

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **September 30, 2017**

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: 000-54004

AVANT DIAGNOSTICS, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or Other Jurisdiction of
Incorporation or Organization)

98-0599151

(I.R.S. Employer
Identification No.)

1050 30th Street NW Suite 107

Washington, D.C. 20007

(Address of principal executive offices) (Zip Code)

(708) 710-9200

(Registrant's telephone number)

(Former Name, Former Address and Former Fiscal Year, if changed since last report)

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

Title of Each Class
to be so Registered:

None

Name of each exchange
on which registered

None

Securities registered under Section 12(g) of the Act: **Common Stock, par value \$0.00001 per share**

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 (the "Exchange Act") 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 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, a non-accelerated filer, or a smaller reporting company. See the definitions 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 a smaller reporting company)

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates was \$26,745,585 computed by reference to the closing price of the common stock on September 30, 2017. For purposes of the above statement only, all directors, executive officers and 10% stockholders are assumed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.

The number of outstanding shares of the Registrant's common stock, par value \$0.00001 per share, at October 30, 2018 was 336,957,722.

AVANT DIAGNOSTICS, INC.

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FORWARD-LOOKING STATEMENTS

Statements in this annual report may be “forward-looking statements.” Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this prospectus, including the risks described under “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this annual report and in other documents which we file with the Securities and Exchange Commission. In addition, such statements could be affected by risks and uncertainties related to our ability to raise any financing which we may require for our operations, competition, government regulations and requirements, pricing and development difficulties, our ability to make acquisitions and successfully integrate those acquisitions with our business, as well as general industry and market conditions and growth rates, and general economic conditions. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the filing of this annual report, except as may be required under applicable securities laws.

PART I

We urge you to read this entire Annual Report on Form 10-K, including the “Risk Factors” section and the financial statements and related notes included herein. As used in this Annual Report, unless context otherwise requires, the words “we,” “us,” “our,” “the Company,” “Avant” and “Registrant” refer to Avant Diagnostics, Inc, including subsidiaries and predecessors, except where it is clear that the term refers to Avant Diagnostics, Inc. Also, any reference to “common shares,” or “common stock,” refers to our common stock, par value \$0.00001 per share.

ITEM 1. BUSINESS.

Corporate History and Structure

The Company was incorporated on October 16, 2008 in the State of Nevada as “Oreon Rental Corporation”. At the time of its incorporation, the management of the Company intended to operate electronics rental stores in Ternopil and other similar cities throughout Ukraine. However, at the time of its incorporation and its initial public offering of common stock in October 2008, the Company did not own any such stores, nor did it have any ongoing business operations. The Company underwent a change in management in January 2010. Following the change in management, the Company decided not to proceed with its original plan of operations and to shift its business focus to that of an independent oil and gas company engaged in the acquisition, drilling and production of oil and natural gas properties and prospects. During 2014, the Company wound down its oil and natural gas operations and decided to complete a reverse recapitalization with Avant Diagnostics, Inc., a Nevada Corporation established in 2009.

Acquisition of Avant Diagnostics, Inc.

Effective December 29, 2014, the Company completed a reverse recapitalization, as agreed in the definitive Agreement and Plan of Reorganization, of 100% of the outstanding equity interests of American Liberty Petroleum Corp. (“ALP”). Avant stockholders received 74,354,139 shares of common stock for a 93% equity interest in ALP. Such share exchange was calculated based on a one-for-one conversion ratio after a 1 for 17 reverse stock split of ALP which was subsequently effected in March 2015. The split affected the ALP common stock and not the Avant common stock. All references in the accompanying consolidated financial statements to the number of shares, options and other common stock equivalents, price per share and weighted-average number of shares outstanding of common stock have been adjusted to retroactively reflect the effect of the reverse stock split. Per the terms of the Agreement and Plan of Reorganization, ALP was delivered with zero assets and \$70,000 in liabilities at time of closing. Following the reverse merger, we changed the name of ALP to “Avant Diagnostics, Inc.” The transaction was regarded as a reverse recapitalization whereby Avant was considered to be the accounting acquirer as it retained control of ALP after the exchange. Although ALP is the legal parent company, the share exchange was treated as a recapitalization of ALP. Avant is the continuing entity for financial reporting purposes. Accordingly, the assets and liabilities and the historical operations reflected in the financial statements are those of Avant for all periods presented.

