiBot System, a single-port, robotically enhanced laparoscopic surgical platform.

On September 21, 2015, TransEnterix International, Inc. completed the acquisition of the Company from Sofar S.p.A. (the “Parent”), an Italian company based in Trezzano Rosa (Milano) that included all of the transferred assets, employees and contracts related to the advanced robotic system for minimally invasive laparoscopic surgery known as the ALF-X Surgical Robotic System (“ALF-X”) and changed the name of the Company from Vulcanos S.r.l. to TransEnterix Italia S.r.l. ALF-X is a multi-port robotic system that brings the advantages of robotic surgery to patients while enabling surgeons with innovative technology.

The carve-out financial statements of ALF-X System (a carve-out of Sofar S.p.A.) present the historical position, results of operations, changes in equity to support ALF-X, and cash flows on a carve-out basis of the ALF-X System in connection with the acquisition.

The carve-out financial statements have been derived from the accounting records of Sofar S.p.A. on a carve-out basis.

2. Basis of presentation and methods of allocation

The carve-out financial statements of ALF-X System (a carve-out of Sofar S.p.A.) have been prepared in accordance with generally accepted accounting principles in the United States (“US GAAP”).

These financial statements have been prepared solely to demonstrate the historical results of operations, financial position and cash flows related to ALF-X for the indicated periods.

The carve-out financial statements include the assets, liabilities, revenue and expenses that are specifically identifiable to ALF-X.

In addition, the operating businesses within Sofar S.p.A. share a certain common overhead structure. Certain corporate assets, liabilities and expenses have been allocated to the ALF-X for the periods presented.

The allocations to the ALF-X are based on various assumptions and estimates. Management believes the methodology applied to the allocation is reasonable. The basis of allocation of certain assets, liabilities and expenses is described below.

(a) Inventory

Inventories include finished ALF-X systems ready for sale and ALF-X components waiting to be assembled. All the items included as stock in these financial statements are clearly identified and directly related to ALF-X System (a carve-out of Sofar S.p.A.) and they have been allocated to the ALF-X based on the underlying technology.

(b) Intangibles

ALF-X is an advanced robotic system for minimally invasive laparoscopic surgery which was part of separate line of business in Sofar. Intangibles include the product patent and other costs incurred in connection with securing the patent.

(c) Suppliers

The allocated trade payables are related to the supply of services and materials directly related to the ALF-X business.

(d) Shared services costs

Certain services (logistic, human resources, accounting, marketing, and information technology) have been provided by Sofar to the ALF-X project. For the purposes of these carve-out financial statements, these shared service costs have been allocated to the ALF-X business using the same allocation methods of the Service Agreement signed by Sofar S.p.A and Vulcanos S.r.l. on September 18, 2015.

The Service Agreement reports the total personnel cost (salary, benefits, tax contribution) and a percentage of this cost is allocated for the purpose of these carve-out financial statements using a survey-based estimate of the hours spent on the development of the ALF-X.

(e) Management costs

These costs have the same nature of shared function costs but they were not listed in the Service Agreement and they were related to the CEO, CFO, Business Development manager and Export manager.

These costs have been allocated based on the approximate time worked on the ALF-X business during the year based on the internal reporting used by management in making operating decisions.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates primarily relate to useful lives of the intangible assets. Accordingly, actual results may differ from estimated amounts.

Intangibles

Intangible assets consist of ALF-X patent cost and related legal fees; the cost is amortized at the lesser of its useful life and its legal life, which is estimated to be 20 years (5% rate).

Inventories

Inventories consist of finished goods, valued at the lower of cost and market. Cost is determined according to the specific identification cost. The Company provides estimated inventory allowances for excess, slow moving and obsolete inventory as well as inventory whose carrying value is in excess of net realizable value. The inventory allowance was deemed not necessary as of December 31, 2014, and 2013, for the carve-out financial statements.

Other Current Assets

Other current assets consist of advance payments and deposits made to external suppliers which provide assembly and logistics services, mechanical parts transferred to external warehouses, prepaid expenses as part of expenses due in subsequent exercise for insurance, rent and no competition agreement, and credit notes to be received.

Accounts Payable

Accounts payable consist of trade payables recorded at the original invoice amount.

Provision for severance indemnities

It consists of an estimated fund, provided by the Italian Law, for retirement benefit to the employees, in case of end of service or resignation, included in other long term liabilities.

Operating expenses

Operating costs are expensed as incurred. Operating expenses are mainly composed by cost of services, amortization, and salaries.

Research and development costs

Research and development costs are expensed when incurred and mainly composed by technical consultancies for the ALF-X design, and medical-scientific studies related to the development of the ALF-X.

Currency Transactions

The functional currency of the Company is the Euro. Transactions with foreign parties are translated using the exchange rate in effect on the date of settlement; the loss resulting from the re-measurement of these transactions between Euro and foreign currencies is included in other expenses.

Income Tax

The Company does not recognize income taxes due to the loss incurred in the carve-out financial statements. Deferred tax assets have not been recognized in respect of the loss of the carve-out financial statements because they do not represent a tax credit according to Italian tax law.

