

CARDIOGENICS HOLDINGS INC.

FORM 10-K (Annual Report)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended October 31, 2015

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission file number: 000-28761

CARDIOGENICS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

88-0380546
(I.R.S. Employer
Identification Number)

6295 Northam Drive, Unit 8, Mississauga, Ontario L4V 1W8

(Address of principal executive offices) (Zip code)

(905) 673-8501

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock—\$0.00001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer or a small. See definition of "large accelerated filer, accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's voting and non-voting common stock held by non-affiliates on February 12, 2016 (based on the closing stock price on the OTC Bulletin Board) on such date was approximately \$2,655,111.

As of February 12, 2016 the Registrant had the following number of shares of its capital stock outstanding: 92,866,724 shares of Common Stock and 1 share of Series 1 Preferred Voting Stock, par value \$0.0001, representing 13 exchangeable shares of the Registrant's subsidiary, CardioGenics ExchangeCo Inc., which are exchangeable into 24,176,927 shares of the Registrant's Common Stock.



CARDIOGENICS HOLDINGS INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015

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PART I

ITEM 1. BUSINESS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “**Securities Act**”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Words such as “may,” “will,” “should,” “estimates,” “predicts,” “potential,” “continue,” “strategy,” “believes,” “anticipates,” “plans,” “expects,” “intends” and similar expressions are intended to identify forward-looking statements. Our discussions relating to our liquidity and capital resources, our business strategy, our competition, and the future of our market segment, our acquisition of CardioGenics Inc., an Ontario Canada corporation (“**CardioGenics**”), among others, contain such statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements.

Our forward-looking statements in this Annual Report on Form 10-K are based on management’s current views and assumptions regarding future events and speak only as of their dates. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws. Unless the context requires otherwise, the terms “we,” “us” and “our” refer to CardioGenics Holdings Inc., our predecessors and subsidiaries. Our acquisition of CardioGenics as discussed in this Annual Report on Form 10-K is sometimes referred to as the “CardioGenics Acquisition.”

COMPANY OVERVIEW

Prior to the CardioGenics Acquisition, our primary business was providing financial and investment information to the investment community which we had been doing since 1989. In July 2009, we consummated the CardioGenics Acquisition and the main focus of our business was changed to the development of products targeting the immunoassay segment of the point-of-care in vitro diagnostic (“IVD”) testing market. In order to better reflect the new focus of our business, we changed our name to CardioGenics Holdings Inc. in October 2009.

CardioGenics was founded in Toronto, Canada in 1997 by Dr. Yahia Gawad to develop technology and products targeting the immunoassay segment of the IVD testing market. These include:

- The QL Care Analyzer (the “**QLCA**”), a state-of-the-art proprietary Point-of-Care (“**POC**”) immunoassay analyzer;
- A series of immunoassay test products to detect cardiac markers (the “**Cardiovascular Tests**”); and,
- Paramagnetic beads developed through its proprietary method, which improves their light collection (the “**Beads**”).

We are a Nevada corporation. Our address is 6295 Northam Drive, Unit 8, Mississauga, Ontario, Canada L4V 1W8, and our telephone number is 905-673-8501.

OUR INDUSTRY

CardioGenics IVD POC Testing Markets

IVD Market

Medical device products include disposable medical supplies, wound-management supplies and diagnostic products. In-Vitro-Diagnostics (“IVD”) is the medical device market segment that includes reagents, diagnostics test products, instrumentations and other related testing products supplied to both clinical and research laboratories. IVD refers to testing outside the body for the identification of disease states, using samples as body fluids (blood, urine) and tissues (biopsies and tissue sections). The IVD is a well-established market, offering essential products used by health care professionals.

According to the report “In Vitro Diagnostics Market (Clinical Chemistry, Immunoassay, Diabetes Testing, Blood Testing, Molecular Diagnostics) – Global Industry Analysis, Size, Share, Growth and Forecast, 2012-2018” published by Transparency Market Research, IVD Market was valued at USD 46.0 billion in 2011 and expected to reach an estimated value of USD 74.2 billion in 2018, growing at a CAGR of 7.1% from 2012 to 2018.

The need for cost containment, an increase in out-patient procedures, technology advancements and the aging population are all contributing factors in driving the high level of IVD growth.

According to the latest Enterprise Analysis Corporation (www.eacorp.com) report in 2013, the world market for IVD products is estimated at USD 52.8 billion in 2012 with an average growth rate of 8.4% in the last preceding 12 years. Further, the market is expected to grow an average of 5.5% over the next 5 years. North America, Europe, Africa, Middle East and Japan make up 86% of the total IVD market.

Point-Of-Care (POC) Testing Market

Point-Of-Care (POC) testing refers to testing performed outside of a centralized facility, with results available within minutes. POC testing is divided into personal use tests, such as pregnancy tests, and professional use tests, that are administered in a physician’s office or hospital emergency ward. Our tests will compete in the professional use testing market sector.

According to the same Enterprise Analysis Corporation report in 2013, the market for the POC is estimated at \$5,346 million with 7% growth over the prior year. It is anticipated that most of the growth will come from increased use of cardiac markers and new assays for cancer markers and diabetes/cardiac disease markers.

There is a wide perception that POC tests are more expensive than lab-based tests and that patient test results are lost to the historical record. There is also the perception that once the patient leaves the acute care area, the baseline POC tests done in that unit are of little value because the POC testing results do not correlate with lab-based systems.

The impact of POC testing on improving patients’ care is clear and has been well documented. Further, the impact of POC testing on saving healthcare resources was also demonstrated by numerous agencies and institutions.

Two critical characteristics are necessary for POC test products to become more prevalent; POC testing results must correlate with lab results and the POC devices must be more consistent and robust in delivering those results.

Immunoassay Market

Immunodiagnostic tests or immunoassays are set apart from other IVD clinical testing methods as they provide specificity. Results obtained can be attached to a specific marker, and therefore a specific disease. The principal behind immunoassays is the Lock and Key Theory; a certain key opens a certain lock but not others.

According to the report of Enterprise Analysis Corporation, the 2012 immunoassay testing market still represents the largest segment of the IVD market by revenue amounting to USD 13.9 billion. The fastest growing segments of the IVD market are Anatomic Pathology (8.3%), Clinical Molecular (7.2%), Point-of-Care (7.0%) and Immunoassay (6.7%). The immunoassays field is now mature. Companies continue to develop new immunoassays and immunoassay instrument platforms to further improve the sensitivity of the assays and expand the potential of immunoassays for the future.

Cardiovascular Disease (CVD) Testing Market

Cardiac markers are proteins released from heart muscle when it is damaged as a result of a heart attack (myocardial infarction), when the blood supply to part of the heart is interrupted. Physicians use cardiac markers in two ways; to diagnose a cardiac event in a hospital emergency room or within the hospital or to evaluate a risk of a cardiovascular event occurring. The routine markers of myocardial infarction – CK-MB, troponin and myoglobin and recently BNP are used in the acute care and tests such as cholesterol are used to evaluate risk.

Until recently, Troponin and CK-MB were the lead cardiac markers. Brain Natriuretic Peptide (BNP) was recently introduced to differentiate between a myocardial infarction and heart failure. A number of companies are focused on developing new cardiac markers.

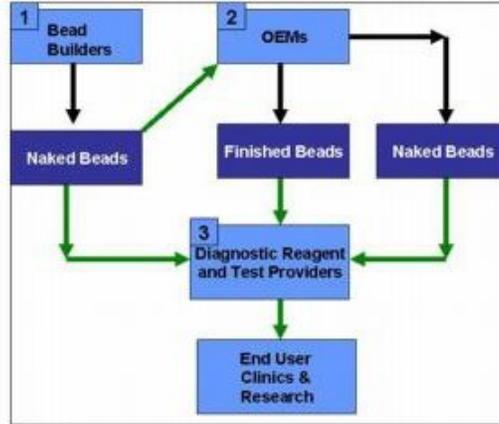
Global tracking of healthcare data indicates that CVD contribute one-third of all global deaths annually. The WHO estimates that global death by CVD will increase by 36 percent over the 20 years 1999-2020. Costs to confront CVD are high, estimated to be USD 313.5 billion in the USA in 2009, growing at a rate of 20%-25% per annum. According to a recently published market report, the market for Cardiac POC products is estimated at approximately USD 2 billion in 2011 and rose by 9% over the prior year. This was driven by the introduction of new products and increased adoption of POC products by both healthcare providers and patients. Despite the many positive aspects of POC testing, the report stresses that there are many key challenges in the marketing of POC products as healthcare providers need evidence that POC diagnostics provide lab-quality results and benefits, in terms of clinical usefulness, convenience and cost in order to adopt them.

As a result of the stated burden of CVD on healthcare costs and providers, there exists an industry-wide need for better testing methods to provide physicians with essential tools to combat this growth. With greater demand from regulatory authorities to provide more accurate testing in a quicker manner, the opportunity is there for a better POC platform.

Magnetic Particles Market

Magnetic particles, or beads, are widely used as the solid phase for binding tests, both immunoassay and DNA binding. Magnetic beads are important for automating and simplifying the methods used for isolation and detection of biomolecules in both research and routine clinical laboratories. Eight of the top ten (10) IVD companies employ magnetic particles in their fully automated analyzers.

An independent 2006 market research report, prepared for CardioGenics by Adventus Research Inc. (the “Adventus Report”) and sponsored by the National Research Council of Canada (NRC), estimated the market for magnetic beads for immunoassays and molecular diagnostics to be approximately \$900 million (between \$833 million and \$1.3 billion). This report of market size estimates did not include magnetic beads produced in-house by some of the IVD test manufacturers or beads produced for research applications. The Adventus Report was conducted using several methods, including interviews with leading particle-manufacturers and the end-users, published industry reports and data from leading IVD manufacturers.



As stated in the Adventus Report, according to Dynal, a leading magnetic beads manufacturer, the largest part of its Molecular Systems’ business is OEM sales of magnetic beads to IVD companies. Dynal stated that “the IVD market is very large and still growing”. Further, the magnetic bead-based part of this market is growing at an even higher rate per year”. According to Dynal, magnetic beads are now the gold standard for immunoassay testing, as opposed to older technologies such as microtitre plate based tests. Nucleic acid testing makes up a smaller portion of the IVD market, but is fast growing (currently USD 2 billion). Magnetic beads are the most common solid phase employed in this market.

Furthermore, according to Dynal, as stated in the Adventus Report, end-user business rather than OEM business (referred to as functionalized and naked beads markets respectively) goes to research and routine laboratories within Genomics, Expression Profiling and Proteomics. The market size for Genomics, including DNA and RNA extraction and purification products was USD 300 million in 2001. According to the same Enterprise Analysis Corporation report in 2013 the market size of molecular diagnostics was estimated to be USD 3.8 billion in 2012.

OUR PRODUCTS

The CardioGenics Products

QL Care Analyzer



The QLCA represents a shift in the design of point-of-care (POC) analyzers. The QLCA is a small, portable, stand-alone and completely automated POC immunoassay analyzer. The QLCA has successfully miniaturized lab. test technology, and combined it with a simplified mechanical design and proprietary triggering mechanism.

The QLCA uses a proprietary self-metering cartridge to perform immunoassay tests at the POC. Each cartridge is pre-loaded with our beads, which have been coated with specific proteins which result in binding the target marker. A few drops of whole blood added to the Cartridge initiate the binding reaction and the chemiluminescent reaction needed to deliver sensitive and accurate test results. Operation of the QLCA does not require specialized training and testing can be completed in 15 minutes.

POC immunoassay analyzers are not new; however, none of the commercial analyzers can replicate the sensitivity and accuracy of a test done in a medical lab. The QLCA was designed specifically to deliver the required laboratory sensitivity and accuracy. The QLCA employs chemical light generation or “chemiluminescence” (“CL”), the same technology used in the centralized medical labs. The QLCA uses a patented automated electronic process to trigger CL, which enhances light collection, speeds up marker binding and increases sensitivity. Further, the QLCA employs several other proprietary technologies to deliver lab-quality test results.

We have rigorously tested the QLCA protocols and have compared our test results against medical laboratory test data. Based on these internal test results, we have consistently met or exceeded the sensitivity standards of medical laboratory immunoassay equipment.

Cardiovascular Tests

To support the use of the QLCA, we have developed four immunoassay tests designed to identify cardiac markers in the blood at the time of a heart attack.

Test	Description
Troponin I (TnI)	<ul style="list-style-type: none"> TnI testing is the current routine testing for a heart attack. TnI is a heart muscle protein, released in the bloodstream shortly after a heart attack (myocardial infarction or MI). Current laboratory analyzers cannot detect TnI before 4-6 hours after the onset of symptoms, when TnI concentration in the blood reaches its detection threshold Our test will take only 15 minutes to deliver quantitative results, allowing physicians to obtain much more rapid results and therefore accelerate patient triage.
Plasminogen Activator Inhibitor Type-1 (PAI-1)	<ul style="list-style-type: none"> This test will help to optimize the performance of a heart drug (“tPA” or tissue Plasminogen Activator), a clot buster used as the first line of therapy for MI patients. This proprietary whole blood test will quantify PAI-1 levels within 15 minutes Forty percent of patients do not respond to tPA, a fact recognized only after the “golden hour” (the time period in which permanent heart damage can be prevented) has passed.
Heart Failure Risk Stratification (HFERS)	<ul style="list-style-type: none"> We have discovered a family of related proteins that are released into the bloodstream during heart failure. We are developing a proprietary test, the Heart Failure Risk Stratification or HFERS test to stratify the risk of death in patients with heart failure, thus permitting the initiation of appropriate therapy at an early stage.
Heart Failure Genomics Risk (HFGR)	<ul style="list-style-type: none"> We are developing a proprietary HFGR test that predicts the response of heart failure patients to routinely administered drugs. The need to measure the precise response to these drugs in a timely manner would minimize the trial and error methods now used by doctors to optimize drugs best suited to each patient.

These tests are designed to be administered during the diagnostic and management process of patients with heart disease. The full scope of our core technologies our self-metering cartridge as well as the know-how we have developed over the years are covered under our patent applications.

Currently, our TnI test product is in the pilot testing phase. Although pilot testing is approximately 50% complete, testing has been suspended until the Company can raise additional funds to cover the remaining costs associated with the pilot testing program. Once the pilot testing is concluded, testing for regulatory approval will be initiated. The filing for U.S. and European regulatory approval is expected before the end of 2016. Upon receipt of FDA approval, we intend to market the QLCA and the Cardiovascular Tests through a major IVD distributor. We have initiated preliminary discussions with several of the Tier 1 IVD companies, and we anticipate that we will commence negotiations with one or more distribution partners before we receive FDA approval. In accordance with industry practice, we intend to enter into a license agreement with our distribution partner for the manufacture and distribution of our products.

Paramagnetic Beads

Clinical and research laboratories use paramagnetic particles as a solid surface in heterogeneous immunoassay tests. Paramagnetic (magnetic) beads are the most common solid phase employed during immunoassays tests in these laboratories. The process of phase separation (separation of the magnetic beads) is done by application of an electromagnetic field. The majority of centralized laboratory testing involve the measurement of light generated on the surface of paramagnetic beads coated with biological material as the outcome of the measurement.



Our Magnetic Beads represent a significant product advance. Most paramagnetic beads are made of iron oxide, and all are traditionally black or brown. We have developed proprietary process for plating the beads with a layer of silver, making them white, and more sensitive to light. Our production process is also significantly less expensive than those used by our competitors. We have internally tested our Beads against all commercially available beads, and have found our silver-coated Beads to be five times more sensitive than traditional black or brown magnetic particles. The results of this testing was presented and published in an international conference.

On January 19, 2009 CardioGenics Inc., one of our Canadian subsidiaries, entered into a Supply, Development & Distribution Agreement with Merck Chimie S.A.S. (“Merck Chimie”) (the “Merck Agreement”), pursuant to which CardioGenics is required to furnish Merck Chimie with certain quantities of CardioGenics’ proprietary silver-coated paramagnetic beads (the “CardioGenics Test Samples”), which Merck Chimie is then required to encapsulate, on a test-basis, using Merck Chimie’s proprietary encapsulation process. After Merck Chimie selects the best encapsulation process, Merck Chimie agreed to then establish the manufacturing parameters for the final encapsulated beads (the “Merck Encapsulated Beads”) and thereafter scale-up production for commercial distribution of the Merck Encapsulated Beads. Currently, Merck Chimie has concluded that magnetic beads encapsulated in CardioGenics meet the product specifications for commercial products. Marketing these magnetic beads has not commenced yet as both Merck Chemie and CardioGenics have not agreed on the terms of the final agreement.

Pursuant to the current executed Merck Agreement, Merck Chimie has the exclusive right, for ten (10) years, to distribute the Merck Encapsulated Beads on a worldwide basis, with CardioGenics receiving 30% of the net sales proceeds of the Merck Encapsulated Beads and Merck receiving 70% of such net sales proceeds. Merck is responsible for manufacturing and distributing the Merck Encapsulated Beads. The Company is in process of renegotiating the agreement with Merck Chimie in order to ensure sale of product.

OUR STRATEGY

The success of our business depends on our ability to obtain the requisite financing and be able to:

- complete the development and testing of our QLCA and our cardiovascular tests;
- obtain FDA approval of our QLCA and the cardiovascular tests;
- develop further tests that can be run on our QLCA;
- commercialize our Beads.

We will require additional funds in order to implement our full business strategy. Accordingly, we will need to raise additional funds through public or private financing, strategic relationships or other arrangements. We do not anticipate generating any significant revenue until after the FDA has approved our OLCA and first cardiovascular test and Merck Chimie initiates commercializing our Beads pursuant to our agreement with them.