As of September 30, 2017, there remained a total of 3,510,000 shares of common stock that still had not been converted by Avant stockholders as part of the reverse recapitalization. The Agreement and Plan of Reorganization does not provide for cash in lieu of exchange of shares and provides that upon the merger, the stockholders acquired their rights in ALP shares and all outstanding shares of Avant were deemed to be cancelled. There is no timeframe as to when the stockholders must convert their shares and, as of the date of this report, the shares have not been issued.

Since the end of the fiscal year ended September 30, 2017 and through the date of this report, we have focused on executing our business plan by acquiring proprietary diagnostic technology in the areas of oncology and neurology, as well as the addition of a revenue producing CLIA/CAP laboratory. We succeeded in executing on these objectives by the purchase of Amaranus Diagnostics, Inc. (“ADI”) and the purchase of the business assets and certain liabilities of Theranostics Health, Inc. (“THI”). We intend on executing unique commercialization strategies for each of our proprietary diagnostic tests.

Amarantus Diagnostic, Inc. Acquisition

On May 11, 2016, the Company entered into a Share Exchange Agreement with Amaranus BioScience Holdings, Inc. to purchase 100% of the outstanding capital stock of Amaranus Diagnostics, Inc. (“ADI”).

The Company paid an aggregate consideration of 80,000,000 shares of its common stock for the ADI Acquisition, subject to the issuance of additional shares upon the occurrence of certain events set forth in the Share Exchange Agreement. Each share of Avant common stock issued in connection with the ADI Acquisition shall be subject to a lock-up beginning on the May 11, 2016 and ending on the earlier of (i) eighteen (18) months after such date or (ii) a Change in Control (as defined in the Exchange Agreement) or (iii) written consent of the parties to that certain escrow agreement entered into between the Company, ADI, the Shareholder and certain creditors of the Shareholder.

Amarantus BioScience Holdings, Inc. issued the Company a \$50,000 convertible promissory note bearing interest at 12% per annum and matures one year from the date of issuance. The note was convertible at the option of the Investor at any time into shares of common stock, at an initial conversion price equal to \$0.20, subject to adjustment and certain setoffs. The note was fully paid off on May 24, 2016.

Theranostics Health, Inc. Acquisition

On May 11, 2016, the Company entered into an Asset Purchase Agreement with Theranostics Health, Inc. (“THI”). The Company purchased substantially all of the assets related to THI’s business and assumed certain liabilities.

The Company paid an aggregate consideration of 25,000,000 shares of its common stock for the THI acquisition. Each share of Avant common stock issued in connection with the THI Acquisition shall be subject to a lock-up beginning on May 11, 2016 and ending on the earlier of (i) eighteen (18) months after such date or (ii) a Change in Control (as defined in the Exchange Agreement) or (iii) written consent of the Company, at the Company’s sole discretion.

Recent Developments

During the period subsequent to September 30, 2017 through the fiscal year ended September 30, 2018, management has engaged in cost cutting measures primarily in the area of THI corporate overhead. These measures have resulted in bringing operating costs in line with current sales and trying to improve revenue from the new and existing THI pharma services, heading into in the fourth quarter of 2017 – traditionally the fourth quarter of the calendar year is THI’s best performing quarter.

The Company is operationally focused on improving revenues in the THI pharma services business by acquiring customers and expanding existing services agreements with oncology-focused pharmaceutical companies. The Company is now focused on establishing nurturing business relationships with pharmaceutical companies in late stage clinical companion diagnostic development and supportive CLIA commercial launches for combination products in the area of personalized medicine for cancer treatments, including immuno-oncology.