4. Inventories

Inventories are as follows:

	2014	2013
Finished goods	1,448,494	830,067
Total inventories	€1,448,494	€830,067

Inventories are stated at the lower of cost or market. Cost is based on the specific identification method. Finished goods include the main components of the ALF-X robotic unit: manipulator arms, cockpit, node, and 3D channel.

5. Other current assets

Other current assets are as follows:

	2014	2013
Deposit at external warehouse	3,342,958	1,860,694
Advance payments	921,000	620,000
Pre-paid expenses	32,838	45,186
Credit notes to be received	31,270	—
Total other current assets	€4,328,066	€2,525,880

6. Intangibles

Intangible assets are as follows:

	2014	2013
ALF-X Patent	146,986	136,942
Less: accumulated amortization	(25,257)	(17,908)
Total intangibles	€121,729	€119,034

Amortization started in 2011 when the “CE mark”, following the feasibility study, development, and testing was achieved. The CE mark is a mandatory conformity marking for certain products sold within the European Economic Area (EEA).

7. Security deposits

Security deposits consist of deposits related to rent contracts.

8. Accounts payable

Accounts payable are as follows:

	2014	2013
Trade payables	1,278,492	1,244,451
Accrued payables	337,670	99,733
Total accounts payable	€1,616,162	€1,344,184

9. Accrued payroll

Twelve employees have been directly involved in ALF-X as of December 31, 2014 and 2013, the payroll liabilities are related to pension fund contribution costs.

10. Current tax liabilities

The amount is related to the national security contributions related to the employees and Italian withholding tax.

11. Other current liabilities

Other current liabilities are as follows:

	2014	2013
Accrued vacations	122,628	104,149
Collective employees bonus	29,127	27,828
Non-competition agreement	7,763	15,527
Other liabilities	1,896	2,581
Total other current liabilities	€161,414	€150,085

12. Other long term liabilities

Other long term liabilities are as follows:

	2014	2013
Royalites	—	50,000
Severance indemnities	15,692	15,485
Total other long term liabilities	€15,692	€65,485

Royalties were due to the European commission for the initial development of ALF-X in the amount of 50.000 euro as of December 31, 2013. This amount was paid in 2014.

Severance indemnities is an account set up by the Italian legislation. It provides that at employees' termination date, they will receive a leaving entitlement, called "Trattamento di Fine Rapporto" (TFR).

13. Equity

Net Parent investment represents the support provided by Sofar S.p.A. during 2014 and previous years, in order to develop the ALF-X system capital expenditure and to finance the working capital needs of the Company.

14. Related Party Transactions

On September 21, 2015, TransEnterix International, Inc. completed the acquisition of TransEnterix Italia S.r.l. from Sofar S.p.A. The interactions among the companies are reported in the "business description and nature of operations" and "equity" sections.

15. Subsequent Events

Management has evaluated subsequent events through December 3, 2015, the date on which the financial statements were available to be issued. No events were identified that required adjustments to, or disclosure in, the accompanying financial statements.

ALF-X System (a carve-out of SOFAR S.p.A.)
Unaudited Financial Statements
As of and for the six months ended June 30, 2015 and 2014

ALF-X SYSTEM
(a carve-out of
Sofar S.p.A.)

Unaudited Carve-out Financial Statements
June 30, 2015 and 2014

ALF-X System (a carve-out of Sofar S.p.A.)
Unaudited Carve-out Balance Sheets
June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
Assets		
Current Assets		
Accounts receivable, net	€ 69,413	€ —
Inventories	1,876,638	1,133,323
Other current assets	4,707,347	3,411,169
Total Current Assets	6,653,398	4,544,492
Intangibles	123,172	125,404
Property and equipment, net	237,664	—
Security deposits	3,300	3,150
Total Assets	€7,017,534	€4,673,046
Liabilities and Equity		
Current Liabilities		
Accounts payable	€1,351,335	€ 952,924
Accrued payroll	24,967	24,812
Current tax Liabilities	16,691	15,103
Other current liabilities	289,338	252,544
Total Current Liabilities	1,682,331	1,245,383
Other long term liabilities	15,692	15,485
Total Liabilities	€1,698,023	€1,260,868
Parent's Equity		
Accumulated net parent investment	5,319,511	3,412,178
Total Equity	5,319,511	3,412,178
Total Liabilities and Equity	€7,017,534	€4,673,046

See accompanying notes to the Unaudited Carve-out Financial Statements

ALF-X System (a carve-out of Sofar S.p.A.)
Unaudited Carve-out Statements of Operations
Periods Ended June 30, 2015 and 2014

	the six-month period ended June 30, 2015	June 30, 2014
Sales	€ 69,413	€ —
Operating Expenses		
General and administrative	1,385,164	1,112,610
Research and development	721,426	429,428
Amortization of intangibles	3,806	3,675
Depreciation of property and equipment	18,288	—
Other expenses	—	26,000
Total Operating Expenses	2,128,684	1,571,713
Operating Loss	(2,059,271)	(1,571,713)
Other Expenses	—	2,037
Loss before income taxes	(2,059,271)	(1,573,750)
Income tax expense/benefit	—	—
Net loss	€(2,059,271)	€(1,573,750)

See accompanying notes to the Unaudited Carve-out Financial Statements

ALF-X System (a carve-out of Sofar S.p.A.)
Unaudited Carve-out Statements of Changes in Equity
June 30, 2015 and 2014