Since our strength is product development and innovation, our strategy is focused on exploiting this strength. In terms of product development and innovation, we employ our internal resources to develop our products through the various phases of development. We also rely on external service providers to supplement our internal talents in product development.

We will outsource product manufacturing. In terms of the QLCA, both the cartridge assembly as well as the analyzer assembly will be contracted out to different OEM providers with the facilities and expertise to deliver quality products. We will maintain a quality control process to ensure that the products meet the predetermined specifications.

Product marketing and distribution will be achieved through partnerships with global companies with wide reach. As we have done with our magnetic beads, the QLCA will be marketed by a third party through licensing and distribution agreements. Notwithstanding this strategy, we also intend to evaluate the feasibility of directly marketing our magnetic beads and QLCA to appropriate end-users and may use such direct marketing efforts to supplement the efforts of our future distribution partner(s).

We are also focusing on protecting our intellectual property and know how through maintaining a patent filing process on a global basis as well as maintaining confidentiality agreements with our staff, employees and service providers under contractual agreements.

Although we believe in these strategies, goals and targets, we cannot guarantee that we will be successful in implementing them or that, even if implemented; they will be effective in creating a profitable business. In addition, we are dependent on having sufficient cash to carry out our strategies.

Regulation

CardioGenics Products

Our QL Analyzer, Cartridge and Tests are classified as medical devices. Our beads are reagents of medical testing equipment. Accordingly, they are subject to a number of regulations in the jurisdictions where our products are targeted to be sold.

United States

The testing, production and sale of IVD products are subject to regulation by numerous state and federal government authorities, principally the FDA.

Pursuant to the *U.S. Federal Food, Drug and Cosmetic Act* ("FD&C Act"), the FDA regulates the preclinical and clinical testing, manufacture, labeling, distribution and promotion of medical devices.

Medical devices are classified into three categories, Class I, Class II or Class III. The classification of a device is based on the level of control necessary to assure the safety and effectiveness of the device. Generally, the complexity of the submission and the approval times are based on the regulatory class of the device. Device classification depends on the intended use and also the indications for use of the device. Classification is also based on the risk the device poses to the patient and/or the user. Class I devices include devices with the lowest risk, and Class III devices are those with the greatest risk. Class I devices are subject to general control, Class II devices are subject to general controls and special controls, and Class III devices are subject to general controls and must receive a Premarket Assessment or PMA by the FDA.

Before some Class I and most Class II devices can be introduced in the market, either the manufacturer or distributor of the device is required to follow the pre-market notification process described in section 510(k) of the FD&C Act. A 510(k) is a pre-marketing submission made to the FDA to demonstrate that the device to be marketed is as safe and effective, and is substantially equivalent to a legally marketed device. Applicants must compare their 510(k) device to one or more similar devices currently on the US market and support their claims for substantial equivalency. The FDA requires a rigorous demonstration of substantial equivalency. It generally takes three to six months from submission to obtain 510(k) clearance. If any device cleared through 510(k) is modified or enhanced, or if there is a change of use of the device, a new amended 510(k) application must be submitted.

According to FDA regulations and our management team's prior experiences with submissions of similar products, our QLCA and launch product (TnI) will be classified as a Class II device and will be subjected to the 510(K) process. Further, a second test product of ours (HFRS) will also be subjected to the same 510(K) process. As for both tests, predicate devices are commercially available. For other test products, depending on the claims and with a prior agreement with the FDA, the submissions would be either a PMA or 510(K). We have not yet approached the FDA for that purpose.

Canada

Health Canada sets out the requirements governing the sale, importation and advertisement of medical devices. These regulations are intended to ensure that medical devices distributed in Canada are both safe and effective. We are also required to comply with certain procedures for the disposal of waste products under the Canadian Code of Practice for the Management of Biological Waste (the “Code”). We believe we are currently in compliance with all required Code provisions.

Europe

Our products will be subject to registration under the EU Medical Device Directives for in-vitro diagnostic products.

Other countries

Our products will be subject to the regulations of any country where they are sold, and we will make the necessary applications for approval on a country-by-country basis.

Competition

CardioGenics Competitors

Numerous companies provide Point Of Care (POC) products, many with cardiovascular test offerings. However, in terms of quantitative POC products, few companies operate in this space with marketed devices. These include:

- Biosite Diagnostics Incorporated;
- Response Biomedicals Corp.;
- Roche POC division; and
- i-Stat division of Abbott Diagnostics

The first 2 companies employ fluorescence measurements in their platforms whereas Roche employs both Fluorescence and spectroscopic methods for detection, while i-Stat employs electrochemical testing. We believe that our technology and products in development will offer superior products to the POC market. None of the above companies offer chemiluminescence in its platform, a technology that is well-recognized for its superiority as evidenced by its dominance in the laboratory testing market. We believe that harnessing chemiluminescence in our QLCA will fulfill the clinical demands for fast and accurate quantitative results at patient bedsides.

Research and Development

Our efforts are focused on the development of our QLCA and our cardiovascular tests and the commercialization of our beads. Over the years 2015 and 2014 we incurred net expenses of \$215,790 and \$500,935, respectively, on those efforts.

Website Technical Information

Our CardioGenics website (www.cardiogenics.com) and the website of our wholly owned subsidiary, LuxSpheres (www.luxspheres.com), are maintained by us internally and are hosted by DreamHost, which has hosting facilities located in Brea, California.

Employees

As of October 31, 2015, we had four (4) employees, none of whom have an employment agreement with the Company.

Facilities

See “Item 2.—Properties.”

Legal Proceedings

See “Item 3.—Legal Proceedings.”

Where You Can Find More Information About Us

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read and copy any of this information at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 on official business days during the hours of 10:00 a.m. to 3:00 p.m. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. This information is also available from the SEC’s website at <http://www.sec.gov>. We will also gladly send any filing to you upon your written request to Dr. Yahia Gawad, our Chief Executive Officer, at 6295 Northam Drive, Unit 8, Mississauga, Ontario L4V 1W8.

Acquisition of Plasticap

On November 4, 2015, the Company, through 2489528 Ontario Inc., an Ontario corporation and indirect subsidiary of the Company (“Acquisition Sub”), (together, the “Buyers”) Plasticap Corporation, an Ontario corporation (“Plasticap”) and 1731861 Ontario Inc., an Ontario corporation (“173 Corp”) entered into an asset purchase agreement, dated as of November 2, 2015, pursuant to which Acquisition Sub was to acquire all of the assets of Plasticap and 173 Corp (collectively, the “Sellers”) (the “Asset Purchase Agreement”).

In consideration for the sale of the assets by the Sellers, the Company is to issue to Sellers, or their nominees (i) a convertible debt instrument, in the original principal amount of ten million Canadian dollars (CDN\$10,000,000), which shall bear interest at a rate of 8% (the “Convertible Debt”); (ii) twenty million (20,000,000) shares of the Company’s common stock, par value \$0.00001 (the “Common Stock”), which shares shall not be registered for resale by the Company and shall be subject to the rights and restrictions of Rule 144 of the Securities Act of 1933 (“Rule 144”); and (iii) a warrant to purchase ten million (10,000,000) shares of Common Stock, which warrant shall have a term of three (3) years, be exercisable on a net cashless basis at an exercise price of \$0.50 per share, not be registered for resale by Buyer and be subject to the rights and restrictions of Rule 144 (the “Warrant”). In addition, Acquisition Sub will assume two million nine-hundred thousand Canadian dollars (CDN \$2,900,000) in secured debt from Sellers (the “Secured Debt”) as part of the consideration.

The Asset Purchase Agreement contains customary representations and warranties from the parties. Acquisition Sub and 173 Corp also agreed to various post-closing undertakings described below.

On November 4, 2015 and subject to post-closing undertakings, the Company, Acquisition Sub and the Sellers closed the sale and purchase of all of the assets of Sellers by Acquisition Sub, pursuant to the terms of the Asset Purchase Agreement. The assets acquired by Acquisition Sub comprised all of the assets of Sellers, which include, among others, the “Plasticap” trademark, all furnishings, fixtures and equipment related to Plasticap’s specialty cap and closure manufacturing business and all of the Sellers’ customer contracts, all as more particularly set forth in the Asset Purchase Agreement.

As part of the closing, Acquisition Sub and 173 Corp agreed to various post-closing undertakings. The following undertakings have yet to be completed and hence the sale has not closed and the notes and warrants noted above have not been issued, nor has the CDN \$2,900,000 secured debt been assumed:

- (i) 173 Corp undertakes that by January 31, 2016 it shall pay all the outstanding indebtedness of Bibby Financial Services located at 4 Robert Speck Parkway, Unit 310, Mississauga, ON, L4Z 1S1.
- (ii) Following the fulfilment of the undertaking specified in paragraph (i), which shall be considered fulfilled upon 173 Corp providing Acquisition Sub with a copy of the cheque payable to Bibby Financial Services for the full amount of the indebtedness, 173 Corp undertakes to provide Acquisition Sub, or as it directs, with a full and comprehensive release against any future claims Bibby Financial Services may have and a full indemnity against any future claims.
- (iii) Acquisition Sub undertakes that it will advance up to fifty thousand Canadian dollars (CDN\$50,000) as a deposit against any outstanding claims Jacob Van Halteran may have through any security interests duly registered on any of the Sellers' assets and that Sellers shall provide a full and comprehensive release of those security interests other than any rights that may be asserted under the Asset Purchase Agreement specifying any assumed liabilities.
- (iv) A Seller's lender will be paid fifty thousand Canadian dollars (CDN\$50,000) against the debt in 173 Corp.
- (v) Acquisition Sub undertakes to pay from earnings received from time-to-time from its primary customer contract, based on a calculation of 50% before interest, taxes, depreciation and amortization, amounts to reduce the principle amount of the Secured Debt to zero by December 31, 2018. In the event, a residual balance exists, a balloon payment will be made to complete the payment. After Acquisition Sub completes the payment obligation, the Sellers undertake, acknowledge and agree that the Acquisition Sub shall have no further responsibility to make any further payments on the balance of the Secured Debt.
- (vi) Acquisition Sub and 1646813 Ontario Limited undertake to enter into a new lease agreement for the premises located at 177 Crosby Avenue, Richmond Hill, Ontario, effective November 2015, with an option for Acquisition Sub to purchase the premises on the following terms:

The term of the lease will be 5 years, with an option for an additional 5 years. Acquisition Sub has the option to acquire the building until January 15, 2016, through a purchase of all of the outstanding shares of 1646813 Ontario Limited, the owner of the real property and subject to refinancing the existing mortgages. In the event Acquisition Sub does not exercise the option, the lease shall remain in force for the duration of the lease and the Convertible Debt will be reduced by one million (CDN\$1,000,000.00) Canadian dollars.

The option for acquiring the real property has expired and therefore not in consideration any more. Further, the legal position of both parties is being disputed and has currently not concluded. There are no guarantees that this acquisition will be consummated and if it does, the terms might be different than stated above.

The Company has advanced/loaned \$288,126 to Acquisition Sub, Plasticap or 173 Corp. from November 4, 2015 to February 12, 2016. The Company is confident of collection of these advances/loans should the acquisition not be consummated.

ITEM 1A. RISK FACTORS

Risks Related to Our Business and Industry

The requirements of being a public company may strain our resources and distract our management

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. These requirements place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls for financial reporting. Management has identified the following material weaknesses in our internal controls over financial reporting; 1) lack of documented policies and procedures; 2) lack of resources to account for complex and unusual transactions; 3) there is no effective separation of duties, which includes monitoring controls, between the members of management; and 4) lack of effective review of consolidated financial statements.

We are also required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal controls over financial reporting. If we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with the Sarbanes-Oxley Act.

In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, and we cannot assure you that we will be able to do so in a timely fashion.

We have not earned any material revenues in our CardioGenics business unit since its incorporation and only have a limited operating history in its current business, which raise doubt about our ability to continue as a going concern.

Our CardioGenics business unit has a limited operating history in its current business and must be considered in the development stage. It has not generated any material revenues since its inception and we will, in all likelihood, continue to incur operating expenses without significant revenues until we complete development of our Cardiovascular Tests and commercialize our QLCA and the Cardiovascular Tests. The primary source of funds for our CardioGenics business unit has been the sale of debt and common stock. We cannot assure that we will be able to generate any significant revenues or income. These circumstances make us dependent on additional financial support until profitability is achieved. There is no assurance that we will ever be profitable and we have not yet achieved profitable operations. These factors raise substantial doubt that we will be able to continue as a going concern.

Our independent registered accounting firm, in their audit report related to our financial statements for the fiscal year ended October 31, 2015, expressed substantial doubt about our ability to continue as a going concern

As a result of our continued losses, our independent registered public accounting firm has included an explanatory paragraph in its report on our financial statements for the fiscal year ended October 31, 2015, expressing substantial doubt as to our ability to continue as a going concern. The inclusion of the going concern explanatory paragraph in the report of our independent registered public accounting firm may make it more difficult for us to secure additional financing or enter into strategic relationships on terms acceptable to us, if at all, and may materially and adversely affect the terms of any financing that we may obtain.

We need to raise additional financing to support the research and development of our CardioGenics business but we cannot be sure that we will be able to obtain additional financing on terms favorable to us when needed. If we are unable to obtain additional financing to meet our needs, our operations may be adversely affected or terminated.

Our ability to develop new test products for our QLCA is dependent upon our ability to raise significant additional financing when needed. If we are unable to obtain such financing, we will not be able to fully develop and commercialize our platform and technology. Our future capital requirements will depend upon many factors, including:

- continued scientific progress in our research and development programs;
- cost and timing of conducting clinical trials and seeking regulatory approvals and patent prosecutions;
- competing technological and market developments;
- our ability to establish additional collaborative relationships; and
- the effect of commercialization activities and facility expansions if and as required.

We have limited financial resources and to date, no material cash flow from the operations of our CardioGenics business unit and we are dependent for funds on our ability to sell our common stock, primarily on a private placement basis. There can be no assurance that we will be able to obtain financing on that basis in light of factors such as the market demand for our securities, the state of financial markets generally and other relevant factors. Any sale of our common stock in the future will result in dilution to existing stockholders. Furthermore, there is no assurance that we will not incur debt in the future, that we will have sufficient funds to repay any future indebtedness or that we will not default on our future debts, jeopardizing our business viability. Finally, we may not be able to borrow or raise additional capital in the future to meet our needs or to otherwise provide the capital necessary to continue the development of our technology, which might result in the loss of some or all of your investment in our common stock.

We may acquire other businesses, license rights to technologies or products, form alliances, or dispose of or spin-off businesses, which could cause us to incur significant expenses and could negatively affect profitability.

We may pursue acquisitions, technology licensing arrangements, and strategic alliances, or dispose of or spin-off some of our businesses, as part of our business strategy. We may not complete these transactions in a timely manner, on a cost-effective basis, or at all, and may not realize the expected benefits. If we are successful in making an acquisition, the products and technologies that are acquired may not be successful or may require significantly greater resources and investments than originally anticipated. We may not be able to integrate acquisitions successfully into our existing business and could incur or assume significant debt and unknown or contingent liabilities. We could also experience negative effects on our reported results of operations from acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for impairment of long-term assets.

The expiration or loss of patent protection and licenses may affect our future revenues and operating income.

Much of our business relies on patent and trademark and other intellectual property protection. Although most of the challenges to our intellectual property would likely come from other businesses, governments may also challenge intellectual property protections. To the extent our intellectual property is successfully challenged, invalidated, or circumvented or to the extent it does not allow us to compete effectively, our business will suffer. To the extent that countries do not enforce our intellectual property rights or to the extent that countries require compulsory licensing of our intellectual property, our future revenues and operating income will be reduced.

Competitors' intellectual property may prevent us from selling our products or have a material adverse effect on our future profitability and financial condition.

Competitors may claim that one or more of our products infringe upon their intellectual property. Resolving an intellectual property infringement claim can be costly and time consuming and may require us to enter into license agreements. We cannot guarantee that we would be able to obtain license agreements on commercially reasonable terms. A successful claim of patent or other intellectual property infringement could subject us to significant damages or an injunction preventing the manufacture, sale or use of our affected products. Any of these events could have a material adverse effect on our profitability and financial condition.

We may not be able to adequately protect our intellectual property

We believe the patents, trade secrets and other intellectual property we use are important to our business, and any unauthorized use of such intellectual property by third parties may adversely affect our business and reputation. We rely on the intellectual property laws and contractual arrangements with our employees, business partners and others to protect such intellectual property rights. Filing, prosecuting, defending and enforcing patents on all of our technologies and products throughout the world would be prohibitively expensive. Competitors may, without our authorization, use our intellectual property to develop their own competing technologies and products in jurisdictions where we have not obtained patent protection. These technologies and products may not be covered by any of our patent claims or other intellectual property rights. Furthermore, the validity, enforceability and scope of protection of intellectual property in some countries where we may conduct business is uncertain and still evolving, and these laws may not protect intellectual property rights to the same extent as the laws of the United States.

Many companies have encountered significant problems in protecting and defending their intellectual property rights in foreign jurisdictions. Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties (for example, the patent owner has failed to “work” the invention in that country or the third party has patented improvements). In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the patent. Moreover, litigation involving patent or other intellectual property matters in the United States or in foreign countries may be necessary in the future to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources, and have a material adverse effect on our business, financial condition and results of operations.

We are subject to numerous governmental regulations and it can be costly to comply with these regulations and to develop compliant products and processes.