The Company's product OvaDx®, a noninvasive proteomics diagnostic screening test for the early detection of ovarian cancer. The Company believes this test will be approved by the U.S. Food and Drug Administration ("FDA") as the first pre-symptomatic screening test for ovarian cancer in the United States, (although there can be no assurance that approval will be obtained), detecting all types and all stages of ovarian cancer with high sensitivity and specificity. The Company's primary activities since inception has been focused preparing sample specimens in order for OvaDx to obtain FDA approval. The Company has generated minimum revenues since inception.

On May 11, 2016, the Company acquired the rights to MSPrecise®, a proprietary next-generation DNA sequencing (NGS) assay for the identification of patients with relapsing-remitting multiple sclerosis (RRMS) at first clinical presentation, has an exclusive worldwide license to the Lymphocyte Proliferation test (LymPro Test®) for Alzheimer's disease, which was developed by Prof. Thomas Arendt, Ph.D., from the University of Leipzig, and owns intellectual property for the diagnosis of Parkinson's disease (NuroPro).

On May 11, 2016, the Company acquired substantially all of the assets and assumed certain liabilities related to the business of THI. THI is a leading developer of proteomic technologies for measuring the activation status of key signaling pathways that are instrumental in the development of companion diagnostics for molecular-targeted therapies. THI has used these proteomic technologies to support the drug development programs of most major pharmaceutical and biotechnology drug development companies. THI is also providing these testing capabilities to clinical oncologists to advance personalized medicine through its TheraLink® Diagnostic Assays.

Between October 28, 2016 and November 7, 2016, the Company entered into a various convertible promissory notes (collectively, the "Oct 2016 Notes") with accredited investors (the "October 2016 Investors") pursuant to which the October 2016 Investors purchased an aggregate principal amount of \$65,000 of Convertible Promissory Notes for an aggregate purchase price of \$65,000. The Oct 2016 Notes bear interest at 12% per annum and mature on six months from the date of issuance. The Oct 2016 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to the lesser of (i) \$0.25 or (ii) the closing sales price of such common stock on the date of conversion, subject to adjustment.

Between November 16, 2016 and December 31, 2016, the Company entered into various convertible promissory notes (collectively, the "Nov 2016 Notes") with accredited investors (the "Nov 2016 Investors") pursuant to which the Nov 2016 Investors purchased an aggregate principal amount of \$754,000 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$580,000. The Nov 2016 Notes bear interest at 8% and mature on January 15, 2018. The Nov 2016 Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

On November 28, 2016, the Company entered into a Binding Letter of Intent (the "Binding LOI") with Prism Health Dx, Inc. ("PHDX") for a business combination transaction wherein the Company agreed to issue such number of shares of common stock equal to 50% of the post-transaction outstanding shares of the Company to the shareholders of PHDX in exchange for the acquisition of 100% of the outstanding common stock of PHDX. The Binding LOI contained exclusivity provisions wherein PHDX agreed not to enter into negotiations or discussions with third parties regarding similar transactions for a period of 90 days from the date of the Binding LOI (the "Exclusivity Period"). Concurrently with the execution of the Binding LOI, the Company agreed to lend PHDX an aggregate of \$200,000, which was evidenced by a promissory note that bears interest at 5% per annum and matures one year from the date of issuance to support PHDX's ongoing working capital needs to complete the transaction (the "Bridge Note"). The transaction was not consummated within the Exclusivity Period and the parties are no longer pursuing the transaction. The Bridge Note was paid back \$100,000 and the other \$100,000 was written off.