	Total Equity
Balance, December 31, 2013	€ 1,849,890
Net Loss	(1,573,750)
Sofar investment	3,136,038
Balance, June 30, 2014	3,412,178
Net Loss	(1,790,569)
Sofar investment	2,406,794
Balance, December 31, 2014	4,028,403
Net Loss	(2,059,271)
Sofar investment	3,350,379
Balance, June 30, 2015	€ 5,319,511

See accompanying notes to the Unaudited Carve-out Financial Statements

ALF-X System (a carve-out of Sofar S.p.A.)
Unaudited Carve-out Statements of Cash Flows
June 30, 2015 and 2014

	the six-month period ended June 30, 2015	June 30, 2014
Operating Activities:		
Net loss	€(2,059,271)	€(1,573,750)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Amortization of intangible assets	3,806	3,674
Depreciation of property and equipment	18,288	—
Changes in operating assets and liabilities:		
Accounts receivable	(69,413)	—
Inventories	(428,144)	(303,256)
Other current and long term assets	(379,281)	(885,289)
Security deposits	1,650	5,951
Accounts payable	(264,827)	(391,260)
Accrued payroll	(26,195)	(23,947)
Current tax liabilities	(13,715)	(10,576)
Other current and long term liabilities	127,924	52,459
Net cash and cash equivalents used in operating activities	(3,089,178)	(3,125,994)
Investing Activities:		
Purchase of intangibles	(5,249)	(10,044)
Purchase of property and equipment	(255,952)	—
Net cash and cash equivalents used in investing activities	(261,201)	(10,044)
Financing Activities:		
Net contributions from Parent	3,350,379	3,136,038
Net cash and cash equivalents provided by financing activities	3,350,379	3,136,038
Cash and Cash Equivalents:		
Cash and Cash Equivalents, beginning of period	—	—
Cash and Cash Equivalents, end of period	€ —	€ —

See accompanying notes to the Unaudited Carve-out Financial Statements

1. Business description and nature of operations

TransEnterix Italia S.r.l. (the "Company"), formerly known as Vulcanos S.r.l., is a limited liability company established under the Italian law on July 22, 2015. The Company is focused on the development and commercialization of the ALF-X System; it operates in Trezzano Rosa (Milano) and also utilizes an external warehouse based in Fara Gera D'Adda (Bergamo).

TransEnterix Italia S.r.l. is wholly owned by TransEnterix International, Inc., incorporated in Delaware, USA, which is a subsidiary of TransEnterix, Inc., an American publicly traded company, headquartered in North Carolina, and listed on the NYSE MKT Exchange.

TransEnterix, Inc. is a medical device company that is pioneering the use of robotics to improve minimally invasive surgery by addressing the clinical challenges associated with current laparoscopic and robotic options. TransEnterix, Inc. has developed the SurgiBot System, a single-port, robotically enhanced laparoscopic surgical platform.

On September 21, 2015, TransEnterix International, Inc. completed the acquisition of the Company from Sofar S.p.A. (the "Parent"), an Italian company based in Trezzano Rosa (Milano) that included all of the transferred assets, employees and contracts related to the advanced robotic system for minimally invasive laparoscopic surgery known as the ALF-X Surgical Robotic System ("ALF-X") and changed the name of the Company from Vulcanos S.r.l. to TransEnterix Italia S.r.l. ALF-X is a multi-port robotic system that brings the advantages of robotic surgery to patients while enabling surgeons with innovative technology.

The carve-out financial statements of ALF-X System (a carve-out of Sofar S.p.A.) present the historical position, results of operations, changes in Parent's equity to support the ALF-X project, and cash flows on a carve-out basis of the ALF-X System in connection with the acquisition.

The carve-out financial statements have been derived from the accounting records of Sofar S.p.A. on a carve-out basis.

2. Basis of presentation and methods of allocation

The carve-out financial statements of ALF-X System (a carve-out of Sofar S.p.A.) have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). The unaudited interim carve-out financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of the interim periods presented. All such adjustments are of a normal recurring nature. The unaudited interim carve-out financial statements do not include all disclosures required by US GAAP for full annual financial statements.

These financial statements have been prepared solely to demonstrate the historical results of operations, financial position and cash flows related to ALF-X for the indicated periods.

The carve-out financial statements include the assets, liabilities, revenue and expenses that are specifically identifiable to ALF-X.

In addition, the operating businesses within Sofar S.p.A. share a certain common overhead structure. Certain corporate assets, liabilities and expenses have been allocated to the ALF-X for the periods presented.

The allocations to the ALF-X are based on various assumptions and estimates. Management believes the methodology applied to the allocation is reasonable. The basis of allocation of certain assets, liabilities and expenses is described below.

(a) Inventory

Inventories include finished ALF-X systems ready for sale and ALF-X components waiting to be assembled. All the items included as stock in these financial statements are clearly identified and directly related to ALF-X System (a carve-out of Sofar S.p.A.) and they have been allocated to the ALF-X based on the underlying technology.

(b) Intangibles

ALF-X is an advanced robotic system for minimally invasive laparoscopic surgery which was part of separate line of business in Sofar. Intangibles include the product patent and other costs incurred in connection with securing the patent.