Our products are subject to regulation by the U.S. Food and Drug Administration (“FDA”), and numerous international, federal, and state authorities. The process of obtaining regulatory approvals to market a medical device can be costly and time-consuming, and approvals might not be granted for future products, or additional uses of existing products, on a timely basis, if at all. Delays in the receipt of, or failure to obtain approvals for, future products, or additional uses of existing products, could result in delayed realization of product revenues, reduction in revenues, and in substantial additional costs. In particular, in the United States our products are regulated under the 1976 Medical Device Amendments to the Food, Drug and Cosmetic Act, which is administered by the FDA. We believe that the FDA will classify our products as “Class II” devices, thus requiring us to submit to the FDA a pre-market notification form or 510(k). The FDA uses the 510(k) to substantiate product claims that are made by medical device manufacturers prior to marketing. In our 510(k) notification, we must, among other things, establish that the product we plan to market is “substantially equivalent” to (1) a product that was on the market prior to the adoption of the 1976 Medical Device Amendment or (2) a product that the FDA has previously cleared.

The FDA review process of a 510(k) notification can last anywhere from three to six months or even longer, and the FDA must issue a written order finding “substantial equivalence” before a company can market a medical device. We are currently developing a group of cardiovascular tests that we will have to clear with the FDA through the 510(k) notification procedures. These test products are crucial for our success and if we do not receive 510(k) clearance for a particular product, we will not be able to market these products in the United States, which will have a material adverse effect on our revenues, profitability and financial condition.

In addition, no assurance can be given that we will remain in compliance with applicable FDA and other regulatory requirements once clearance or approval has been obtained for a product. We must incur expense and spend time and effort to ensure compliance with these complex regulations. Possible regulatory actions could include warning letters, fines, damages, injunctions, civil penalties, recalls, seizures of our products and criminal prosecution. These actions could result in, among other things: substantial modifications to our business practices and operations; refunds, recalls, or seizures of our products; a total or partial shutdown of production while we or our suppliers remedy the alleged violation; the inability to obtain future pre-market clearances or approvals; and, withdrawals or suspensions of current products from the market. Any of these events could disrupt our business and have a material adverse effect on our revenues, profitability and financial condition.

Changes in third-party payor reimbursement regulations can negatively affect our business.

By regulating the maximum amount of reimbursement they will provide for blood testing services, third-party payors, such as HMOs, pay-per-service insurance plans, Medicare and Medicaid, can indirectly affect the pricing or the relative attractiveness of our diagnostic products. For example, the Centers for Medicare and Medicaid Services set the level of reimbursement of fees for blood testing services for Medicare beneficiaries. If third-party payors decrease the reimbursement amounts for blood testing services, it may decrease the amount that physicians and hospitals are able to charge patients for such services. Consequently, we would either need to charge less for our products or incur a reduction in our profit margins. If the government and third-party payors do not provide for adequate coverage and reimbursement levels to allow health care providers to use our products, the demand for our products will decrease.

Laws and regulations affecting government benefit programs could impose new obligations on us, require us to change our business practices, and restrict our operations in the future.

Our industry is also subject to various federal, state, and international laws and regulations pertaining to government benefit program reimbursement, price reporting and regulation, and health care fraud and abuse, including anti-kickback and false claims laws, the Medicaid Rebate Statute, the Veterans Health Care Act, and individual state laws relating to pricing and sales and marketing practices. Violations of these laws may be punishable by criminal and/or civil sanctions, including, in some instances, substantial fines, imprisonment, and exclusion from participation in federal and state health care programs, including Medicare, Medicaid, and Veterans Administration health programs. These laws and regulations are broad in scope and they are subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or to alter one or more of our sales or marketing practices. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our revenues, profitability, and financial condition.

Our research and development efforts may not succeed in developing commercially successful products and technologies, which may cause our revenue and profitability to decline.

To remain competitive, we must continue to launch new products and technologies. To accomplish this, we must commit substantial efforts, funds, and other resources to research and development. A high rate of failure is inherent in the research and development of new products and technologies. We must make ongoing substantial expenditures without any assurance that its efforts will be commercially successful. Failure can occur at any point in the process, including after significant funds have been invested.

Promising new product candidates may fail to reach the market or may only have limited commercial success because of efficacy or safety concerns, failure to achieve positive clinical outcomes, inability to obtain necessary regulatory approvals, limited scope of approved uses, excessive costs to manufacture, the failure to establish or maintain intellectual property rights, or infringement of the intellectual property rights of others. Even if we successfully develop new products or enhancements or new generations of our existing products, they may be quickly rendered obsolete by changing customer preferences, changing industry standards, or competitors' innovations. Innovations may not be accepted quickly in the marketplace because of, among other things, entrenched patterns of clinical practice or uncertainty over third-party reimbursement. We cannot state with certainty when or whether any of our products under development will be launched or whether any products will be commercially successful. Failure to launch successful new products or new uses for existing products may cause our products to become obsolete, causing our revenues and operating results to suffer.

New products and technological advances by our competitors may negatively affect our results of operations.

Our products face intense competition from our competitors' products. Competitors' products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than our products. We cannot predict with certainty the timing or impact of the introduction of competitors' products.

We depend on key members of our management and scientific staff and, if we fail to retain and recruit qualified individuals, our ability to execute our business strategy and generate sales would be harmed.

We are highly dependent on the principal members of our management and scientific staff. The loss of any of these key personnel, including in particular Dr. Yahia Gawad, our Chief Executive Officer, might impede the achievement of our business objectives. We may not be able to continue to attract and retain skilled and experienced scientific, marketing and manufacturing personnel on acceptable terms in the future because numerous medical products and other high technology companies compete for the services of these qualified individuals. We currently do not maintain key man life insurance on any of our employees.

The manufacture of many of our products is a highly exacting and complex process, and if we or one of our suppliers encounter problems manufacturing products, our business could suffer.

The manufacture of many of our products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, natural disasters, and environmental factors. In addition, we may use single suppliers for certain products and materials. If problems arise during the production of a batch of product, that batch of product may have to be discarded. This could, among other things, lead to increased costs, lost revenue, damage to customer relations, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. To the extent we or one of our suppliers experience significant manufacturing problems, this could have a material adverse effect on our revenues and profitability.

Significant safety issues could arise for our products, which could have a material adverse effect on our revenues and financial condition.

All medical devices receive regulatory approval based on data obtained in controlled testing environments of limited duration. Following regulatory approval, these products will be used over longer periods of time with many patients. If new safety issues arise, we may be required to change the conditions of use for a product. For example, we may be required to provide additional warnings on a product's label or narrow its approved use, either of which could reduce the product's market acceptance. If serious safety issues with one of our products arise, sales of the product could be halted by us or by regulatory authorities. Safety issues affecting suppliers' or competitors' products also may reduce the market acceptance of our products.

In addition, in the ordinary course of business, we may be the subject of product liability claims and lawsuits alleging that our products or the products of other companies that we promote, or may be incorporated in our products, have resulted or could result in an unsafe condition for or injury to patients. Product liability claims and lawsuits and safety alerts or product recalls, regardless of their ultimate outcome, may have a material adverse effect on our business, reputation and financial condition, as well as on our ability to attract and retain customers. Product liability losses are self-insured.

The international nature of our business subjects us to additional business risks that may cause our revenue and profitability to decline.

Since we intend to market our products internationally, our business will be subject to risks associated with doing business internationally. The risks associated with any such operations outside the United States include:

- changes in foreign medical reimbursement policies and programs;
- multiple foreign regulatory requirements that are subject to change and that could restrict our ability to manufacture, market, and sell our products;
- differing local product preferences and product requirements;
- trade protection measures and import or export licensing requirements;
- difficulty in establishing, staffing, and managing foreign operations;
- differing labor regulations;
- potentially negative consequences from changes in or interpretations of tax laws;
- political and economic instability;
- inflation, recession and fluctuations in foreign currency exchange and interest rates; and,
- compulsory licensing or diminished protection of intellectual property.

These risks may, individually or in the aggregate, have a material adverse effect on our revenues and profitability.

Other factors can have a material adverse effect on our future profitability and financial condition.

Many other factors can affect our profitability and financial condition, including:

- Changes in or interpretations of laws and regulations including changes in accounting standards, taxation requirements and environmental laws in domestic or foreign jurisdictions.
- Changes in the rate of inflation (including the cost of raw materials, commodities, and supplies), interest rates and the performance of investments held by us.
- Changes in the creditworthiness of counterparties that transact business with or provide services to us or to our distributors.
- Changes in business, economic, and political conditions, including: war, political instability, terrorist attacks in the U.S. and other parts of the world, the threat of future terrorist activity in the U.S. and other parts of the world and related military action; natural disasters; the cost and availability of insurance due to any of the foregoing events; labor disputes, strikes, slow-downs, or other forms of labor or union activity; and, pressure from third-party interest groups.
- Changes in our business units and investments and changes in the relative and absolute contribution of each to earnings and cash flow resulting from evolving business strategies, changing product mix, changes in tax rates both in the U.S. and abroad and opportunities existing now or in the future.
- Changes in the buying patterns of a major distributor, retailer, or wholesale customer resulting from buyer purchasing decisions, pricing, seasonality, or other factors, or other problems with licensors, suppliers, distributors, and business partners.
- Difficulties related to our information technology systems, any of which could adversely affect business operations, including any significant breakdown, invasion, destruction, or interruption of these systems.

- Changes in credit markets impacting our ability to obtain financing for our business operations.
- Legal difficulties, any of which could preclude or delay commercialization of products or adversely affect profitability, including claims asserting statutory or regulatory violations, adverse litigation decisions, and issues regarding compliance with any governmental consent decree.

Risks Related to Our Capital Structure

Our stockholders may experience significant dilution from the exercise of warrants to purchase shares of our Common Stock.

The Company currently has outstanding warrants to purchase 8,457,500 shares of our Common Stock at exercise prices ranging from \$0.10 to \$1.00 per share. Further, outstanding notes are convertible into 7,832,026 shares of common stock as of October 31, 2015. Accordingly, if such warrants are exercised, in whole or in part, prior to their expiration dates, you may experience substantial dilution upon exercise of these warrants. In addition, the likelihood of such dilution may be accelerated if the price of our Common Stock increases to a level greater than the exercise price of these warrants.

Future Issuance of Our Common Stock Could Dilute Current Stockholder or Adversely Affect the Market.

Future issuances of our common stock could be at values substantially below the price paid by the current holders of our common stock. In addition, common stock could be issued to fend off unwanted tender offers or hostile takeovers without further stockholder approval. Sales of substantial amounts of our common stock in the public market, or even just the prospect of such sales, could depress the prevailing market price of our common stock and our ability to raise equity capital in the future.

The market for our common stock is limited.

Our common stock is traded on the OTC Bulletin Board. Trading activity in our stock has fluctuated and at times been limited. We cannot guarantee that a consistently active trading market for our stock will continue, especially while we remain on the OTC Bulletin Board.

Shares eligible for future sale may adversely affect the market price of our common stock.

From time to time, certain of our stockholders may be eligible to sell some or all of their shares of our common stock by means of ordinary brokerage transactions in the open market pursuant to Rule 144, promulgated under the Securities Act, subject to certain limitations. In general, pursuant to Rule 144, non-affiliate stockholders may sell freely after six months subject only to the current public information requirement (which disappears after one year). Affiliates may sell after six months subject to the Rule 144 volume, manner of sale, current public information and notice requirements. The eventual availability for sale of substantial amounts of our common stock under Rule 144 could adversely affect prevailing market prices for our securities and cause you to lose most, if not all, of your investment in our business.

We expect volatility in the price of our common stock, which may subject us to securities litigation and thereby divert our resources which may materially affect our profitability and results of operations or force us to cease operations.

The market for our common stock may be characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and liabilities, could divert management's attention and resources, and could ultimately force us to cease operations whereby you could lose your entire investment.

Because our common stock currently trades below \$5.00 per share and is quoted on the OTCBB, our common stock is considered by the SEC to be a "penny stock," which adversely affects our liquidity.

Our common stock does not currently qualify for listing on any national securities exchange, and we do not anticipate that it will qualify for such a listing in the short-term future. If our common stock continues to be quoted on the OTC Bulletin Board or is traded on the Pink Sheets or other over-the-counter markets, and if the trading price of our common stock remains less than \$5.00 per share, our common stock is considered a "penny stock," and trading in our common stock is subject to the requirements of Rule 15c-9 under the Exchange Act. Under this rule, brokers or dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements. The broker or dealer must make an individualized written suitability determination for the purchaser and receive the purchaser's written consent prior to the transaction. SEC regulations also require additional disclosure in connection with any trades involving a penny stock, including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and its associated risks. These requirements could severely limit the liquidity of such securities in the secondary market because few brokers or dealers are likely to undertake these compliance activities. In addition to the applicability of the penny stock rules, another risk associated with trading in penny stocks may be large price fluctuations.

Our amended charter contains provisions that may discourage an unaffiliated party to take us over.

Without further stockholder action, our Board of Directors could authorize the issuance of additional shares of our common stock as well as preferred stock with special voting rights by class or with more than one vote per share, to a "white knight" in order to deter a potential buyer. This might have the effect of preventing or discouraging an attempt by a party unable to obtain the approval of our Board of Directors to take over or otherwise gain control of us.

Terms of subsequent financings may adversely impact your investment .

We may have to raise equity, debt or preferred stock financing in the future. Your rights and the value of your investment in our Common Shares could be reduced. For example, if we issue secured debt securities, the holders of the debt would have a claim against our assets that would be prior to the rights of stockholders until the debt is paid. Interest on these debt securities would increase costs and negatively impact operating results.

Preferred stock could be issued in series from time to time with such designations, rights, preferences, and limitations as needed to raise capital. The terms of preferred stock could be more advantageous to those investors than to the holders of our Common Shares. Our articles of incorporation do not provide stockholders the pre-emptive right to buy shares from the company. As a result, you will not have the automatic ability to avoid dilution in your percentage ownership of the company.

It is not likely that we will pay dividends on the common stock or any other class of stock

We intend to retain any future earnings for the operation and expansion of our business. We do not anticipate paying cash dividends on our common stock, or any other class of stock, in the foreseeable future. Stockholders should look solely to appreciation in the market price of our Common Shares to obtain a return on investment.

Our stockholders ownership of our common stock may be in doubt due to possible naked short selling of our common stock.

We believe, but cannot confirm, that speculators may have engaged in a practice commonly known as a “naked short” sale of our common stock, which means that certain brokers may be permitting their short selling customers to sell shares of our common stock that their customers do not own and may have failed to borrow and therefore deliver the shares sold to the purchaser of the shares. We have from time to time been included by NASDAQ on the Regulation SHO Threshold Security List, which is indicative of a significant amount of naked shorting in the stock. Because naked shorting may result in an artificial depression of our stock price, our stockholders could lose all or part of their investment in our common stock. As a result of this naked short selling, there may be a substantial number of purchasers who believe they are our stockholders, but who in fact would not be stockholders since their brokers may never have received any shares of our common stock for their account. In addition, investors who believe they are our stockholders may not have received a stock dividend to which they are entitled or may have been deprived of the right to vote some or all of their shares.

We are classified as an “emerging growth company” as well as a “smaller reporting company” and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies will make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We could remain an “emerging growth company” for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

Notwithstanding the above, we are also currently a smaller reporting company. In the event that we are still considered a smaller reporting company, at such time we ceased being an emerging growth company, the disclosure we will be required to provide in our SEC filings will increase, but will still be less than it would be if we were not considered either an emerging growth company or a smaller reporting company. Specifically, similar to other emerging growth companies, a smaller reporting companies are able to provide simplified executive compensation disclosures in their filings; are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in their SEC filings. Decreased disclosures in our SEC filings due to our status as an emerging growth company or a smaller reporting company may make it harder for investors to analyze our results of operations and financial prospects.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

Our executive and administrative headquarters are currently located at 6295 Northam Drive, Units 7, 8, and 9 Mississauga, Ontario L4V 1W8 Canada. We rent this space at a cost of US\$ 49,891 per year.

The servers for our websites are housed at separate locations as described above. See *“Item 1.—Business—Website Technical Information.”* We believe that our facilities are adequate for our current needs and that, if our lease is not renewed on commercially reasonable terms, we will be able to locate suitable new office space and obtain a suitable replacement for our executive and administrative headquarters.

ITEM 3. LEGAL PROCEEDINGS

On April 22, 2009, CardioGenics was served with a statement of claim in the Province of Ontario, Canada, from a prior contractor claiming compensation for wrongful dismissal and ancillary causes of action including payment of monies in realization of his investment in CardioGenics, with an aggregate claim of \$514,000 (the “Lawsuit”). On January 3, 2014 the Company settled the Lawsuit for an amount equal to \$10,000 plus 700,000 common shares.

ITEM 4. MINE SAFETY DISCLOSURES

None

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF SECURITIES

For the period covered below, our common stock was traded on the OTC Bulletin Board under the symbol CGNH. The following table reflects the reported quarterly high and low sales prices of our common stock from November 1, 2013 through October 31, 2015. Such prices are inter-dealer quotations without retail mark-ups, mark-downs or commissions, and may not represent actual transactions

Fiscal Year Ending October 31, 2015

<i>Quarter Ended</i>	High \$	Low \$
October 31, 2015	0.05	0.02
July 31, 2015	0.05	0.01
April 30, 2015	0.08	0.01
January 31, 2015	0.10	0.01

Fiscal Year Ending October 31, 2014

<i>Quarter Ended</i>	High \$	Low \$
October 31, 2014	0.20	0.08
July 31, 2014	0.20	0.10
April 30, 2014	0.24	0.13
January 31, 2014	0.35	0.17

On February 12, 2016, the closing bid price for our common stock was \$0.03.

As of February 12, 2016, there were 92,866,724 shares of our common stock outstanding. There was also outstanding 1 share of Series 1 Preferred Voting Stock, par value \$0.0001, representing 13 Exchangeable Shares, which are exchangeable into 24,176,927 shares of our common stock.