On January 3, 2017, the Company entered into a convertible promissory note (part of the “Nov 2016 Notes”) with an accredited investor (the “Nov 2016 Investor”) pursuant to which investors purchased an aggregate principal amount of \$32,500 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$25,000. The Nov 2016 Notes bear interest at 8% and mature on January 15, 2018. The Nov 2016 Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

On January 25, 2017, the Company entered into an Exchange Agreement (the “Exchange Agreement”) with Gregg Linn, the Company’s former chief executive officer (the “Executive”). Pursuant to the terms of the Exchange Agreement, the Company agreed to issue 3,000 shares of the Company’s series B preferred stock (the “Preferred Stock”) in exchange for the cancellation of \$98,000 in accrued but unpaid compensation owed to the Executive. Concurrently with the Company’s June 2017 private placement, the Preferred Stock will be cancelled upon the Company raising a total of \$400,000 in such financing. On September 13, 2017, the Company filed a Certificate of Withdrawal of Certificate of Designations (the “Certificate of Withdrawal”) with the Nevada Secretary of State eliminating the Preferred Stock.

On April 26, 2017, the Company’s license to MSPrecise® from the University of Texas Southwestern (“UTSW”) was terminated due to non-compliance with certain diligent prosecution provisions under the license (“Terminated License”). The Company maintains full ownership over significant intellectual property in the form of patents, patent applications, know-how and data that it believes will limit the UTSW’s, or a future licensor’s, freedom to operate (“Limiting IP”) in commercializing MSPrecise in the form in which it has been clinically tested to date. The Company has informed UTSW of the Company’s Limiting IP, as well as the Company’s desire to regain certain commercial rights previously granted under the Terminated License.

On June 2, 2017, the Company entered into a Separation and Release Agreement (the “Separation Agreement”) with Gregg Linn, the Company’s former Chief Executive Officer, pursuant to which Mr. Linn’s status as chief executive officer and director of the Company ended effective June 2, 2017. Pursuant to the Agreement, the Company shall (a) pay Mr. Linn a lump sum cash payment of \$30,000 upon the Effective Date (as defined in the Agreement), (b) reimburse Mr. Linn for expenses paid on behalf of the Company, \$2,500 of which will be paid on the Effective Date and \$2,978.41 to be paid out of the proceeds of the first closing of the next financing of the Company’s equity and/or debt securities to be consummated after the completion of the Financing and (c) upon the earliest occurrence of a Triggering Event (as defined in the Separation Agreement), the Company shall pay Mr. Linn a lump sum cash payment of \$180,000 within three (3) business days of the date a Triggering Event occurs. In addition, the Company shall issue Mr. Linn 15,000,000 restricted shares of the Company’s common stock (“Equity Issue”) which Equity Issue shall vest quarterly over three (3) years from the termination date in accordance with the terms of that certain restricted stock award agreement. All shares of common stock currently held by Mr. Linn, including the Equity Issue, shall be subject to the terms of that certain lockup agreement, dated May 11, 2016. Finally, Mr. Linn was granted “piggyback” registration rights, subject to certain exceptions, to include on the next registration statement the Company files with SEC for a primary offering (excluding any securities to be included on Form S-4 or S-8) of its equity securities (or on the subsequent registration statement if such registration statement is withdrawn) such number of shares of the Company’s common stock held by Mr. Linn and/or his assigns equal to eight percent (8%) of the aggregate value of the securities to be included on such registration statement, subject to certain limitations. Pursuant to the Agreement, Mr. Linn has agreed to comply with the confidential information and noncompetition and non-solicitation provisions in the Executive Employment Agreement dated October 1, 2014 between Mr. Linn and the Company.

On June 19, 2017, the Company entered into a securities purchase agreement (the “Agreement”) with an accredited investor (the “June 2017 Investor”) pursuant to which the June 2017 Investor purchased a Senior Secured Convertible Note for an aggregate purchase price of \$325,000 (the “June 2017 Note”). The June 2017 Notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.06 per share, subject to adjustment (“June 2017 Initial Conversion Price”). Upon an investment of an additional \$75,000 by the June 2017 Investor or another financier approved by the June 2017 Investor, bringing the total investment under the terms of the June 2017 Note to a minimum of \$400,000, the Preferred Stock issued pursuant to the Exchange Agreement described above shall be cancelled. In connection with the Agreement, the June 2017 Investor received an aggregate of 650,000 shares of common stock (the “June 2017 Commitment Shares”), a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price (the “June 2017 Warrant”) and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price (the “June 2017 Right”). The June 2017 Note, June 2017 Commitment Shares, June 2017 Warrant and June 2017 Purchase Right are collectively referred to herein as the “June 2017 Investment”. The June 2017 Warrant is exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The June 2017 Right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06. The securities purchase agreement entered into with the June 2017 Investor limited the size of the June 2017 Investment to a total of \$750,000.