(c) Property and equipment, net

Property and equipment are instruments related to the ALF-X system. The offices and the warehouse in Trezzano remain as Sofar property after the transaction; the utilization of these areas is classified under rent cost for ALF-X System (a carve-out of Sofar S.p.A.).

(d) Suppliers

The allocated trade payables are related to the supply of services and materials directly related to the ALF-X business.

(e) Shared services costs

Certain services (logistic, human resources, accounting, marketing, and information technology) have been provided by Sofar to the ALF-X project. For the purposes of these carve-out financial statements, these shared service costs have been allocated to the ALF-X business using the same allocation methods of the Service Agreement signed by Sofar S.p.A and Vulcanos S.r.l. on September 18, 2015.

The Service Agreement reports the total personnel cost (salary, benefits, tax contribution) and a percentage of this cost is allocated for the purpose of these carve-out financial statements using a survey-based estimate of the hours spent on the development of the ALF-X.

(f) Management costs

These costs have the same nature of shared function costs but they were not listed in the Service Agreement and they were related to the CEO, CFO, Business Development manager and Export manager.

These costs have been allocated based on the approximate time worked on the ALF-X business during the year based on the internal reporting used by management in making operating decisions.

3. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates primarily relate to useful lives of the fixed assets. Accordingly, actual results may differ from estimated amounts.

Revenue Recognition

Revenue is recognized upon the transfer of ownership to the buyer and once the service is performed. The sales started in May 2015.

Intangibles

Intangible assets consist of ALF-X patent cost and related legal fees; the cost is amortized at the lesser of its useful life and its legal life, which is estimated to be in 20 years (5% rate).

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation, and they are depreciated using the straight-line method over their estimated useful lives, estimated in 7 years (14% rate).

Inventories

Inventories consist of finished goods, valued at lower between the cost and market. Cost is determined according to the specific identification cost. The Company provides estimated inventory allowances for excess, slow moving and obsolete inventory as well as inventory whose carrying value is in excess of net realizable value. The inventory allowance was deemed not necessary as of June 30, 2015 and 2014 for the carve-out financial statements.

Other Current Assets

Other current assets consist of advance payments and deposits made to external suppliers which provide assembly and logistics services, mechanical parts transferred to external warehouses, prepaid expenses as part of expenses due in subsequent exercise for insurance, rent and no competition agreement.

Accounts Payable

Accounts payable consist of trade payables recorded at the original invoice amount.

Provision for severance indemnities

It consists of an estimated fund, provided by the Italian Law, for retirement benefit to the employees, in case of end of service or resignation, included in other long term liabilities.

Operating expenses

Operating costs are expensed as incurred. Operating expenses are mainly composed of cost of services, depreciation and amortization, and salaries.

Research and development costs

Research and development costs are expensed as incurred and mainly composed of technical consultancies for the ALF-X design, and medical-scientific studies related to the development of the ALF-X.

Currency Transactions

The functional currency of the Company is the Euro. Transactions with foreign parties are translated using the exchange rate in effect on the date of settlement; the loss resulting from the re-measurement of these transactions between Euro and foreign currencies is included in other expenses.

Income Tax

The Company does not recognize income taxes due to the loss incurred in the carve-out financial statements. Deferred tax assets have not been recognized in respect of the loss of the carve-out financial statements because they do not represent a tax credit according to Italian tax law.

4. Inventories

Inventories are as follows:

	June 30, 2015	June 30, 2014
Finished goods	1,876,638	1,133,323
Total inventories	€ 1,876,638	€ 1,133,323

Inventories are stated at the lower of cost or market. Cost is based on the specific identification method. Finished goods include the main components of the ALF-X robotic unit: manipulator arms, cockpit, node, and 3D channel.

5. Other current assets

Other current assets are as follows:

	June 30, 2015	June 30, 2014
Deposit at external warehouse	3,336,004	2,615,580
Advance payments	1,371,343	786,000
Pre-paid expenses	—	9,589
Total other current assets	€ 4,707,347	€ 3,411,169

6. Intangibles

Intangible assets are as follows:

	June 30, 2015	June 30, 2014
ALF-X Patent	152,235	146,986
Less. Accumulated amortization	(29,063)	(21,582)
Total intangibles	€ 123,172	€ 125,404

Amortization started in 2011 when the "CE mark", following the feasibility study, development, and testing was achieved. The CE mark is a mandatory conformity marking for certain products sold within the European Economic Area (EEA).

7. Property and equipment

Property and equipment are as follows:

	June 30, 2015	June 30, 2014
Total property and equipment	255,952	—
Less: accumulated depreciation	(18,288)	—
Total property and equipment, net	€ 237,664	€ —

Depreciation started in 2011 when the "CE mark" was achieved.

8. Security deposits

Security deposits consist of deposits related to rent contracts.

9. Accounts payable

Accounts payable are as follows:

	June 30, 2015	June 30, 2014
Trade payables	1,110,067	940,979
Accrued payables	241,268	11,945
Total accounts payable	€ 1,351,335	€ 952,924

10. Accrued payroll

Twelve employees have been directly involved in ALF-X as of June 30, 2015 and 2014, and the payroll liabilities are related to pension fund contribution costs.

11. Current tax liabilities

The amount is related to the national security contributions related to the employees and Italian withholding tax.