As of February 12, 2016, there were 1,885 stockholders of record of our common stock. This number does not include stockholders for whom shares were held in "nominee" or "street" name. Our transfer agent is Transfer Online. The transfer agent's address is 512 SE Salmon Street, Portland, OR 97214-3444.

Dividend Policy

We have never paid any cash dividends on our common stock and anticipate that, for the foreseeable future, no cash dividends will be paid on our common stock.

Equity Compensation Plans Information

See the information provided under "Item 12.—Security Ownership of Certain Beneficial Owners and Related Stockholder Matters—Equity Compensation Plan Information."

Recent Sales of Unregistered Securities

None

Purchases of Equity Securities

There were no repurchases made for any class or series of securities in a month within the fourth quarter of the fiscal year ended October 31, 2015.

ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

This annual report contains forward-looking statements relating to future events or our future financial performance. In some cases you can identify forward-looking statements by terminology such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. You should not place reliance on these statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

In this annual report unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common shares" refer to the common shares of our capital stock.

The management's discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The financial statements contained herein include the results CardioGenics, Inc. and its subsidiaries ("CardioGenics, Inc.") and CardioGenics Holdings, Inc. and its subsidiaries ("CardioGenics Holdings, Inc.") (the latter from July 31, 2009, date of acquisition) which are collectively referred to as the "Company" or "CardioGenics".

CardioGenics develops technology and products targeting the immunoassay segment of the *In-Vitro Diagnostic* testing market. CardioGenics has developed the QL Care Analyzer, a proprietary point-of-care immuno-analyzer, which will run a number of diagnostic tests under development by CardioGenics, the first of which will be a series of cardiovascular diagnostic tests. As part of its core proprietary technology, CardioGenics has also developed a proprietary method for silver coating paramagnetic microspheres (a fundamental platform component of immunoassay equipment), which improve instrument sensitivity to light. CardioGenics' principal offices are located in Mississauga, Ontario, Canada.

Results of Operations for the Years Ended October 31, 2015 and October 31, 2014

The following table sets forth the Company's results of operations for the years ended October 31, 2015 and October 31, 2014:

	For the Years Ended October 31,	
	2015	2014
Revenue	\$ —	\$ —
Operating Expenses		
Depreciation and Amortization of Property and Equipment	7,519	10,803
Amortization of Patent Application Costs	7,248	10,300
General and Administrative	541,585	451,468
Research and Product Development	215,790	500,935
Total operating expenses	<u>772,142</u>	<u>973,506</u>
Operating Loss	<u>(772,142)</u>	<u>(973,506)</u>
Other Expenses		
Interest Expense and Bank Charges (Net)	475,745	1,841,373
Loss (Gain) on Change in Value of Derivative Liability	611,427	(142,054)
Loss on Foreign Exchange Transactions	57,010	7,051
Total other expenses (income)	<u>1,144,182</u>	<u>1,706,370</u>
Net Loss	<u>\$ (1,916,324)</u>	<u>\$ (2,679,876)</u>

Revenues

The Company realized no revenues in the current and preceding years.

Operating expenses

General and administrative expenses

General and administrative expenses consist primarily of compensation to officers, occupancy costs, professional fees, listing costs and other office expenses. The change in general and administrative expenses is attributable primarily to a decrease in consulting fees offset by an increase in accrued income tax penalties related to non filing of tax returns in the United States.

Research and product development costs, net of investment tax credits

Research and development expenses consist primarily of salaries and wages paid to officers and employees engaged in those activities and supplies consumed therefor. The decrease in research and development expenses is attributable primarily to a reversal of the Canadian refundable tax credit acquired or received (which was netted against those expenses) in 2014.

Other expenses

Loss on foreign exchange transactions

The Company conducts the majority of its transactions in Canadian dollars. The foreign exchange loss (2015-\$57,010, 2014-\$7,051) results from currency movements on transactions settled during the year.

Interest Expense

Interest expense was lower in 2015 than 2014 because of the debentures payable which were converted in 2014.

Liquidity and Capital Resources

For the year ended October 31, 2015, the Company incurred a net loss of approximately \$1,916,000 (2014-\$2,680,000) and a cash flow deficiency from operating activities of approximately \$606,000 (2014-\$597,000). The Company has not yet established an ongoing source of revenues sufficient to cover our operating costs and allow us to continue as a going concern. The Company has funded its activities to date almost exclusively from debt and equity financings. These matters raise substantial doubt about the Company's ability to continue as a going concern and our independent auditors included an explanatory paragraph to emphasize such doubt in their report on the audit of our consolidated financial statements.

The Company will continue to require substantial funds to continue research and development, including preclinical studies and clinical trials of our products, and to commence sales and marketing efforts. The Company's plans include financing activities such as private placements of its common stock and issuances of convertible debt instruments. The Company is also actively pursuing industry collaboration activities including product licensing and specific project financing.

The Company believes that it will be successful in obtaining the necessary financing to fund its operations, and manage costs; however, there are no assurances that such additional funding will be achieved and that the Company will succeed in its future operations.

Our current annual cash requirement is approximately \$600,000. The cash balance at year end was \$49,875 meaning that we had sufficient cash reserves to cover less than 1 month's operations, assuming no revenue over the period.

During the year and through the date of this filing, the following financing arrangements were made in the Company:

1. Iliad Research advanced \$100,000 to the Company in the form of notes bearing interest at 8% with a term of one year. The notes are convertible at any time to common shares at a price equal to 60% of the lowest trading price in the fifteen days prior to conversion date.

2. LG Capital LLP advanced \$52,500 to the Company in the form of a note bearing interest at 8% with a term of one year. The note is convertible at any time to common shares at a price equal to 58% of the lowest trading price in the fifteen days prior to conversion date.
3. Adar Bays, LLP advanced \$52,500 to the Company in the form of a note payable bearing interest at 8% with a term of eight months. The note is convertible at any time to common shares at a price equal to 60% of the average of the lowest two trading prices of the common shares over the prior ten days.
4. Auctus Private Equity, LLC advanced \$55,250 in the form of a note payable bearing interest at 8% with a term of nine months. The note is convertible at any time to common shares at a price equal to 55% of the lowest closing price of the common shares over the fifteen days prior to conversion.
5. Iliad Research advanced \$55,000 in the form of notes payable bearing interest at 10% with a term of one year. The notes are convertible at any time to common shares at a price equal to 60% of the lowest closing price of the common shares over the fifteen days prior to conversion.
6. Shareholders acquired 1,600,000 common shares for total consideration of \$40,000.
7. A director/officer advanced \$26,136 to the Company, which amount is due on demand and carries interest at 10% per annum.
8. On November 4, 2015, the Company received a loan in the amount of \$227,894 from an individual. The loan bears interest at 10% per annum and has no set term.
9. On November 13, 2015, the Company settled \$6,436 in JMJ Financial notes payable plus interest with 160,425 common shares.
10. On November 15, 2015, the Company issued a convertible promissory note to “Bay Private Equity Inc. (“Bay”), whereby the Company agrees to pay Bay on November 20, 2016 the sum of \$50,000 (“Principal Sum”) plus interest at 8% per annum. Bay has the option to at any time convert the Note into shares of the Company’s common stock at a price for each share equal to 55% of the lowest price for any trade of the common stock during the fifteen (15) trading day period prior to conversion.
11. On November 25, 2015, the Company issued a Senior Convertible Promissory Note to Firstfire Global Opportunities Fund LLP (“Firstfire”) whereby the Company agrees to pay Firstfire on May 25, 2016 the sum of \$160,500 (“Principal Sum”) plus interest at 4% per annum. Should the Company fail to pay said Principal Sum plus interest on or before May 25, 2016, Firstfire may convert the Promissory Note into \$240,750 worth of common shares at the lower of \$.15 per common share or 40% of the lowest selling price of the common shares in the ten (10) days preceding the conversion date.
12. On December 15, 2015, the Company settled \$6,436 in JMJ Financial notes payable plus interest with 135,614 common shares.
13. On December 21, 2015, the Company issued to a third party 205,000 common shares for total consideration of \$7,279.
14. On December 21, 2015, the Company repaid \$7,279 of the loan from an officer/director.
15. On January 15, 2016, the Company settled \$6,436 in JMJ Financial notes payable plus interest with 151,655 common shares.

Summary of Critical Accounting Policies and Estimates

The discussion and analysis of the Company’s financial condition and results of its operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America for financial statements filed with the SEC.

(a) Convertible Securities

(i) Debentures

In accordance with guidance in accounting for convertible securities with beneficial conversion features or contingently adjustable conversion ratios in 2014, the Company recognized an embedded beneficial conversion feature present in the convertible debentures. The Company allocated a portion of the proceeds equal to the intrinsic value of that feature to debt discount. The debt discount attributed to the beneficial conversion feature is amortized over the convertible debenture’s maturity period as interest expense using the effective yield method.

(ii) Warrants

In addition, the Company recognized the value attributable to the warrants to additional paid-in capital and a discount against the convertible debentures. The Company valued the warrants using the Black-Scholes pricing model. The debt discount attributed to the value of the warrants issued is amortized over the convertible debenture’s maturity period as interest expense using the effective yield method.

(iii) Notes

In addition, the Company allocated a portion of the proceeds from notes issued to the intrinsic value of the conversion feature to the debt discount.

(b) Research and Development Costs

Expenditures for research and development are expensed as incurred and include, among other costs, those related to the production of prototype products, including payroll costs. Amounts expected to be received from governments under Scientific Research Tax Credit arrangements are offset against current expenses. The Company recognizes revenue from restricted grants in the period in which the Company has for refundable tax credits incurred the expenditures in compliance with the specific restrictions.

(c) Income Taxes

The Company utilizes the liability method of accounting for income taxes as set forth in the authoritative guidance. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. As there is no certainty that the Company will generate taxable income in the foreseeable future to utilize tax losses accumulated to date, no provision for ultimate tax reduction has been made in these consolidated financial statements.

On November 1, 2007, the Company adopted the guidance issued for accounting for uncertainty in income taxes which provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of the guidance and in subsequent periods. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits within operations as general and administrative expense. Upon adoption, there were no adjustments.

(d) Convertible Notes Payable

The Company has issued Convertible Notes Payable ("Notes") to various parties in various denominations over various terms. The conversion feature of the Notes is recorded as a derivative. The principal portion of the Notes is recorded at a discount with the discount amortized to Interest Expense over the term of the Note. The derivative is revalued every reporting period with the change in value recorded as a Loss or Gain on change in Derivative Liability in the Statement of Operations. The derivative is valued at fair value using the Black-Scholes pricing model.

At conversion, the derivative is valued at the conversion date with any change in value recorded as a Loss or Gain on Change in Derivative Liability in the Statement of Operations, the discount is amortized up to the conversion date with the amortization recorded as Interest Expense in the Statement of Operations and the Note Payable and Derivative balances transferred to the Statement of Shareholders' Deficiency to be reflected in the changes in Common Stock and Additional Paid-in Capital.

(e) Stock-Based Compensation

The Company follows the authoritative guidance for stock-based compensation which requires that new, modified and unvested share-based payment transactions with employees, such as grants of stock options and restricted stock, be recognized in the financial statements based on their fair value at the grant date and recognized as compensation expense over their vesting periods. The Company has also considered the related guidance of the Securities and Exchange Commission (“SEC”). The Company estimates the fair value of stock options and shares issued as compensation to employees and directors as of the date of grant using the Black-Scholes pricing model and restricted stock based on the per share value. The Company also follows the guidance for equity instruments that are issued to other than employees for acquiring, or in conjunction with selling, goods or services for equity instruments issued to consultants which provides guidance on transactions in which (1) the fair value of the equity instruments is more reliably measurable than the fair value of the goods or services received and (2) the counterparty receives shares of stock, stock options, or other equity instruments in settlement of the entire transaction or, if the transaction is part cash and part equity instruments, in settlement of the portion of the transaction for which the equity instruments constitute the consideration. Options issued with a nominal exercise price in exchange for services rendered were measured at the fair value of the underlying services rendered on the date of grant. The expense is recorded to the statement of operations with a corresponding increase in share capital.

Recent Accounting Pronouncements

Revenue From Contracts With Customers

In May 2014, the FASB issued an update to ASC 606, Revenue from Contracts with Customers. This update to ASC 606 provides a five-step process to determine when and how revenue is recognized. The core principle of the guidance is that a Company should recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received in exchange for those goods and services. This update to ASC 606 will also result in enhanced disclosures about revenue, providing guidance for transactions that were not previously addressed comprehensively, and improving guidance for multiple-element arrangements. This update to ASC 606 as amended is effective for the Company beginning in fiscal 2019. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

Other pronouncements issued by the FASB or other authoritative accounting standards group with future effective dates are either not applicable or not significant to the consolidated financial statements of the Company.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and supplementary data required in this item are set forth beginning on Page F-1 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures as defined in Rule 13a-15(e) and 15(d)-15(e) of the Exchange Act. Our management conducted an evaluation of the effectiveness of disclosure controls and procedures and concluded that our disclosure controls and procedures were not effective as of October 31, 2015 primarily due to material weaknesses in internal controls over financial reporting (see below).

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Because of the inherent limitations in all control systems, internal controls over financial reporting may not prevent or detect misstatements. The design and operation of a control system must also reflect that there are resource constraints and management is necessarily required to apply its judgment in evaluating the cost-benefit relationship of possible controls.

Our management concluded that as of October 31, 2015 our internal control over financial reporting was not effective based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organization of the Treadway Commission in 1992. Management has identified the following material weaknesses in our internal control over financial reporting:

- lack of documented policies and procedures;
- lack of resources to account for complex and unusual transactions;
- lack of resources with income tax expertise;
- lack of controls to ensure equity transactions are recorded accurately;
- there is no effective separation of duties, which includes monitoring controls, between the members of management; and
- lack of effective review of the consolidated financial statements.

Management is currently evaluating what steps can be taken in order to address these material weaknesses.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal controls over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the rules of the SEC that permit us to provide only a management's report.

Changes in Internal Control Over Financial Reporting

There were no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred during the quarter ended October 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

There are no items that required disclosure in a Form 8-K during the fourth quarter of the year covered by this Form 10-K that were not reported by the Company.

Off-Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements.

Seasonality

The Company does not believe that its business is materially affected by seasonal trends or inflation. On an ongoing basis, the Company will attempt to minimize any effect of inflation on its operating results by controlling operating costs.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position of each of the members of our board of directors, executive officers, and certain significant employees as of the fiscal year ended October 31, 2015. All directors are elected to hold office until the next annual meeting of stockholders following election and until their successors are duly elected and qualified. Executive officers are appointed by the Board of Directors and serve at the discretion of the Board.

Board of Directors and Executive Officers

<u>Name</u>	<u>Age</u>	<u>Position</u>
Yahia Gawad	58	Director & Chief Executive Officer
J Neil Tabatznik	66	Director/Acting Chairman
Linda J. Sterling	55	Director & Secretary
Karim Murabet	58	Director
James A. Essex	68	Chief Financial Officer

Yahia Gawad, MB, Ch.B., MD, MSc. (Director and Chief Executive Officer of CardioGenics since 1997). Dr. Gawad is a Physician/Scientist with primary training in Cardiology, Biochemistry and Immunology. He received his medical education and post-graduate training at the University of Alexandria and the University of Toronto. Dr. Gawad's academic and commercial experience and expertise include many years of designing and managing cardiovascular disease research and product development.

Dr. Gawad was a co-founder of a division of Nanogen (NGEN) (formerly Syn X and Skye Pharmatech) where he held the position of Vice-President, Medical Affairs. Prior to that, he was Director of Clinical Research and Development at Spectral Diagnostics Inc. (now Nanogen).

For the past 20 years, he has been working extensively on cardiac diagnostic test products. He has prepared, submitted and obtained FDA regulatory approvals for several cardiac test products currently being marketed (including Cardiac Status Troponin I®, Myoglobin® and Myoglobin/CK-MB®, registered trademarks of Spectral Diagnostics Inc.). Through his expertise and contributions to an international committee, a new cardiac test, Troponin I, is now in routine clinical use.

In addition, Dr. Gawad has researched, developed and published several other tests. Dr. Gawad has received several awards and scholarships and was a member of both the Clinical Committee of the American Heart Association and the POC division of the American Association for Clinical Chemistry. He has served as a reviewer for the editorial board of the American Journal of Cardiology (1999-2003). Dr. Gawad published extensively and presented his research and clinical findings at national and international symposia.

J. Neil Tabatznik (Director of CardioGenics since 2005, Acting Chairman of CardioGenics since 2009) . Mr. Tabatznik is the Chairman, CEO of Arrow Pharmaceuticals Inc. which is part of a global generic drug company established in 2000, and has seen rapid growth from \$0 to \$700 million in 8 years. The Arrow Group has sales operations in 5 continents and employs more than 1000 people worldwide. Prior to Arrow Pharmaceuticals, Mr. Tabatznik was the Chairman, CEO of Genpharm Inc. (1993-2000), which was acquired by Merck KGaA in 1994 and is now a part of Mylan Inc. the world's third largest generic and specialty pharmaceutical company. He was a Barrister-at-Law in London and was called to the Bar of England and Wales in 1978. He has extensive expertise in pharmaceutical manufacturing and negotiations of agreements with multinational companies.

Linda J. Sterling (Corporate Secretary of CardioGenics since 2003, Director of CardioGenics since 2009) . Ms. Sterling has been in the legal community in the capacity as a Law Clerk with both Stikeman Elliott LLP and Davies Ward Phillips & Vineberg LLP since 1999. She developed expertise with both public and private company legal compliance and has been responsible for CardioGenics' compliance and maintenance of corporate governance since 2001. She is currently in the process of being licensed as a Legal Executive (F.Inst.L.C.O.), with the Institute of Law Clerks of Ontario, of which she is a member. She has held the position of CEO and director of Sterling Studios since 1989.