12. Other current liabilities

Other current liabilities are as follows:

	June 30, 2015	June 30, 2014
Accrued vacations	143,259	113,388
Other liabilities	138,316	116,229
Non-competition agreement	7,763	7,763
Collective employees bonus	—	15,164
Total other current liabilities	€ 289,338	€ 252,544

13. Other long term liabilities

Other long term liabilities include the provision for severance indemnities, set up by the Italian legislation. It provides that at employees' termination date, they will receive a leaving entitlement, called "Trattamento di Fine Rapporto" (TFR).

14. Equity

Net Parent investment represents the support provided by Sofar S.p.A. during 2015 and previous years, in order to develop the ALF-X system capital expenditure and to finance the working capital needs of the Company.

15. Related Party Transactions

On September 21, 2015, TransEnterix International, Inc. completed the acquisition of TransEnterix Italia S.r.l. from Sofar S.p.A. The interactions among the companies are reported in "business description and nature of operations" and "equity" sections.

16. Subsequent Events

Management has evaluated subsequent events through December 3, 2015, the date on which the financial statements were available to be issued. No events were identified that required adjustments to, or disclosure in, the accompanying financial statements.

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

As previously reported in the Current Report on Form 8-K, filed by TransEnterix, Inc. (the “Company” or “TransEnterix”) with the Securities and Exchange Commission (“SEC”) on September 21, 2015 (the “Initial Form 8-K”), TransEnterix entered into a Membership Interest Purchase Agreement, dated September 18, 2015 (the “Purchase Agreement”) with SOFAR S.p.A., (the “Seller”), Vulcanos S.r.l., as the acquired company, and TransEnterix International, Inc., a wholly owned subsidiary of the Company (the “Buyer”). The closing of the transactions contemplated by the Purchase Agreement occurred on September 21, 2015 (the “Closing Date”) pursuant to which the buyer acquired all of the membership interests of the acquired company from the Seller, and changed the name of the acquired company to TransEnterix Italia S.r.l (“TransEnterix Italia”).

On the Closing Date, pursuant to the Purchase Agreement, the Company completed the strategic acquisition from SOFAR S.p.A. of all of the assets, employees and contracts related to the advanced robotic system for minimally invasive laparoscopic surgery known as TELELAP ALF-X (the “Acquisition Transaction”).

Under the terms of the Purchase Agreement, the consideration consisted of the issuance of 15,543,413 shares of the Company’s common stock (the “Securities Consideration”) and approximately US$25,000,000 and €27,500,000 in cash consideration (the “Cash Consideration”). The Securities Consideration was issued in full at closing of the acquisition; the Cash Consideration will be paid in four tranches, with US$25,000,000 paid at closing and the remaining Cash Consideration of €27,500,000 to be paid in three additional tranches based on achievement of negotiated milestones.

The issuance of the Securities Consideration was effected as a private placement of securities under Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and Regulation D promulgated thereunder. The Company entered into a Registration Rights Agreement with the Seller. The disclosure set forth below in Item 3.02 of the Initial Form 8-K relating to the Registration Rights Agreement and the transactions contemplated thereby is hereby incorporated into this item by reference.

Additionally, as previously reported in the Initial Form 8-K, in connection with the Acquisition Transaction, the Company also entered into a Registration Rights Agreement, dated as of September 21, 2015, with the Seller, pursuant to which the Company agreed to register the Securities Consideration shares for resale following the end of the lock-up periods described below.

In connection with the Acquisition Transaction, the Seller entered into a Lock-Up Agreement with the Company pursuant to which the Seller agreed, subject to certain exceptions, not to sell, transfer or otherwise convey any of the Securities Consideration for one year following the Closing Date. The Lock-up Agreement provides that the Seller may sell, transfer or convey: (i) no more than 50% of the Securities Consideration during the period commencing on the one-year anniversary of the Closing Date and ending on the eighteen-month anniversary of the Closing Date; and (ii) no more than 75% of the Securities Consideration during the period commencing on the eighteen-month anniversary of the Closing Date and ending on the two-year anniversary of the Closing Date. The restrictions on transfer contained in the Lock-up Agreement cease to apply to the Securities Consideration following the second anniversary of the Closing Date, or earlier upon certain other conditions.

The foregoing description of the Purchase Agreement, the Registration Rights Agreement and the Lock-Up Agreement is only a summary and is qualified in its entirety by reference to the complete text of the Purchase Agreement, the Registration Rights Agreement and the Lock-Up Agreement, which are filed as Exhibit 2.1, Exhibit 10.3 and Exhibit 10.4, respectively, to the Initial Form 8-K.