James A. Essex, CA, MBA (Chief Financial Officer of CardioGenics since 2001) Mr. Essex has been with CardioGenics since 1999. He founded J. Hunter & Associates Inc. in 1990, a private financial consulting firm. Previously, he was a co-owner, President and COO of Calais Investigations, Inc., a private company (from 1993 to 1998), a Vice President of Confederation Trust (1989) and a Vice President of Chemical Bank of Canada (now JP Morgan Chase Bank of Canada) from 1977 through 1987.

Family Relationships

There are no family relationships among the directors and executive officers.

Involvement in Legal Proceedings

We know of no pending proceedings to which any director, member of senior management, or affiliate is either a party adverse to us, or our subsidiaries, or has a material interest adverse to us or our subsidiaries.

None of our executive officers or directors have (i) been involved in any bankruptcy proceedings within the last five years, (ii) been convicted in or has pending any criminal proceedings, (iii) been subject to any order, judgment or decree enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities or banking activity or (iv) been found to have violated any federal, state or provincial securities or commodities law and such finding has not been reversed, suspended or vacated.

Board Committees

Our Board of Directors does not have standing audit, nominating or compensation committees. Instead, the functions that might be delegated to such committees are carried out by our entire Board of Directors, to the extent required. Our Board of Directors anticipates that it will evaluate from time-to-time the appropriateness of forming one or more of such committees.

Nomination of Directors

There have been no material changes to the procedures by which our security holders may recommend nominees to our Board of Directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Under the securities laws of the United States, our directors, executive officers and any person holding more than 10% of our common stock are required to file initial forms of ownership of our common stock and reports of changes in that ownership at the SEC. Specific due dates for these forms have been established, and we are required to disclose in this report any failure to file by these dates.

Based solely on our review of the copies of such forms received by it with respect to fiscal year 2015, or written representations from certain reporting persons, to the best of our knowledge, all reports were filed on a timely basis.

Code of Ethics

We have adopted a Code of Ethics (our “**Code of Ethics**”) that applies to our Chief Executive Officer and Chief Financial Officer. We will provide to any person without charge, upon request, a copy of our Code of Ethics by sending such request to the attention: Yahia Gawad, Chief Executive Officer, CardioGenics Holdings Inc., 6295 Northam Drive, Unit 8, Mississauga, Ontario L4V 1W8. The Company will promptly disclose any amendments or waivers to our Code of Ethics on Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION

As a “smaller reporting company,” CardioGenics has elected to follow scaled disclosure requirements for smaller reporting companies with respect to *Part III, Item 11 – Executive Compensation*. Under the scaled disclosure obligations, CardioGenics is not required to provide *Compensation Discussion and Analysis* and certain other tabular and narrative disclosures relating to executive compensation. Nor is CardioGenics required to quantify payments due to the named executives upon termination of employment. Management believes that the scaled disclosure for the Company’s executive compensation policy and practices is appropriate because CardioGenics is small for a publicly-traded company, has only three named executives and has a relatively simple compensation policy and structure that has not changed in the last fiscal year.

Summary Compensation Table

The following table provides information concerning compensation of CardioGenics' named executives for CardioGenics' last two completed fiscal years ending October 31, 2014 and 2015.

Name & Principal Position	Year	Salary \$	Bonus \$	Stock Awards \$	Option Awards \$	Non-Equity Incentive Plan Compensation \$	Non-Qualified Deferred Compensation Earnings \$	All Other Compensation \$	Total \$
Dr. Yahia Gawad, Chief Executive Officer	2015	119,449(1)	—	—	—	—	—	—	119,449
	2014	137,137(1)	—	—	—	—	—	—	137,137
James A. Essex, Chief Financial Officer	2015	28,668(1)	—	—	—	—	—	—	28,668
	2014	32,913(1)	—	—	—	—	—	—	32,913
Linda J. Sterling, Secretary	2014	0(1)	—	—	—	—	—	—	0
	2015	0(1)	—	—	—	—	—	—	0

(1) Compensation is stated in the table in U.S. dollars. To the extent any cash compensation was paid in Canadian dollars, it has been converted into U.S. dollars based on the average Canadian/U.S. dollar exchange rate for the years ended October 31, 2015 and October 31, 2014. Compensation for the CEO and the CFO in the amounts of \$119,449 and \$28,668 included in the above has not been paid in cash but rather has been accrued on the books of the Company.

Employment Agreements

We currently do not have written employment agreements with any of our current officers or executive personnel.

Outstanding Equity Awards at October 31, 2015 Fiscal Year End

Name	Number of Securities underlying unexercised options exercisable	Number of Securities underlying unexercised options unexercisable	Option exercise or base price per share (\$/Share)	Option Expiration Date
None				

Director Compensation

Non-Employee Directors' Compensation

In fiscal 2015 our policy for compensation of non-employee directors was as follows:

1. Non-employee directors do not receive an annual cash base retainer.
2. At the discretion of the full Board of Directors, nonemployee directors may receive shares of the Company's common stock. The number and terms of such shares is within the discretion of the full Board of Directors.
3. Directors who are officers or employees of CardioGenics do not receive separate consideration for their service on the Board of Directors.

Fiscal Year 2015 Director Compensation Table

Name	Stock Award As Director \$	Stock Award (Other) \$	Total ⁽¹⁾ \$
J. Neil Tabatznik	0	0	0

(1) As of October 31, 2015, the aggregate number of shares underlying stock awards granted to each non-employee director was as follows: Mr. Tabatznik (561,648).

Indemnification of Officers and Directors

Our amended and restated Articles of Incorporation provide that we shall indemnify our officers, directors, employees and agents to the full extent permitted by Nevada law. Our Bylaws include provisions to indemnify our officers and directors [and other persons] against expenses (including judgments, fines and amounts paid for settlement) incurred in connection with actions or proceedings brought against them by reason of their serving or having served as officers, directors or in other capacities. We do not, however, indemnify them in actions in which it is determined that they have not acted in good faith or have acted unlawfully or not in our best interest. In the case of an action brought by or in the right of us, we shall indemnify them only to the extent of expenses actually and reasonably incurred by them in connection with the defense or settlement of these actions and we shall not indemnify them in connection with any matter as to which they have been found to be liable to us, unless the deciding court determines that, notwithstanding such liability, that person is fairly entitled to indemnity in light of all the relevant circumstances.

We do not currently maintain director's and officer's liability insurance but we may do so in the future.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors and officers pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information with respect to the beneficial ownership of our Common Stock and Series 1 Preferred Stock by: (i) each director, (ii) each of the executive officers of the Company, (iii) all current directors and executive officers as a group, and (iv) each stockholder known to the Company to be the beneficial owner of more than 5% of the outstanding shares of Common Stock or Series 1 Preferred Stock.

Unless otherwise indicated in the footnotes to the table, all information set forth in the table is as of February 12, 2016, and the address for each director and executive officer of the Company is: c/o CardioGenics Holdings Inc., 6295 Northam Drive, Unit 8, Mississauga, Ontario L4V 1W8. The addresses for the greater than 5% stockholders are set forth in the footnotes to this table.

	Common Stock		Series 1 Preferred	
	Number of Shares Beneficially Owned ⁽¹⁾	Percentage of Class Outstanding ⁽²⁾	Number of Shares Beneficially Owned ⁽¹⁾	Percentage of Class Outstanding
Directors				
J. Neil Tabatznik	3,934,395(3)	3.4%	—	—
Named Executive Officers				
Yahia Gawad	21,190,898(4)	18.5%	—	—
Linda J. Sterling	1,801,452(5)	1.6%	—	—
James Essex	987,258(6)	—	—	—
All directors and named executive officers as a group (4 persons)	27,887,245(7)	24.4%	—	—
5% Stockholders				
Weirfoulds LLP	—	—	1(8)	100%
Paul H. Saunders	7,047,565(9)	6.2%	—	—

*Less than 1%

- (1) The Company believes that each stockholder has sole voting and investment power with respect to the shares of Common Stock and Series 1 Preferred Stock listed, except as otherwise noted. The number of shares beneficially owned by each stockholder is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of ownership for any other purpose. Under these rules, beneficial ownership includes (i) any shares as to which the person has sole or shared voting power or investment power and (ii) any shares which the individual has the right to acquire within 60 days after February 12, 2015 through the exercise of any stock option, warrant, conversion of preferred stock or other right, but such shares are deemed to be outstanding only for the purposes of computing the percentage ownership of the person that beneficially owns such shares and not for any other person shown in the table. The inclusion herein of any shares of Common Stock or Series 1 Preferred Stock deemed beneficially owned does not constitute an admission by such stockholder of beneficial ownership of those shares of Common Stock or Series 1 Preferred Stock.
- (2) Based on 116,390,957 shares of Common Stock outstanding as of February 12, 2015, which includes 24,176,927 shares of Common Stock into which all outstanding Exchangeable Shares are exchangeable at any time.
- (3) J. Neil Tabatznik beneficially owns 3,934,395 shares of Common Stock, including (i) 1,725,356 shares of Common Stock issuable upon exchange of 1 Exchangeable Share and (ii) 2,209,039 shares of Common Stock.
- (4) Yahia Gawad beneficially owns 21,190,898 shares of Common Stock, including (i) 17,478,356 shares of Common Stock issuable upon exchange of 1 Exchangeable Share and (ii) 3,712,542 shares of Common Stock.
- (5) Linda J. Sterling beneficially owns 1,801,452 shares of Common Stock, including (i) 1,301,032 shares of Common Stock issuable upon exchange of 1 Exchangeable Share and (ii) 500,420 shares of Common Stock.

- (6) James Essex beneficially owns 987,258 shares of Common Stock, including (i) 345,791 shares of Common Stock issuable upon exchange of 1 Exchangeable Shares and (ii) 641,467 shares of Common Stock.
- (7) See notes 2 through 6 above.
- (8) Weirfoulds LLP, as trustee pursuant to the Voting Trust Agreement (the “Trustee”), beneficially owns the 1 outstanding share of Series 1 Preferred Stock, which provides the Trustee voting power with respect to all outstanding Exchangeable Shares in accordance with the terms of the Voting Trust Agreement. The voting rights with respect to any Exchangeable Share may be exercised by the Trustee or, alternatively, the holder of the Exchangeable Share may exercise their voting rights directly. Under the Voting Trust Agreement, the Trustee may exercise the voting rights of the Exchangeable Shares only with the instruction of the holder of the Exchangeable Share. As of February 12, 2015, the Exchangeable Shares are exchangeable at any time into 24,176,927 shares of Common Stock. Weirfoulds LLP’s address is 1600-130 King Street, The Exchange Tower, Toronto, Ontario, M5X 1J5.
- (9) Paul H. Saunders’ address is 2700 North Ocean Drive, 9A, Singer Island, Florida 33404.

Equity Compensation Plan Information

The following table summarizes the shares of our common stock authorized for issuance under our equity compensation plans as of October 31, 2015.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	Not applicable	Not applicable	Not applicable
Equity Compensation Plans not approved by security holders	—	—	30,000(1)
TOTAL	—	—	30,000

- (1) The maximum number of shares that may be subject to outstanding awards under our 1999 Long-Term Incentive Plan is 600,000 shares of Common Stock. Because this limitation applies only to outstanding awards under the plan, as the outstanding options included in column (a) are either exercised, forfeited or expire pursuant to their terms, the number of shares remaining available for future issuance in column (c) shall be increased by the number of shares subject to such option so exercised, forfeited or expired.

Our 1999 Long-Term Incentive Plan provides our directors, officers, employees and consultants with the opportunity to participate in our ownership. Our Board of Directors acts as the committee under the plan which administers the plan, addressing participation, the awards offered and any applicable conditions of exercise. In making these determinations, our Board of Directors will generally consider the participant’s position and record of service to us. The Board of Directors may issue options, stock appreciation rights, restricted stock, deferred stock, bonus stock, awards in lieu of cash obligations, dividend equivalents and other stock based awards, all subject to terms and conditions to be set by the Board of Directors. The plan also contains standard provisions dealing with matters such as adjustment of the number of shares subject to options and covered by the plan in addition to amendment and termination of the plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

As a smaller reporting company, we are required to follow the scaled disclosure requirements with respect to this *Part III, Item 13 – Certain Relationships and Related Transactions, and Director Independence*. The disclosures related to review of related person transactions are not applicable to smaller reporting companies.

Certain Relationships and Related Transactions

In 2014, a shareholder loaned \$100,000 and an officer loaned \$7,637 to the Company. In 2015, an officer/director loaned \$26,136 to the Company. All these loans are due on demand and pay interest at 10% per annum. On December 21, 2015, the company repaid \$7,279 to the officer/director.

Director Independence

The Board of Directors currently consists of four members, two of whom are “independent” as defined under applicable rules of the SEC and The NASDAQ Stock Market LLC. The independent member of the Board of Directors are Neil Tabatznik and Karim Murabet. However, since our stock trades on the OTC Bulletin Board and the OTCQB, we are not required to have independent directors.

For a director to be considered independent, the Board must determine that the director has no relationship, which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

CohnReznick LLP has been appointed as our independent public accountants for the years ended October 31, 2015 and 2014 by unanimous approval of our board of directors.

The following table sets forth the aggregate fees paid by CardioGenics for the fiscal years ended October 31, 2015 and 2014 to our independent auditors:

	Fiscal Year Ended October 2015	Fiscal Year Ended October 2014
Audit Fees	\$ 112,700 ⁽¹⁾	\$ 150,000
Audit Related Fees	--	--
Tax Fees	--	--
All Other Fees	--	--
Total	\$ 112,700	\$ 150,000

⁽¹⁾ Represents estimated audit fees for the fiscal year ended October 31, 2015.

Pre-Approval Policies and Procedures

The Board of Directors is required to pre-approve the rendering by our independent auditor of audit or permitted non-audit services. The Board of Directors pre-approved all of the services rendered by CohnReznick LLP for the audits of the consolidated financial statements included in our Annual Reports on Form 10-K and reviews of consolidated financial statements included in our Quarterly Reports on Form 10-Q.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibits

The following Exhibits are filed as part of this Annual Report on Form 10-K or incorporated by reference.

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amended and Restated Articles of Incorporation of Registrant. Incorporated by reference to the Registrant's Form 10-QSB filed with the SEC on June 19, 2006.
3.2	Bylaws of Registrant. Incorporated by reference to the Registrant's Form SB-2 filed with the SEC on September 30, 1999.
3.3	Certificate of Designation of Series 1 Preferred Stock of Registrant. Incorporated by reference to the Registrant's Form 8-K filed with the SEC on July 24, 2009.
3.4	Articles of Amendment of CardioGenics ExchangeCo Inc. effective July 14 2009 and Articles of Incorporation of CardioGenics ExchangeCo Inc. Effective May 22, 2009.
3.5	Certificate of Amendment to Articles of Incorporation of Registrant. Incorporated by reference to the Registrant's Form DEF 14C filed with the SEC on September 9, 2009.
4.1	Form of Common Stock Certificate. Incorporated by reference to the Registrant's Form 10-KSB filed with the SEC on November 8, 2005.
4.2	Form of Series 2 Class B Stock Certificate. Incorporated by reference to the Registrant's Form 10-KSB filed with the SEC on November 8, 2005.
10.1	1999 Long-Term Incentive Plan, as amended. Incorporated by reference to Exhibit 10.1 to the Registrant's Form S-8 filed with the SEC on May 1, 2002.
10.2	Share Purchase Agreement dated May 22, 2009 between Registrant, CardioGenics ExchnageCo Inc., CardioGenics Inc. And Yahia Gawad, Principal Shareholder of CardioGenics Inc.
10.3	Voting and Exchange Trust Agreement dated July 6, 2009 among Registrant, CardioGenics ExchangeCo Inc. and Weirfoulds LLP. Incorporated by reference to the Registrant's Form 8-K filed with the SEC on July 6, 2009.
10.4	Support Agreement dated July 6, 2009 between Registrant and CardioGenics ExchangeCo Inc. Incorporated by reference to the Registrant's Form 8-K filed with the SEC on July 6, 2009.
10.5	Employment agreement dated July 31, 2009 between Registrant and Dr. Yahia Gawad.
10.6	LLC Membership Interest Purchase Agreement dated February 10, 2010 between Registrant and Rothcove Partners LLC.
10.7	Form of Convertible Debenture Unit Purchase Agreement (Including Forms of Convertible Debenture and Warrant) by and between the Registrant and the purchasers named therein. Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K, filed with the SEC on March 4, 2013.
10.8	Form of Convertible Debenture Unit Purchase Agreement (Including Forms of Convertible Debenture and Warrant) by and between the Registrant and the purchasers named therein. Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K, filed with the SEC on June 3, 2013.

- 10.9 Form of Interest Escrow Account Agreement. Incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K, filed with the SEC on June 3, 2013.
- 10.10 Investment Agreement, dated as of September 27, 2013, by and between Registrant and Dutchess Opportunity Fund, II, LP. Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K, filed with the SEC on October 3, 2013.
- 10.11 Registration Rights Agreement, dated as of September 27, 2013, by and between Registrant and Dutchess Opportunity Fund, II, LP. Incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K, filed with the SEC on October 3, 2013.
- 14.1 Code of Ethics. Incorporated by reference into the Registrant's Form 10-KSB filed with the SEC on November 13, 2003.
- 21.1 Subsidiaries of Registrant. Incorporated by reference to the Registrant's Form 10-K filed with the SEC on January 31, 2011.
- 23.1 Consent of CohnReznick LLP*
- 31.1 Section 302 Certification of Chief Executive Officer*
- 31.2 Section 302 Certification of Chief Financial Officer*
- 32.1 Section 906 Certification of Chief Executive Officer and Chief Financial Officer*

**Filed herewith*

CardioGenics Holdings Inc.
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October 31, 2015 and 2014

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CardioGenics Holdings Inc.
Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
CardioGenics Holdings, Inc.

We have audited the accompanying consolidated balance sheets of CardioGenics Holdings Inc. and Subsidiaries as of October 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive loss, shareholders' deficiency and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CardioGenics Holdings, Inc. and Subsidiaries as of October 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The consolidated financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As further discussed in Note 2 to the consolidated financial statements, the Company's operations have generated recurring losses and negative cash flows from operating activities. Such matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ CohnReznick LLP

Hartford, Connecticut

February 26, 2015

CardioGenics Holdings Inc.
Consolidated Balance Sheets

	<u>October 31, 2015</u>	<u>October 31, 2014</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 49,875	\$ 70,676
Accounts Receivable	—	228
Refundable Taxes Receivable	2,385	2,625
Total Current Assets	<u>52,260</u>	<u>73,529</u>
Long-Term Assets		
Property and equipment, net	35,174	42,693
Deposits and prepaid expenses	41,558	45,576
Patents, net	102,940	108,132
Totals	<u>\$ 231,932</u>	<u>\$ 269,930</u>
Liabilities and Shareholders' Deficiency		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,244,446	\$ 1,020,809
Funds held in trust for redemption of class B Common Shares	4	4
Due to shareholders	133,773	131,052
Notes payable, net of debt discount	72,614	71,863
Derivative liability on notes payable	344,086	201,260
Total Liabilities	<u>1,794,923</u>	<u>1,424,988</u>
Commitments and contingencies		
Shareholders' Deficiency		
Preferred stock; par value \$.0001 per share, 50,000,000 shares authorized, none issued	—	—
Common stock; par value \$.00001 per share; 150,000,000 shares authorized, 92,214,030 and 47,383,379 common shares and 24,176,927 and 24,176,927 exchangeable shares issued and outstanding as at October 31, 2015 and 2014, respectively	1,139	692
Additional paid-in capital	47,838,139	46,505,954
Accumulated deficit	(49,554,070)	(47,637,746)
Accumulated other comprehensive income (expense)	151,801	(23,958)
Total Shareholders' deficiency	<u>(1,562,991)</u>	<u>(1,115,058)</u>
Totals	<u>\$ 231,932</u>	<u>\$ 269,930</u>

See notes to consolidated financial statements.

CardioGenics Holdings Inc.
Consolidated Statements of Operations
For the Years Ended October 31, 2015 and 2014

	For the Years Ended October 31,	
	2015	2014
Revenue	\$ —	\$ —
Operating Expenses		
Depreciation and Amortization of Property and Equipment	7,519	10,803
Amortization of Patent Application Costs	7,248	10,300
General and Administrative	541,585	451,468
Research and Product Development		
Net of Investment Tax Credits	215,790	500,935
Total operating expenses	<u>772,142</u>	<u>973,506</u>
Operating Loss	<u>(772,142)</u>	<u>(973,506)</u>
Other Expenses		
Interest Expense and Bank Charges (Net)	475,745	1,841,373
Loss (Gain) on Change in Value of Derivative Liability	611,427	(142,054)
Loss on Foreign Exchange Transactions	57,010	7,051
Total other expenses	<u>1,144,182</u>	<u>1,706,370</u>
Net Loss	<u>\$ (1,916,324)</u>	<u>\$ (2,679,876)</u>
Basic and Fully Diluted Net Loss per Common Share	\$ (0.02)	\$ (0.04)
Weighted-average number of Common Shares	94,424,039	61,701,832

See notes to consolidated financial statements.

CardioGenics Holdings Inc.
Consolidated Statements of Comprehensive Loss
For the Years Ended October 31, 2015 and 2014

	Years Ended October 31,	
	2015	2014
Net Loss	\$ (1,916,324)	\$ (2,679,876)
Other comprehensive income, currency translation adjustments	175,759	93,557
Comprehensive loss	<u>\$ (1,740,565)</u>	<u>\$ (2,586,319)</u>

See notes to consolidated financial statements.

CardioGenics Holdings Inc.
Consolidated Statements of Shareholders' Deficiency
For the Years Ended October 31, 2015 and 2014

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Noncontrolling Interest</u>	<u>Total Deficiency</u>
	<u>Shares</u>	<u>Amount</u>					
Balance November 1, 2013	58,903,595	\$ 565	\$44,514,000	\$ (44,957,870)	\$ (117,515)	\$ (356,224)	\$ (917,044)
Issuance of common shares on conversion of notes payable January 2014	100,000	1	12,066				12,067
Issuance of common shares on settlement of suit January 2014	700,000	7	188,993				189,000
Issuance of common shares for cash January 2014	200,000	2	49,998				50,000
Issuance of common shares on conversion of shares of subsidiary	296,538	3	(356,227)			356,224	-
Issuance of common shares on conversion of notes payable February 2014	154,658	2	18,557				18,559
Issuance of common shares on conversion of notes payable March 2014	150,000	1	14,894				14,895
Issuance of common shares on conversion of notes payable April 2014	160,000	2	12,478				12,480
Issuance of common shares for services rendered March 2014	83,333	1	17,916				17,917
Issuance of common shares for services rendered April 2014	32,946	0	7,083				7,083
Issuance of common shares on conversion of notes payable May 2014	258,333	3	15,497				15,500
Issuance of common shares for services rendered July 2015	63,336	1	8,233				8,234
Issuance of common shares on conversion of notes payable August 2014	250,000	2	14,998				15,000
Issuance of common shares on conversion of debentures payable September 2014	9,427,576	94	1,035,239				1,035,333
Beneficial conversion charge from re-pricing of shares and warrants associated with converted debentures			745,121				745,121
Issuance of common shares for services rendered September 2014	500,000	5	67,495				67,500
Issuance of common shares on conversion of notes payable October 2014	280,000	3	13,487				13,490
Settlement of derivative value of notes payable on conversion to common shares			126,126				126,126
Net Loss				(2,679,876)			(2,679,876)
Currency Translation Adjustment					93,557		93,557

Balance October 31, 2014	<u>71,560,306</u>	<u>\$ 692</u>	<u>\$ 46,505,954</u>	<u>\$ (47,637,746)</u>	<u>\$ (23,958)</u>	<u>\$ —</u>	<u>\$ (1,155,058)</u>
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See notes to consolidated financial statements.

CardioGenics Holdings Inc.
Consolidated Statements of Shareholders' Deficiency
For the Years Ended October 31, 2015 and 2014

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Deficiency</u>
	<u>Shares</u>	<u>Amount</u>				
Balance November 1, 2014	71,560,306	\$ 692	\$ 46,505,954	\$ (47,637,746)	\$ (23,958)	\$ (1,155,058)
Issuance of common shares on conversion of notes payable November 2014	589,679	6	22,528			22,534
Issuance of common shares on conversion of notes payable December 2014	2,977,637	30	32,230			32,260
Issuance of common shares on conversion of notes payable January 2015	7,349,902	73	83,051			83,124
Issuance of common shares on conversion of shareholder's loan February 2015	227,273	2	22,854			22,856
Issuance of common shares on conversion of notes payable February 2015	7,220,309	72	57,391			57,463
Issuance of common shares on conversion of notes payable March 2015	3,039,913	30	23,524			23,554
Issuance of common shares on conversion of notes payable April 2015	718,390	7	10,720			10,727
Issuance of common shares on conversion of notes payable May 2015	5,894,104	59	51,301			51,360
Issuance of common shares for cash May 2015	1,600,000	16	39,984			40,000
Issuance of common shares on conversion of notes payable June 2015	1,345,834	13	18,472			18,485
Issuance of common shares on conversion of notes payable August 2015	5,566,831	56	45,216			45,272
Issuance of common shares for services rendered August 2015	100,000	1	3,044			3,045
Issuance of common shares on conversion of notes payable September 2015	4,763,590	48	34,778			34,826
Issuance of common shares on conversion of notes payable October 2015	3,437,189	34	43,234			43,268
Settlement of derivative value of notes payable on conversion to common shares			843,858			843,858
Net Loss				(1,916,324)		(1,916,324)
Currency Translation Adjustment					175,759	175,759
Balance October 31, 2015	<u>116,390,957</u>	<u>\$ 1,139</u>	<u>\$ 47,838,139</u>	<u>\$ (49,554,070)</u>	<u>\$ 151,801</u>	<u>\$ (1,562,991)</u>

See notes to consolidated financial statements.

CardioGenics Holdings Inc.
Consolidated Statements of Cash Flows
For the Years Ended October 31, 2015 and 2014

	Years Ended October 31 ,	
	2015	2014
Cash flows from operating activities:		
Net loss	\$ (1,916,324)	\$ (2,679,876)
Adjustments to reconcile consolidated net loss to net cash used in operating activities:		
Depreciation and amortization	7,519	10,803
Amortization of Patent Application Costs	7,248	10,300
Loss (Gain) on Change in Value of Derivative Liability	611,427	(142,054)
Interest and Discount on Notes Payable	452,323	494,242
Amortization of Discount on Debentures Payable	—	615,252
Common Stock Issued for Services Rendered	3,045	100,734
Beneficial conversion charge included in interest expense	—	745,121
Changes in working capital items:		
Account Receivable	228	18
Deposits and Prepaid Expenses	4,018	3,691
Refundable Taxes Receivable	240	677
Government Grants and Investment Tax Credits Receivable	—	60,104
Accounts Payable and Accrued Expenses	223,637	183,877
Net cash used in operating activities	<u>(606,639)</u>	<u>(597,111)</u>
Cash flows from investing activities:		
Patent Application Costs	(2,057)	—
Net cash used in investing activities	<u>(2,057)</u>	<u>—</u>
Cash flows from financing activities:		
Due to Shareholders	23,914	131,052
Payment on Notes Payable	(4,291)	—
Proceeds From Notes Payable	305,000	215,000
Issue of Common Shares for Cash	40,000	50,000
Net cash provided by financing activities	<u>364,623</u>	<u>396,052</u>
Effects of exchange rate changes on cash and cash equivalents	<u>223,272</u>	<u>8,632</u>
Net Decrease in cash and cash equivalents	(20,801)	(192,427)
Cash and cash equivalents, beginning of year	<u>70,676</u>	<u>263,103</u>
Cash and cash equivalents, end of year	<u>\$ 49,875</u>	<u>\$ 70,676</u>

See notes to consolidated financial statements.

1. Nature of Business

The accompanying audited consolidated financial statements have been prepared in accordance with the requirements of Form 10-K and Article 8 of Regulation S-X of the Securities and Exchange Commission (the "SEC") and include the results of CardioGenics, Inc. and its subsidiaries and JAG Media Holdings, Inc and its subsidiaries ("JAG Media") (from July 31, 2009, date of acquisition) which are collectively referred to as the "Company."

CardioGenics Inc. ("CardioGenics") was incorporated on November 20, 1997 in the Province of Ontario, Canada, and carries on the business of development and commercialization of diagnostic test products for the In Vitro Diagnostics testing market. CardioGenics has several test products that are in various stages of development. In the last quarter of 2011 CardioGenics commenced selling one of these products, but has generated no significant revenue therefrom.

2. Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Company has incurred operating losses and has experienced negative cash flows from operations since inception. The Company has an accumulated deficit at October 31, 2015 of approximately \$49.6 million. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. The Company has funded its activities to date almost exclusively from debt and equity financings. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company will continue to require substantial funds to continue research and development, including preclinical studies and clinical trials of its products, and to commence sales and marketing efforts, if the FDA and other regulatory approvals are obtained. In order to meet its operating cash flow requirements Management's plans include financing activities such as private placements of its common stock and issuances of convertible debt instruments. Management is also actively pursuing industry collaboration activities including product licensing and specific project financing.

While the Company believes it will be successful in obtaining the necessary financing to fund its operations, and manage costs, there are no assurances that such additional funding will be achieved and that it will succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the Company be unable to continue in existence.

3. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

(b) Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

(c) Government Grants and Investment Tax Credits Receivable

The Company's accounts include claims for investment tax credits ("ITCs") relating to scientific research activities of the Company prior to July 31, 2009. The qualification and recording of this activity for ITCs purposes is established by Canadian Income Tax authorities when the income tax returns for the period are assessed. ITCs were recognized in the statement of operations in the year in which the expenses were incurred.

The Company no longer qualifies to receive substantial refunds of ITCs resulting from scientific research. Currently the majority of ITCs resulting from scientific research are carried forward to a time when the Company becomes tax paying at which time said ITCs are applicable against taxes payable.

(d) Property and Equipment

Property and equipment is recorded at cost. Property and equipment is depreciated using methods and rates as follows:

Furniture and Fixtures	20% declining balance
Lab Equipment	20% declining balance
Computer Equipment – Hardware	30% declining balance
Computer Equipment – Software	50% declining balance
Leasehold Improvements	Straight-line over the lesser of the life of the asset or the life of the lease

(e) Patents

Capitalized patent costs represent legal and application costs incurred to establish patents. Capitalized patent costs are amortized on a straight-line method over the related patent term. As patents are abandoned, the net book value of the patent is written off.

(f) Impairment or Disposal of Long-Lived Assets

The Company assesses the impairment of long-lived assets under the guidance of standards for the impairment or disposal of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. For long-lived assets to be held and used, the Company recognizes an impairment loss only if its carrying amount is not recoverable and exceeds its fair value. The carrying amount of the long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposal of the asset.

(g) Research and Development Costs

Expenditures for research and development are expensed as incurred and include, among other costs, those related to the production of prototype products, including payroll costs. Amounts expected to be received from governments under Scientific Research Tax Credit arrangements are offset against current expenses. The Company recognizes revenue from restricted grants in the period in which the Company has incurred the expenditures in compliance with the specific restrictions.

(h) Income Taxes

The Company utilizes the liability method of accounting for income taxes as set forth in the authoritative guidance. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. As there is no certainty that the Company will generate taxable income in the foreseeable future to utilize tax losses accumulated to date, no provision for ultimate tax reduction has been made in these financial statements.

On November 1, 2007, the Company adopted the guidance issued for accounting for uncertainty in income taxes which provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of the guidance and in subsequent periods. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits within operations as general and administrative expense. There are no uncertain tax positions as of October 31, 2015 and 2014.

(i) Stock-Based Compensation

The Company follows the authoritative guidance for stock-based compensation which requires that new, modified and unvested share-based payment transactions with employees, such as grants of stock options and restricted stock, be recognized in the financial statements based on their fair value at the grant date and recognized as compensation expense over their vesting periods. The Company has also considered the related guidance of the SEC. The Company estimates the fair value of stock options and shares issued as compensation to employees and directors as of the date of grant using the Black-Scholes pricing model and restricted stock based on the per share value. The Company also follows the guidance for equity instruments that are issued to other than employees for acquiring, or in conjunction with selling, goods or services for equity instruments issued to consultants which provides guidance on transactions in which (1) the fair value of the equity instruments is more reliably measurable than the fair value of the goods or services received and (2) the counterparty receives shares of stock, stock options, or other equity instruments in settlement of the entire transaction or, if the transaction is part cash and part equity instruments, in settlement of the portion of the transaction for which the equity instruments constitute the consideration. Options issued with a nominal exercise price in exchange for services rendered were measured at the fair value of the underlying services rendered on the date of grant. The expense is recorded to the statement of operations with a corresponding increase in share capital with no additional increase in the number of shares as they were legally not yet exercised.

(j) Net Loss Per Common Share

Basic loss per share is computed by dividing loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per share gives effect to all dilutive potential common shares outstanding during the period. The computation of diluted loss per share does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on loss per share.

(k) Comprehensive Income (Loss)

Other comprehensive income (loss) includes the foreign currency translation adjustments.

(l) Concentration of Credit Risk

The Company maintains cash balances, at times, with financial institutions in excess of amounts insured by the Canada Deposit Insurance Corporation and the Federal Deposit Insurance Corporation. Management monitors the soundness of these institutions and has not experienced any collection losses with these financial institutions.

(m) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. By their nature, these estimates are subject to uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be material.

(n) Foreign Currency Translation

The Company maintains its accounting records for its Canadian operations in Canadian dollars. Transactions in United States dollars (“USD”) are translated into Canadian dollars at rates in effect at the date of the transaction and gains or losses on such transactions are recorded at the time of settlement in the statement of operations.

The Company’s reporting currency is the USD. Foreign denominated assets and liabilities of the Company are translated into USD at the prevailing exchange rates in effect at the end of the reporting period, the historical rate for stockholders’ deficiency and a weighted average of exchange rate in effect during the period for expenses, gains and losses. Adjustments that arise from translation into the reporting currency are recorded in the accumulated other comprehensive income (loss) component of stockholders’ deficiency.

(o) Financial Instruments

The carrying values of cash and cash equivalents, other current assets, accounts payable and accrued expenses approximate their fair values due to their short-term nature. Notes payable and convertible debentures approximate their fair value based upon recent issuances of the underlying debt.

(p) Derivative Instruments

The Company’s derivative liabilities are related to embedded conversion features of the Notes Payable. For derivative instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in fair value recognized in earnings each reporting period. The Company uses the Black-Scholes model to value the derivative instruments at inception and subsequent valuation dates and the value is re-assessed at the end of each reporting period, in accordance with Accounting Standards Codification (“ASC”) 815. Derivative instrument liabilities are classified in the consolidated balance sheets as current or non-current based on whether or not the net-cash settlement of the derivative instrument could be required within twelve months of the consolidated balance sheet date.