The following unaudited pro forma condensed combined financial information is based on the historical financial statements of TransEnterix and TransEnterix Italia after giving effect to the acquisition of TransEnterix Italia by TransEnterix using the acquisition method of accounting in accordance with the Financial Accounting Standards Board’s Accounting Standards Codification Topic 805, *Business Combinations*. The unaudited pro forma condensed combined financial information has been adjusted to give effect to pro forma events that are (i) directly attributable to the transaction, (ii) factually supportable, and (iii) expected to have a continuing impact on the combined results of TransEnterix and TransEnterix Italia.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2014, has been prepared by combining TransEnterix’s consolidated statement of operations for the year ended December 31, 2014, included in TransEnterix’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014, with the carve-out statement of operations of TransEnterix Italia for the year ended December 31, 2014, filed as Exhibit 99.2 to this Form 8-K/A. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2015, has been prepared by combining TransEnterix’s unaudited condensed combined statement of operations for the six months ended June 30, 2015, with the carve-out unaudited condensed statement of operations of TransEnterix Italia for the six months ended June 30, 2015 filed as Exhibit 99.3 to this Form 8-K, Amendment No. 1. The unaudited pro forma condensed combined statements of operations of TransEnterix and TransEnterix Italia for the six months ended June 30, 2015, and the year ended December 31, 2014 give effect to the acquisition as if it had occurred on January 1, 2014. In accordance with Article 11 of Regulation S-X, a pro forma balance sheet is not required as the transactions related to the Acquisition were reflected in the Company’s unaudited September 30, 2015 condensed consolidated balance sheet.

The historical unaudited condensed statements of operations of TransEnterix Italia was translated from the Euro to U.S. Dollars using the average exchange rate for the periods presented. The financial information of TransEnterix Italia has been reclassified to conform with TransEnterix's financial statement presentation.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial condition of TransEnterix that would have been reported had the acquisition been completed as of the date presented, and should not be taken as representative of the future consolidated results of operations or financial condition of TransEnterix. The unaudited pro forma condensed combined financial information does not reflect any operating efficiencies and cost savings or expense that TransEnterix may achieve or incur with respect to the combined companies.

The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial information. In addition, the unaudited pro forma condensed combined financial information should be read in conjunction with:

- the audited financial statements and the accompanying notes of TransEnterix included in TransEnterix's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC on February 20, 2015;
- the unaudited condensed financial statements and the accompanying notes of TransEnterix included in TransEnterix's Quarterly Report on Form 10-Q for the six months ended June 30, 2015 filed with the SEC on August 6, 2015;
- the audited financial statements of TransEnterix Italia as of and for the years ended December 31, 2014 and 2013 filed as Exhibit 99.2 to this Form 8-K, Amendment No. 1 and incorporated herein by reference; and
- the unaudited financial statements of TransEnterix Italia as of June 30, 2015 and for the six months ended June 30, 2015 and 2014 filed as Exhibit 99.3 to this Form 8-K, Amendment No. 1 and incorporated herein by reference.

TransEnterix, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the six months ended June 30, 2015
(in thousands, except per share data)

	Historical			
	TransEnterix	TransEnterix Italia	Pro Forma Adjustments	Pro Forma Combined
Sales	$ —	$ 77	$ —	$ 77
Operating Expenses:				
Cost of goods sold	—	—	—	—
Research and development	14,063	826	—	14,889
General and administrative	3,846	1,551	—	5,397
Sales and marketing	748	—	—	748
Amortization of intellectual property	250	—	4,464(A)	4,714
Total Operating Expenses	18,907	2,377	4,464	25,748
Operating Loss	(18,907)	(2,300)	(4,464)	(25,671)
Other Expense				
Interest Expense, net	(561)	—	—	(561)
Total Other Expense, net	(561)	—	—	(561)
Income tax benefit	—	—	1,228(B)	1,228
Net loss	$ (19,468)	$ (2,300)	$ (3,236)	$(25,004)
Net loss per share - basic and diluted	$ (0.30)			$ (0.31)
Weighted average common shares outstanding - basic and diluted	65,937		15,543	81,480

See accompanying notes to the pro forma condensed combined financial statements.

TransEnterix, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the year ended December 31, 2014
(in thousands, except per share data)

	Historical			
	TransEnterix	TransEnterix Italia	Pro Forma Adjustments	Pro Forma Combined
Sales	$ 401	$ —	$ —	$ 401
Operating Expenses:				
Cost of goods sold	1,095	—	—	1,095
Research and development	27,944	1,388	—	29,332
General and administrative	5,744	3,083	—	8,827
Sales and marketing	1,727	—	—	1,727
Amortization of intellectual property	500	—	8,929(A)	9,429
Total Operating Expenses	37,010	4,471	8,929	50,410
Operating Loss	(36,609)	(4,471)	(8,929)	(50,009)
Other Expense				
Interest Expense, net	(1,043)	—	—	(1,043)
Total Other Expense, net	(1,043)	—	—	(1,043)
Income tax benefit	—	—	2,455(B)	2,455
Net loss	$ (37,652)	$ (4,471)	$ (6,474)	$ (48,597)
Net loss per share - basic and diluted	$ (0.64)			$ (0.65)
Weighted average common shares outstanding - basic and diluted	58,714		15,543	74,257

See accompanying notes to the pro forma condensed combined financial statements.

TransEnterix, Inc.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Description of Transaction

As previously reported in the Current Report on Form 8-K, filed by TransEnterix, Inc. (the "Company" or "TransEnterix") with the Securities and Exchange Commission ("SEC") on September 21, 2015 (the "Initial Form 8-K"), TransEnterix announced that it had entered into a Membership Interest Purchase Agreement, dated September 18, 2015 (the "Purchase Agreement") with SOFAR S.p.A., ("SOFAR" or the "Seller"), Vulcanos S.r.l., as the acquired company, and TransEnterix International, Inc., a wholly owned subsidiary of the Company (the "Buyer"). The closing of the transactions contemplated by the Purchase Agreement occurred on September 21, 2015 (the "Closing Date") pursuant to which the buyer acquired all of the membership interests of the acquired company from the Seller, and changed the name of the acquired company to TransEnterix Italia S.r.l ("TransEnterix Italia").

On September 21, 2015, the Company completed the strategic acquisition, through its wholly owned subsidiary TransEnterix International, from SOFAR, of all of the assets, employees and contracts related to the advanced robotic system for minimally invasive laparoscopic surgery known as the ALF-X System and changed the name of the acquired company from Vulcanos S.r.l. to TransEnterix Italia S.r.l (the "Acquisition Transaction").

Under the terms of the Purchase Agreement, the consideration consisted of the issuance of 15,543,413 shares of the Company's common stock (the "Securities Consideration") and approximately US$25 million and €27.5 million in cash consideration (the "Cash Consideration"). The Securities Consideration was issued in full at the closing of the ALF-X Acquisition; the Cash Consideration was or will be paid in four tranches, as follows:

(1) US$25 million of the Cash Consideration was paid at closing;

(2) The second tranche of the Cash Consideration (the "Second Tranche") of €10 million shall be payable after the achievement of both of the following milestones (i) the earlier of approval from the FDA for the ALF-X System or December 31, 2016, and (ii) the Company having cash on hand of at least US$50 million, or successfully completing a financing, raising at least $50 million in gross proceeds; with payment of simple interest at a rate of 9.0% per annum between the achievement of the first milestone event and the payment date;

(3) The third tranche of the Cash Consideration (the "Third Tranche") of €15 million shall be payable upon achievement of trailing revenues from sales or services contracts of the ALF-X System of at least €25 million over a calendar quarter; and

(4) The fourth tranche of the Cash Consideration of €2.5 million shall be payable by December 31, 2016 as reimbursement for certain debt payments made by SOFAR under an existing SOFAR loan agreement.

The Third Tranche will be payable even if the Second Tranche is not then payable. In addition, the Second Tranche and Third Tranche payments will be accelerated in the event that (i) the Company or TransEnterix International is acquired, (ii) the Company significantly reduces or suspends selling efforts of the ALF-X System, or (iii) the Company acquires a business that offers alternative products that are directly competitive with the ALF-X System.

Under the Purchase Agreement, 10% of the Securities Consideration is being held in escrow to support SOFAR's representations and warranties under the Purchase Agreement. The Company and SOFAR also entered into a Security Agreement, which provides that 10% of the membership interests of TransEnterix Italia have a lien placed thereon by and in favor of SOFAR to support the Company's representations and warranties under the Purchase Agreement. The escrow period and security interest period are each twenty-four months after the closing of the ALF-X Acquisition.

The Purchase Agreement contains customary representations and warranties of the parties and the parties have customary indemnification obligations, which are subject to certain limitations described further in the Purchase Agreement.

Additionally, as previously reported in the Initial Form 8-K , in connection with the ALF-X Acquisition, the Company also entered into a Registration Rights Agreement, dated as of September 21, 2015, with SOFAR, pursuant to which the Company agreed to register the Securities Consideration shares for resale following the end of the lock-up periods described below.

In connection with the ALF-X Acquisition, SOFAR entered into a Lock-Up Agreement with the Company pursuant to which SOFAR agreed, subject to certain exceptions, not to sell, transfer or otherwise convey any of the Securities Consideration for one year following the Closing Date. The Lock-up Agreement provides that SOFAR may sell, transfer or convey: (i) no more than 50% of the Securities Consideration during the period commencing on the one-year anniversary of the Closing Date and ending on the eighteen-month anniversary of the Closing Date; and (ii) no more than 75% of the Securities Consideration during the period commencing on the eighteen-month anniversary of the Closing Date and ending on the two-year anniversary of the Closing Date. The restrictions on transfer contained in the Lock-up Agreement cease to apply to the Securities Consideration following the second anniversary of the Closing Date, or earlier upon certain other conditions.

The ALF-X Acquisition was accounted for as a business combination utilizing the methodology prescribed in ASC 805. The purchase price for the ALF-X Acquisition has been allocated to the assets acquired and liabilities assumed based on their estimated fair values. The purchase price allocation presented herein is preliminary. The final purchase price allocation will be determined after completion of an analysis to determine the fair value of all assets acquired and liabilities assumed, but in no event later than one year following completion of the ALF-X Acquisition. Accordingly, the final acquisition accounting adjustments could differ materially from the preliminary amounts presented herein. Any increase or decrease in the fair value of the assets acquired and liabilities assumed, as compared to the information shown herein, could also change the portion of purchase price allocated to goodwill, and could impact the operating results of the Company following the acquisition due to differences in purchase price allocation, depreciation and amortization related to some of these assets and liabilities.

2. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information was prepared based on historical financial information which was prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission Regulation S-X, and presents the pro forma results of operations of the combined companies based upon the historical data of TransEnterix and TransEnterix Italia. The unaudited pro forma condensed combined statements of operations of TransEnterix and TransEnterix Italia for the six months ended June 30, 2015, and the year ended December 31, 2014 give effect to the acquisition as if it had occurred on January 1, 2014. In accordance with Article 11 of Regulation S-X, a pro forma balance sheet is not required as the transactions related to the Acquisition were reflected in the Company’s unaudited September 30, 2015 condensed consolidated balance sheet.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and are not necessarily indicative of the operating results that would have been achieved had the Acquisition been completed as of the date indicated above or the results that may be attained in the future. The unaudited pro forma condensed combined financial information does not reflect any operating efficiencies and cost savings or expense that TransEnterix may achieve or incur with respect to the combined companies.

The pro forma adjustments represent the Company’s preliminary determination of purchase accounting adjustments and are based upon available information and certain assumptions that the Company believes to be reasonable under the circumstances. The pro forma adjustments and certain assumptions are described in the accompanying notes. The allocation of the purchase price is preliminary and changes are expected as additional information becomes available.

3. Accounting Policies

TransEnterix is currently performing a detailed review of the Company’s accounting policies. As a result of this review, it may become necessary to conform the TransEnterix Italia’s accounting policies to be consistent with the accounting policies of TransEnterix. To date, TransEnterix has not identified any significant differences in accounting policies.

4. Preliminary Purchase Price Allocation

The purchase price for the Acquisition has been allocated to the assets acquired and liabilities assumed for purposes of the unaudited pro forma condensed combined financial information based on their estimated relative fair values. The purchase price allocation herein is preliminary. The final purchase price allocation will be determined after completion of a thorough analysis to determine the fair value of all assets acquired and liabilities assumed but in no event later than one year following completion of the acquisition. Accordingly, the final acquisition accounting adjustments could differ materially from the pro forma adjustments presented herein. Any increase or decrease in the fair value of the assets acquired and liabilities assumed, as compared to the information shown herein, could also change the portion of purchase price allocated to goodwill and could impact the operating results of the Company following the acquisition due to differences in purchase price allocation, depreciation and amortization related to some of these assets and liabilities.

The acquisition-date fair value of the consideration transferred is as follows (in thousands, except per share amounts):

Common shares issued	15,543
Closing price per share of TransEnterix common stock on September 18, 2015	$ 2.81
	$43,677
Cash consideration	25,000
Contingent consideration	24,300
Total consideration	$92,977

Contingent consideration is recorded as a liability and measured at fair value using a discounted cash flow model utilizing significant unobservable inputs including the probability of achieving each of the potential milestones and an estimated discount rate commensurate with the risks of the expected cash flows attributable to the various milestones. The material factors that may impact the fair value of the contingent consideration, and therefore this liability, are the probabilities of achieving the related milestones and the discount rate. Significant increases or decreases in any of the probabilities of success would result in a significantly higher or lower fair value, respectively, and commensurate changes to this liability. The fair value of the contingent consideration, and the associated liability relating to the contingent consideration at each reporting date, will be updated by reflecting the changes in fair value reflected in the Company's statement of operations.

The Acquisition was accounted for as a business combination under the acquisition method of accounting in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"). Accordingly, the tangible assets and identifiable intangible assets acquired and liabilities assumed were recorded at fair value as of the date of acquisition, with the remaining purchase price recorded as goodwill.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the date of acquisition on September 21, 2015 (in thousands):

Accounts receivable	$ 78
Inventories	3,200
Current deferred tax asset	351
Other current assets	4,180
Property and equipment	1,384
Intellectual property	62,500
In-process research and development	22,300
Goodwill	22,315
Total assets acquired	$116,308
Accounts payable and other liabilities	1,915
Long-term deferred tax liabilities	21,416
Net assets acquired	$ 92,977

The purchase price allocation has been prepared on a preliminary basis and is subject to change as additional information becomes available concerning the fair value and tax basis of the assets acquired and liabilities assumed.

In-process research and development ("IPR&D") is principally the estimated fair value of the TransEnterix Italia technology, with assigned values to be allocated among the various IPR&D assets acquired. IPR&D is recorded as an indefinite-lived asset until it is available for commercial use, upon which each applicable IPR&D asset becomes classified as developed technology and is amortized over the estimated period of economic benefit.

Goodwill is calculated as the difference between the acquisition-date fair value of the consideration transferred and the fair values of the assets acquired and liabilities assumed. The goodwill is not expected to be deductible for income tax purposes. Goodwill is recorded as an indefinite-lived asset and is not amortized but tested for impairment on an annual basis or when indications of impairment exist.

5. Pro Forma Adjustments and Assumptions

Utilizing the methodology prescribed in ASC 805, the historical unaudited condensed statements of operations of TransEnterix Italia were translated from the Euro to U.S. Dollars using the average exchange rate of 1.329 for the year ended December 31, 2014 and 1.1165 for the six months ended June 30, 2015.

The pro forma adjustments and assumptions reflected in the unaudited pro forma condensed combined statements of operations represent estimated values and amounts based on available information and do not reflect cost savings that management believes could have resulted had the acquisition been completed as of the date indicated above. The following pro forma adjustments are included in our unaudited pro forma condensed combined financial information:

(A) Adjustment to record amortization of intellectual property with a useful life of approximately 7 years, amortized using the straight-line method.

(B) Adjustment to record income tax benefit as a result of the tax impact of pro forma adjustments. A tax rate of 27.5% has been utilized which reflects the tax rate in Italy.