(q) Beneficial Conversion Charge

The intrinsic value of beneficial conversion features arising from the issuance of convertible debentures with conversion rights that are in-the-money at the commitment date is recorded as debt discount and amortized to interest expense over the term of the debentures. The intrinsic value of a beneficial conversion feature is determined after initially allocating an appropriate portion of the proceeds received from the sale of the debentures to any detachable instruments, such as warrants, included in the sale or exchange based on relative fair values.

(r) Recently Issued Accounting Standards

Revenue From Contracts With Customers

In May 2014, the FASB issued an update to ASC 606, Revenue from Contracts with Customers. This update to ASC 606 provides a five-step process to determine when and how revenue is recognized. The core principle of the guidance is that a Company should recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received in exchange for those goods and services. This update to ASC 606 will also result in enhanced disclosures about revenue, providing guidance for transactions that were not previously addressed comprehensively, and improving guidance for multiple-element arrangements. This update to ASC 606 as amended is effective for the Company beginning in fiscal 2019. The Company is currently evaluating the impact of this pronouncement on its consolidated financial statements.

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Other pronouncements issued by the FASB or other authoritative accounting standards group with future effective dates are either not applicable or not significant to the consolidated financial statements of the Company.

4. Property and Equipment

The costs and accumulated depreciation and amortization of property and equipment are summarized as follows:

	October 31,	
	2015	2014
Furniture and Fixtures	\$ 12,120	\$ 12,120
Lab Equipment	168,481	168,481
Computer Hardware	19,490	19,490
Computer Software	8,433	8,433
Leasehold Improvements	91,269	91,269
Total Property and Equipment	299,793	299,793
Less Accumulated Depreciation and Amortization	264,619	257,100
Property and Equipment, Net	<u>\$ 35,174</u>	<u>\$ 42,693</u>

Depreciation and amortization expense amounted to \$7,519 and \$10,803 for the years ended October 31, 2015 and 2014, respectively.

5. Patents

The costs and accumulated amortization of patents are summarized as follows:

	October 31,	
	2015	2014
Patents	\$ 146,079	\$ 144,022
Less: Accumulated Amortization	(43,139)	(35,890)
Patents, Net	<u>\$ 102,940</u>	<u>\$ 108,132</u>
Weighted-Average Life	<u>17 Years</u>	<u>17 Years</u>

Amortization expense amounted to \$7,248 and \$10,300 for the years ended October 31, 2015 and 2014, respectively. Amortization expense is expected to be approximately \$7,250 per year for the years ended October 31, 2016 through 2020.

6. Due to Shareholders

The amount due to shareholders is due on demand and carries interest at 10% per annum.

7. Income Taxes

Based on the Company's evaluation, management has concluded that there are no significant tax positions requiring recognition in the consolidated financial statements.

The Company has incurred losses in Canada since inception which have generated net operating loss carryforwards "NOLs" for income tax purposes. The net operating loss carryforwards arising from Canadian sources as of October 31, 2015 were \$7,457,000 which will expire from 2016 through 2035.

All fiscal years except 2015 have been assessed. Research and development tax credit for 2012 for which the Company received a refund of \$81,460 is being refunded by Canadian taxation authorities. The Company is disputing the position taken by the taxation authorities but has established a reserve against possible repayment.

As of October 31, 2015, the Company had NOLs from US sources of approximately \$45,532,000 available to reduce future Federal taxable income which will expire from 2020 through 2034. Returns for the years 2008 through 2015 are yet to be filed. As of October 31, 2015, the Company has recorded approximately \$408,000 of estimated penalties and interest related to this matter.

Internal Revenue Code Section 382 ("Section 382") imposes a limitation on a corporation's ability to utilize NOLs if it experiences an ownership change. In general, an ownership change may occur from certain transactions that increase the ownership of 5% stockholders in the stock of a corporation by more than 50 percentage points over a three year period. If an ownership change occurs, utilization of the NOLs would be subject to an annual limitation. The annual limitation under Section 382 is calculated by multiplying the value of the stock at the time of the ownership change by the applicable long-term exempt rate. Any unused annual limitation may be carried over to later years. The Company has historically been in a loss position and, therefore, the Section 382 limitation may not be relevant for the current period.

For the years ended October 31, 2015 and 2014, the Company's effective tax rate differs from the statutory rate principally due to the net operating losses for which no benefit was recorded.

As of October 31, 2015 and 2014, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

	October 31,	
	2015	2014
Temporary:		
Property and equipment	\$ 21,990	\$ (24,092)
Net operating loss carryforwards	17,568,933	18,640,188
Unrealized foreign exchange	(71,958)	23,175
Investment tax credits	402,189	402,189
Transitional tax debits	(25,076)	(25,076)
Unrealized loss (gain) on derivative liability	157,104	(37,181)
Total Deferred Tax Assets	18,009,202	18,979,203
Valuation Allowance	(18,009,202)	(18,979,203)
Net Deferred Income Taxes	\$ —	\$ —

A reconciliation of the Canadian combined statutory rate to the Company's effective tax rate for the years ended October 31, 2015 and 2014 is as follows:

	October 31,	
	2015	2014
Statutory rate	28%	28%
Decrease in income tax rate resulting from:		
Permanent differences	(6.0)%	(1.3)%
Change in valuation allowance	(22.0)%	(26.7)%
Effective tax rate	<u>0.0%</u>	<u>0.0%</u>

8. Accounts Payable and Accrued Expenses

	October 31,	
	2015	2014
Accounts Payable	\$ 181,102	\$ 289,054
Income Tax Reserve	487,460	321,460
Research and Development	188,458	17,004
Investor Relations	10,104	11,738
Patent Application Costs	2,419	5,026
Legal Fees	301,154	316,127
Stock Exchange Listing	15,384	—
Accounting Fees	58,355	60,400
Total	<u>\$ 1,244,446</u>	<u>\$ 1,020,809</u>

9. Stock-Based Compensation

The Company follows the guidance for stock-based compensation. Stock-based employee compensation related to stock options for each of the years ended October 31, 2015 and 2014 amounted to \$0.

The following is a summary of the common stock options granted, forfeited or expired and exercised under the Plan:

	Options	Weighted Average Exercise Price
Outstanding – October 31, 2013	30,000	\$ 0.90
Granted	—	—
Forfeited/expired	—	—
Exercised	—	—
Outstanding – October 31, 2014	<u>30,000</u>	<u>\$ 0.90</u>
Granted	—	—
Forfeited/expired	—	—
Exercised	—	—
Outstanding – October 31, 2015	<u>30,000</u>	<u>\$ 0.90</u>

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Options typically vest immediately at the date of grant. As such, the Company does not have any unvested options or unrecognized compensation expense at October 31, 2015 and 2014.

The fair value of each option granted is estimated on grant date using the Black-Scholes option pricing model which takes into account as of the grant date the exercise price and expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock and the risk-free interest rate for the term of the option. The Company granted no stock options during the years ended October 31, 2015 and 2014.

The following table summarizes information on stock options outstanding at October 31, 2015

Options Outstanding and Exercisable			
Number Outstanding at October 31, 2015	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value
30,000	\$ 0.90	3.75	
30,000		3.75	\$ 0

The intrinsic value is calculated as the difference between the market value as of October 31, 2015 and the exercise price of the shares. The market value as of October 31, 2015 was \$0.04 as reported by the OTC Bulletin Board.

10. Notes Payable

On November 19, 2012, the Company entered into an agreement (“Line”) with JMJ Financial (“Lender”) whereby the Company may borrow up to \$350,000 from the Lender in increments of \$50,000. The Line is subject to an original issue discount of \$50,000. Advances under the Line (“Notes”) have a maturity date of one year from the date of the advance. If the advance is repaid within three months, the advance is interest free. If not repaid within three months, the advance may not be repaid before maturity and carries interest at 5%. The Lender has the right at any time to convert all or part of the outstanding principal and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company at a price equal to the lesser of \$0.23 and 60% of the lowest trade price in the 25 trading days previous to the conversion. Unless agreed in writing by the parties, at no time will the Lender convert any amount owing under the Line into common stock that would result in the Lender owning more than 4.99% of the common stock outstanding. In June 22, 2015, the Company and the lender entered into a settlement agreement, whereby in exchange for a remaining indebtedness of \$77,235, the Company agreed that on the 15th of each month commencing July 2015 and ending June 2016, the Company would either pay the lender \$6,436 or issue to the lender common shares in the equivalent dollar amount at a price equal to the average closing price of the common stock in the five trading days prior to the scheduled payment date. During 2015, the Company paid one installment in cash and a total of 655,150 common shares for three installments.

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On May 23, 2014, the Company issued promissory notes (the "LG Notes") to LG Capital Funding, LLC and Adar Bays, LLC (collectively the "Holders") in the amount of \$52,500 each bearing interest at 8% annually due May 23, 2015. The LG Notes and accrued interest may be converted into shares of the Common Stock of the Company at a 42% discount to the lowest closing bid with a 12 day look back. The LG Notes may be prepaid with the following penalties: (i) if the Notes are prepaid within 60 days of the issue date, then at 130% of the face amount plus any accrued interest; and, (ii) if the LG Notes are prepaid after 60 days after the issue date but less than 181 days after the issue date, then at 140% of the face amount plus any accrued interest. The LG Notes may not be prepaid after the 180th day after issue. Notes in the amount of \$36,000 were converted to common shares in 2015.

On November 12, 2014, the Company received \$50,000 from Chicago Ventures in exchange for a note payable bearing interest at 10% due in one year, convertible into shares in the Company's common stock at a 40% discount from the lowest closing price of the common shares over the prior 15 days. The notes were all converted to common shares in 2015.

On November 20, 2014, the Company reached a settlement with IBC Funds, LLC ("IBC") whereby IBC agreed to pay \$78,026 of the Company's debts in exchange for the right to purchase shares in the Company's common stock at a 40% discount from the lowest closing price of the common shares over the prior 15 days. The notes were all converted to common shares in 2015.

On December 15, 2014, the Company received \$52,500 from LG Capital Funding LLC in exchange for a note payable bearing interest at 8% due in one year, convertible into shares in the Company's common stock at a 42% discount from the lowest closing price of the common shares over the prior 15 days. Notes in the amount of \$36,000 were converted to common shares in 2015.

On March 25, 2015, the Company received \$52,500 from Adar Bays, LLC in exchange for a note payable bearing interest at 8% due November 26, 2015, convertible into shares in the Company's common stock at a 40% discount from the average of the lowest two trading prices of the common shares over the prior 10 trading days. The notes were all converted to common shares in 2015.

On July 31, 2015, the Company received \$55,250 from Auctus Private Equity Fund, LLC in exchange for a note payable bearing interest at 8% due in nine months, convertible into shares in the Company's common stock at a 45% discount from the lowest closing price of the common shares over the prior 15 days.

On August 14, 2015, the Company received \$27,500 from Iliad Research and Trading LLC in exchange for a note payable bearing interest at 10% due in one year, convertible into shares in the Company's common stock at a 40% discount from the lowest closing price of the common shares over the prior 15 days.

On October 13 2015, the Company received \$27,500 from Iliad Research and Trading LLC in exchange for a note payable bearing interest at 10% due in one year, convertible into shares in the Company's common stock at a 40% discount from the lowest closing price of the common shares over the prior 15 days.

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A summary of the Notes at October 31, 2015 and 2014 is as follows:

	October 31, 2015	October 31, 2014
Convertible Note Payable, due February 20, 2015	\$ -	\$ 12,529
Convertible Notes Payable, due May 23, 2015	-	105,000
Convertible Note Payable, due June 23, 2016	54,925	40,000
Convertible Note Payable, due October 22, 2015	-	35,000
Convertible Note Payable, due November 26, 2015	55,250	-
Convertible Note Payable, due December 15, 2015	16,500	-
Convertible Note Payable, due August 14, 2016	27,500	-
Convertible Note Payable, due October 13, 2016	27,500	-
Debt Discount - value attributable to conversion feature attached to Notes, net of accumulated amortization of \$72,614 and \$71,863	(109,061)	(120,666)
Total	72,614	71,863
Less: Current portion	72,614	71,863
Total Long-term portion	\$ -	\$ -

As described in further detail in Note 11, "Derivative Liabilities", the Company determines the fair value of the embedded derivatives and records them as a discount to the Notes and as a derivative liability. The discount to the Notes is amortized to interest expense over the life of the Note or until conversion. Upon conversion of the Notes and related interest and original issue discount to common stock, any remaining unamortized discount is charged to financing expense. During the year ended October 31, 2015, Notes in the principal amount of \$422,874 were exchanged for 42,903,378 common shares.

11. Derivative Liabilities

Convertible notes - embedded conversion features:

The Notes meet the definition of a hybrid instrument, as defined in ASC 815. The hybrid instrument is comprised of i) a debt instrument, as the host contract and ii) an option to convert the debentures into common stock of the Company, as an embedded derivative. The embedded derivatives derive their value based on the underlying fair value of the Company's common stock. The embedded derivatives are not clearly and closely related to the underlying host debt instrument since the economic characteristics and risk associated with these derivatives are based on the common stock fair value.

The Company determines the fair value of the embedded derivatives and records them as a discount to the Notes and a derivative liability. The Company has recognized a derivative liability of \$344,086 (2014- \$201,260) as of October 31, 2015. Accordingly, changes in the fair value of the embedded derivative are immediately recognized in earnings and classified as a gain or loss on the embedded derivative financial instrument in the accompanying consolidated statements of operations.

The Company estimated the fair value of the embedded derivatives using a Black Scholes model with the following assumptions: conversion price of \$.017 and \$.018 per share according to the agreements; risk free interest rate of .11%; expected life of 1 year; expected dividend of zero; a volatility factor of 241% to 272%, as of October 31, 2015 and 2014. The expected lives of the instruments are equal to the contractual term of the conversion option. The expected volatility is based on the historical price volatility of the Company's common stock. The risk-free interest rate represents the U.S. Treasury constant maturities rate for the expected life of the related conversion option. The dividend yield represents anticipated cash dividends to be paid over the expected life of the conversion option.

12. FAIR VALUE MEASUREMENTS

As defined by the Accounting Standard Codification, fair value measurements and disclosures establish a hierarchy that prioritizes fair value measurements based on the type of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of hierarchy are described below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets, such as interest rates and yield curves that are observable at commonly-quoted intervals.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions, as there is little, if any, related market activity.

The following table summarizes the financial liabilities measured at fair value on a recurring basis as of October 31, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Balance Sheet Location	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	October 31, 2014 Total	Total Increase (Reduction) in Fair Value Recorded at October 31, 2014
Liabilities:					
Derivative liability – on Notes Payable	\$ -	\$ -	\$ 201,260	\$ 201,260	\$ (142,054)
Balance Sheet Location	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	October 31, 2015 Total	Total Increase (Reduction) in Fair Value Recorded at October 31, 2015
Liabilities:					
Derivative liability – on Notes Payable	\$ -	\$ -	\$ 344,086	\$ 344,086	\$ 611,427

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The Company utilizes the Black-Scholes Option Pricing model to estimate the fair value of the derivative liability associated with the convertible note obligation. The Company considers them to be Level 3 instruments. The following table shows the weighted average assumptions the Company used to develop the fair value estimates for the determination of the derivative liability at October 31, 2015 and 2014:

	2015	2014
Fair value	\$0.017-0.018	\$0.058-0.060
Expected volatility	241-272%	162%-169%
Dividend yield	-	-
Expected term (in years)	.06 - .95	.31-.94
Risk-free interest rate	0.11%	0.11%

The table below sets forth a summary of changes in the fair value of the Company's Level 3 financial liability, or derivative liabilities related to the senior secured convertible notes and warrants, for the year ended October 31, 2015.

	2015	2014
Balance at beginning of year	\$ 201,260	\$ 99,702
Additions to derivative instruments	375,257	369,738
Change in fair value of derivative liabilities	611,427	(142,054)
Settlements	(843,858)	(126,126)
Balance at end of year	<u>\$ 344,086</u>	<u>\$ 201,260</u>

13. Debentures Payable

In February 2013, loans from shareholder/directors in the amount of \$288,584 were converted on a dollar-for-dollar basis for Series A Convertible Debenture Units (the "A Units"). Each A Unit includes a debenture having a term of three years, bearing interest at 10%, and a warrant having a term of three years. The debentures are convertible at any time into common shares of the Company's stock at a price of \$0.25 per share. The warrants entitle the holder to purchase 2 times the number of common shares of the Company's stock allowed in conjunction with the debentures at a price of \$0.25 per share at any time up to three years.

In May 2013, the Company sold Series B Convertible Debenture Units (the "B Units") in the amount of \$500,000. Each B Unit includes a debenture having a term of three years, bearing interest at 10%, and a warrant having a term of three years. The debentures are convertible at any time into common shares of the Company's stock at a price of \$0.25 per share. The warrants entitle the holder to purchase 1.5 times the number of common shares of the Company's stock allowed in conjunction with the debentures at a price of \$0.15 at any time up to three years.

In June 2013, the Company sold Series B Convertible Debenture Units (the "B Units") in the amount of \$148,653 to officers and/or directors. Each B Unit includes a debenture having a term of three years, bearing interest at 10%, and a warrant having a term of three years. The debentures are convertible at any time into common shares of the Company's stock at a price of \$0.25 per share. The warrants entitle the holder to purchase 1.5 times the number of common shares of the Company's stock allowed in conjunction with the debentures at a price of \$0.15 at any time up to three years.

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The Company allocated proceeds of \$306,900 to the fair value of the warrants using a Black Scholes model with the following assumptions: conversion price \$0.25 or \$0.15 per share according to the agreements; risk free interest rate of .18%; expected life of 3 years; expected dividend of zero; a volatility factor of 176% to 195%, as of October 31, 2013 and the remaining \$343,996 to the fair value of the Series B Convertible Debentures. Based on the excess of the aggregate fair value of the common shares that would have been issued if the Series B Convertible Debentures had been converted immediately over the proceeds allocated to the Series B Convertible Debentures, the investors received a beneficial conversion feature that had an aggregate intrinsic value of \$343,996 as of the commitment date. Accordingly, the Company recorded an increase in additional paid-in capital and debt discount of \$650,896 in connection with the issuance of the Series B Convertible Debentures and warrants.

On September 17, 2014, the Series A and Series B Convertible Debentures plus acquired interest were converted to 9,427,576 common shares. The conversion price of both Series A and Series B Convertible Debentures was reduced to \$0.11 at the conversion date.

The reduction in conversion price from \$0.25 to \$0.11 to induce the conversion resulted in additional beneficial conversion charge of \$745,121 during the year ended October 31, 2014.

14. Warrants

Outstanding warrants are as follows:

	October 31,	
	2015	2014
Issued to Flow Capital Advisors Inc. on settlement of lawsuit in August 2011, entitling the holder to purchase 1 common share in the Company at an exercise price of \$0.30 per common share up to and including August 23, 2016	250,000	250,000
Issued to Flow Capital Advisors Inc. on settlement of lawsuit August 2011, entitling the holder to purchase 1 common share in the Company at an exercise price of \$0.50 per common share up to and including August 23, 2016	250,000	250,000
Issued to Flow Capital Advisors Inc. on settlement of lawsuit August 2011, entitling the holder to purchase 1 common share in the Company at an exercise price of \$0.75 per common share up to and including August 23, 2016	500,000	500,000
Issued to Flow Capital Advisors Inc. on settlement of lawsuit August 2011, entitling the holder to purchase 1 common share in the Company at an exercise price of \$1.00 per common share up to and including August 23, 2016	500,000	500,000
Issued to Flow Capital Advisors Inc. on settlement of lawsuit August 2011, entitling the holder to purchase 1 common share in the Company at an exercise price of \$0.75 per common share up to and including August 23, 2016	500,000	500,000
Issued to debenture holders February 2013 entitling the holders to purchase 1 common share in the Company at an exercise price of \$0.15 per common share up to and including February 27, 2016	600,000	600,000
Issued to debenture holders May 2013 entitling the holders to purchase 1 common share in the Company at an exercise price of \$0.14 per common share up to and including June 3, 2016	750,000	750,000
Issued to debenture holders June 2013 entitling the holders to purchase 1 common share in the Company at an exercise price of \$0.15 per common share up to and including June 3, 2016	232,500	232,500
Issued to consultants August 5, 2013, entitling the holders to purchase 2,500,000 common shares in the Company at an exercise price of \$0.15 per common share up to and including August 4, 2013	2,500,000	2,500,000
Issued to consultants August 5, 2013, entitling the holders to purchase 1,500,000 common shares in the Company at an exercise price of \$0.10 per common share up to and including August 4, 2013	1,500,000	1,500,000
Issued to consultant September 3, 2013, entitling the holder to purchase 500,000 common shares in the Company at an exercise price of \$0.50 per common share up to and including July 31, 2018	500,000	500,000
Issued to shareholder October 29, 2013, entitling the holder to purchase 250,000 common shares in the Company at an exercise price of \$0.15 per common share up to and including October 29, 2016	250,000	250,000
Issued to shareholder November 7, 2013, entitling the holder to purchase 1 common shares in the Company at an exercise price of \$0.15 per common share up to and including November 7, 2016	125,000	125,000
Total Warrants outstanding	8,457,500	8,457,500

15. Authorized Share Capital

On September 30, 2009, the Company's articles of incorporation were amended to increase the total number of common shares authorized for issuance from 500,000,000 shares to 650,000,000 shares of common stock, par value \$0.00001 per share. On April 23, 2010, the Company's Board of Directors approved a reverse stock split of its issued and outstanding common shares. The total authorized shares was at the same time reduced to 65,000,000. The Board of Directors selected a ratio of one-for-ten and the reverse split was effective June 20, 2010. As a result, the total number of shares of all classes of capital stock authorized for issuance by the Company decreased from 700,440,000 shares to 70,044,000 shares with a par value of \$0.00001 per share, of which 5,000,000 shares are authorized for issuance as preferred stock, 65,000,000 shares are authorized for issuance as common stock, 40,000 shares are authorized for issuance as Series 2 Class B common stock and 4,000 shares are authorized for issuance as Series 3 Class B common stock. On January 17, 2013 the Company filed a Certificate of Amendment to the Company's Articles of Incorporation to increase the authorized common shares to 150,000,000 and de-authorize the Company's Class B common stock.

16. Issuance of Common Stock

During the year ended October 31, 2015 and 2014, the Company issued the following common shares:

	Year Ended October 31, 2015		Year Ended October 31, 2014	
	# of shares	Amount	# of shares	Amount
Issuance to third parties for services rendered	100,000	\$ 3,045	679,615	\$ 100,734
Issuance to third parties for cash	1,600,000	\$ 40,000	200,000	\$ 50,000
Issuance to third parties on exercise of conversion of notes payable	42,903,378	\$ 422,874	1,352,991	\$ 101,991
Issued to shareholder on conversion of shareholder's loan	227,273	\$ 22,856	-	\$ -
Issued to debenture holders on exercise of conversion of debentures payable	-	\$ -	9,427,576	\$ 1,035,333
Issued to minority shareholders on exchange of their shares in subsidiary for shares in the Company.	-	\$ -	296,538	\$ -

The fair value of shares issued for services rendered were measured at the fair value of the services rendered on the date rendered.

The Company has reserved in Treasury 24,700,000 Common Shares for possible conversion exercise of options, warrants and debt.

17. Redemption of Class B Common Stock

On or about February 28, 2011 CardioGenics Holdings Inc. ("Holdings") mailed notices to the holders of its outstanding Series 2 Class B Common Stock (the "Series 2 Shares") and Series 3 Class B Common Stock (the "Series 3 Shares"), which notify such stockholders that Holdings has elected to redeem all outstanding Series 2 Shares and Series 3 Shares in accordance with their terms. The Redemption Date was April 4, 2011 and the Redemption Price was par value, \$0.00001 per share.

Holdings has established a trust account with TD Bank Canada, which account will hold proceeds sufficient to redeem the issued and outstanding Series 2 Shares and Series 3 Shares. Accordingly, notwithstanding that any certificate for Series 2 Shares or Series 3 Shares called for redemption shall not have been surrendered for cancellation, all Series 2 Shares and Series 3 Shares called for redemption shall no longer be deemed outstanding, and all rights with respect to such Series 2 Shares and Series 3 Shares shall forthwith on the Redemption Date cease and terminate, except only the right of the holders thereof to receive the pro-rata amount payable of the Series 2 Shares and Series 3 Shares, without interest.

18. Net Loss per Share

The following table sets forth the computation of weighted-average shares outstanding for calculating basic and diluted (loss) per share:

	Years Ended October 31,	
	2015	2014
Weighted-average shares - basic	94,424,039	61,701,832
Effect of dilutive securities	-	-
Weighted-average shares - diluted	94,424,039	61,701,832

Basic (loss) per share ("EPS") and diluted EPS for the years ended October 31, 2015 and 2014 have been computed by dividing the net loss available to common stockholders for each respective period by the weighted average shares outstanding during that period. All outstanding options, warrants and shares to be issued upon the exercise of the outstanding options and warrants and conversion of debt representing 18,621,774 and 12,195,822 incremental shares, respectively, have been excluded from the years ended October 31, 2015 and 2014, respectively, computation of diluted EPS as they are antidilutive given the net losses generated.

19. Commitments and Contingent Liabilities

Lease

The Company has entered into an operating lease agreement for the use of operating space.

Aggregate minimum annual lease commitments of the Company under the non-cancelable operating lease as of October 31, 2015 are as follows. (The Company is required in addition to pay a proportionate share of building operational expenses.) :

Year	Amount
2016	\$ 42,473
2017	35,394
Total Minimum Lease Payments	\$ 77,867

Lease expense amounted to \$61,137 and \$70,374 for the years ended October 31, 2015 and 2014, respectively.

The preceding data reflects existing leases and does not include replacements upon their expiration. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Lawsuit

On April 22, 2009, the Company was served with a statement of claim from a former employee claiming compensation for wrongful dismissal and ancillary causes of action including payment of monies in realization of his investment in the Company, with an aggregate claim of \$514,000.

On January 3, 2014, the suit was settled for cash consideration of \$10,000 plus 700,000 common shares.

The Company is not involved in other litigation as this time.

20. Supplemental Disclosure of Cash Flow Information

	For the Year Ended October 31,	
	2015	2014
Cash paid during the period for:		
Interest	\$ 22,551	\$ 16,901
Income Taxes	—	—
Non-cash financing activities:		
Conversion of notes payable including principal, interest and original issue discount	422,874	101,991
Services rendered settled with common shares	3,045	100,734
Value of beneficial conversion feature and warrants issued with debentures issued during the year	—	745,121
Settlement of accrued legal by issuance of common shares	—	189,000
Settlement of shareholder loan with common shares	22,856	—

21. Subsequent Events

1. On November 4, 2015, the Company, through 2489528 Ontario Inc., an Ontario corporation and indirect subsidiary of the Company ("Acquisition Sub"), Plasticap Corporation, an Ontario corporation ("Plasticap") and 1731861 Ontario Inc., an Ontario corporation ("173 Corp") entered into an asset purchase agreement, dated as of November 2, 2015, pursuant to which Acquisition Sub was to acquire all of the assets of Plasticap and 173 Corp (collectively, the "Sellers") (the "Asset Purchase Agreement").

In consideration for the sale of the assets by the Sellers, the Company is to issue to Sellers, or their nominees (i) a convertible debt instrument, in the original principal amount of ten million Canadian dollars (CDN\$10,000,000), which shall bear interest at a rate of 8% (the "Convertible Debt"); (ii) twenty million (20,000,000) shares of the Company's common stock, par value \$0.00001 (the "Common Stock"), which shares shall not be registered for resale by the Company and shall be subject to the rights and restrictions of Rule 144 of the Securities Act of 1933 ("Rule 144"); and (iii) a warrant to purchase ten million (10,000,000) shares of Common Stock, which warrant shall have a term of three (3) years, be exercisable on a net cashless basis at an exercise price of \$0.50 per share, not be registered for resale by Buyer and be subject to the rights and restrictions of Rule 144 (the "Warrant"). In addition, Acquisition Sub will assume two million nine-hundred thousand Canadian dollars (CDN \$2,900,000) in secured debt from Sellers (the "Secured Debt") as part of the consideration.

The Asset Purchase Agreement contains customary representations and warranties from the parties. Acquisition Sub and 173 Corp also agreed to various post-closing undertakings.

On November 4, 2015 and subject to post-closing undertakings, the Company, Acquisition Sub and the Sellers closed the sale and purchase of all of the assets of Sellers by Acquisition Sub, pursuant to the terms of the Asset Purchase Agreement. The assets acquired by Acquisition Sub comprised all of the assets of Sellers, which include, among others, the "Plasticap" trademark, all furnishings, fixtures and equipment related to Plasticap's specialty cap and closure manufacturing business and all of the Sellers' customer contracts, all as more particularly set forth in the Asset Purchase Agreement.

As part of the closing, Acquisition Sub and 173 Corp agreed to various post-closing undertakings. The following undertakings have yet to be completed and hence the sale has not closed and the notes and warrants above have not been issued, nor has the CDN \$2,900,000 secured debt been assumed.

- (i) 173 Corp undertakes that by January 31, 2016 it shall pay all the outstanding indebtedness of Bibby Financial Services located at 4 Robert Speck Parkway, Unit 310, Mississauga, ON, L4Z 1S1.
- (ii) Following the fulfilment of the undertaking specified in paragraph (i), which shall be considered fulfilled upon 173 Corp providing Acquisition Sub with a copy of the cheque payable to Bibby Financial Services for the full amount of the indebtedness, 173 Corp undertakes to provide Acquisition Sub, or as it directs, with a full and comprehensive release against any future claims Bibby Financial Services may have and a full indemnity against any future claims.
- (iii) Acquisition Sub undertakes that it will advance up to fifty thousand Canadian dollars (CDN\$50,000) as a deposit against any outstanding claims Jacob Van Halteran may have through any security interests duly registered on any of the Sellers' assets and that Sellers shall provide a full and comprehensive release of those security interests other than any rights that may be asserted under Schedule 2.3 of the Asset Purchase Agreement specifying any assumed liabilities.

- (iv) A Seller's lender will be paid fifty thousand Canadian dollars (CDN\$50,000) against the debt in 173 Corp.
- (v) Acquisition Sub undertakes to pay from earnings received from time-to-time from its primary customer contract, based on a calculation of 50% before interest, taxes, depreciation and amortization, amounts to reduce the principle amount of the Secured Debt to zero by December 31, 2018. In the event, a residual balance exists, a balloon payment will be made to complete the payment. After Acquisition Sub completes the payment obligation specified under this subparagraph 6, the Sellers undertake, acknowledge and agree that the Acquisition Sub shall have no further responsibility to make any further payments on the balance of the Secured Debt.
- (vi) Acquisition Sub and 1646813 Ontario Limited undertake to enter into a new lease agreement for the premises located at 177 Crosby Avenue, Richmond Hill, Ontario, effective November 2015, with an option for Acquisition Sub to purchase the premises on the following terms:
- The term of the lease will be 5 years, with an option for an additional 5 years. Acquisition Sub has the option to acquire the building until January 15, 2016, through a purchase of all of the outstanding shares of 1646813 Ontario Limited, the owner of the real property and subject to refinancing the existing mortgages. In the event Acquisition Sub does not exercise the option, the lease shall remain in force for the duration of the lease and the Convertible Debt will be reduced by one million (CDN\$1,000,000.00) Canadian dollars.
- The option for acquiring the real property has expired and therefore not in consideration any more. Further, the legal position of both parties is being disputed and has currently not concluded. There are no guarantees that this acquisition will be consummated and if it does, the terms might be different than stated above.
- The Company has advanced/loaned \$288,126 to Acquisition Sub, Plasticap or 173 Corp. from November 4, 2015 to February 12, 2016. The Company is confident of collection of these advances/loans should the acquisition not be consummated.
2. On November 4, 2015, the Company received a loan in the amount of \$227,894 from an individual. The loan bears interest at 10% per annum and has no set term.
 3. On November 13, 2015, the Company settled \$6,436 in JMJ Financial notes payable plus interest with 160,425 common shares.
 4. On November 15, 2015, the Company issued a convertible promissory note to "Bay Private Equity Inc. ("Bay"), whereby the Company agrees to pay Bay on November 20, 2016 the sum of \$50,000 ("Principal Sum") plus interest at 8% per annum.

Bay has the option to at any time convert the Note into shares of the company's common stock at a price for each share equal to 55% of the lowest price for any trade of the common stock during the fifteen (15) trading day period prior to conversion.
 5. On November 25, 2015, the Company issued a Senior Convertible Promissory Note to Firstfire Global Opportunities Fund LLP ("Firstfire") whereby the company agrees to pay Firstfire on May 25, 2016 the sum of \$160,500 ("Principal Sum") plus interest at 4% per annum. Should the company fail to pay said Principal Sum plus interest on or before May 25, 2016, Firstfire may convert the Promissory Note into \$240,750 worth of common shares at the lower of \$.15 per common share or 40% of the lowest selling price of the common shares in the ten (10) days preceding the conversion date.
 6. On December 15, 2015, the Company settled \$6,436 in JMJ Financial notes payable plus interest with 135,614 common shares.
 7. On December 21, 2015, the Company issued to a third party 205,000 common shares for total consideration of \$7,279.
 8. On December 21, 2015, the Company repaid \$7,279 of the loan from an officer/director.
 9. On January 15, 2016, the Company settled \$6,436 in JMJ Financial notes payable plus interest with 151,655 common shares.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CARDIOGENICS HOLDINGS INC.

By: /s/ Yahia Gawad
Yahia Gawad
Chief Executive Officer

Dated: February 26, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Yahia Gawad</u> Yahia Gawad	Chief Executive Officer	February 26, 2016
<u>/s/ James Essex</u> James Essex	Chief Financial Officer	February 26, 2016

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-137162) of CardioGenics Holdings, Inc. of our report, dated February 26, 2016, which report includes an explanatory paragraph regarding CardioGenics Holdings, Inc.'s ability to continue as a going concern, relating to the consolidated financial statements of CardioGenics Holdings, Inc. as of and for the years ended October 31, 2015 and 2014 which report appears in the October 31, 2015 Annual Report on Form 10-K of CardioGenics Holdings, Inc.

/s/ CohnReznick LLP
Hartford, Connecticut
February 26, 2016

SECTION 302 CERTIFICATION

I, Yahia Gawad, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended October 31, 2015 of CardioGenics Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being provided;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and,

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2016

/s/ Yahia Gawad

Yahia Gawad

Chief Executive Officer

SECTION 302 CERTIFICATION

I, James Essex, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended October 31, 2015 of CardioGenics Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being provided;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and,

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2016

/s/ James Essex

James Essex

Chief Financial Officer

Section 906 Certification by the Chief Executive Officer and Chief Financial Officer

Each of Yahia Gawad, Chief Executive Officer, and James Essex, Chief Financial Officer, of CardioGenics Holdings Inc., a Nevada corporation (the “Company”) hereby certifies pursuant to 18 U.S.C. ss. 1350, as added by ss. 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

- (1) The Company’s annual report on Form 10-K for the year ended October 31, 2015 (“Form 10-K”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operation of the Company.

/s/ Yahia Gawad

Name: Yahia Gawad
Title: Chief Executive Officer

/s/ James Essex

Name: James Essex
Title: Chief Financial Officer

Date: February 26, 2016