On June 20, 2017, the board of directors of the Company added Philippe Goix, PhD, MBA as chief executive officer of the Company, effective immediately. The Company entered into an offer letter dated June 20, 2017 (the "Offer Letter") with Dr. Goix. The Offer Letter has no specified term, and Dr. Goix's employment with the Company will be on an at-will basis. Dr. Goix's employment with the Company will commence on June 20, 2017 (the "Start Date").

Base Salary and Bonus. Dr. Goix will receive an annual base salary of \$120,000. Upon the Company raising at least an additional \$1,750,000 through the sale of its equity and/or debt securities (the "Initial Financing"), Dr. Goix's salary will increase to \$240,000 per year. In addition, upon the Company listing its shares on a national securities exchange and completing an additional capital raise for aggregate gross proceeds of an additional \$5,000,000 beyond the Initial Financing, Dr. Goix's salary will increase to \$360,000 per year.

Sign-on Bonus. Dr. Goix will receive a one-time sign-on bonus of \$15,000 and reimbursement for accrued travel expenses incurred during the recruitment process of \$4,500.

Performance Bonus. Upon the Company raising an additional \$1,500,000 through the sale of its equity and/or debt securities (excluding any securities sold in the Company's financing disclosed on a Current Report on Form 8-K filed with the Commission on June 20, 2017) (the "Financing"), Dr. Goix shall be entitled to a cash bonus equal to the following: (i) \$50,000 if the Financing is completed within 3 months of the date of the Offer Letter, (ii) \$40,000 if the Financing is completed within 5 months of the date of the Offer Letter, and (iii) \$30,000 if the Financing is completed within 7 months of the date of the Offer Letter.

Equity Compensation. Subject to further approval of the Company's board of directors, Dr. Goix will be granted an option to purchase up to 22 million shares of the Company's common stock, subject to mutually agreed upon time milestones and success-based milestones. The exercise price per share will be equal to the fair market value per share on the date the option is granted. The options will be granted upon the Company raising aggregate gross proceeds of \$500,000 from the sale of its equity and/or debt securities.

Other Benefits and Terms. Dr. Goix will be eligible to participate in the group benefit programs generally available to senior executives of the Company.

On July 3, 2017 the Company entered into a settlement agreement with PHDX with respect to The Bridge Note wherein PHDX repaid \$100,000 to the Company in exchange for the extinguishment of the Bridge Note.

On July 7, 2017, the Company entered into a satisfaction of note (the "Satisfaction of Note") with Black Mountain Equity Partners LLC, the holder of a promissory note in the aggregate principal amount of \$25,000 (the "Black Mountain Note") Pursuant to the terms of the Satisfaction of Note, the Company agreed to pay off the Black Mountain Note for an aggregate principal amount of \$25,000 by August 1, 2017 (the Black Mountain Settlement") and 62,500 common stock. The parties have agreed to extend the payment of the Settlement Amount until October 31, 2017. The Company did not make payments under the Black Mountain Settlement when due in October 2017.

On July 14, 2017, the Company entered into an Exchange Agreement (the “Coastal Exchange Agreement”) with Coastal Investment Partners, LLC. Prior to the execution of the Coastal Exchange Agreement, the Company agreed to exchange the principal amount due under the convertible promissory note issued July 6, 2016 plus accrued but unpaid interest and default and other amounts due and payable under such notes (the “July 2016 Notes”) in exchange for the issuance of new convertible promissory notes due January 15, 2018 in the aggregate principal amount of \$380,250.00, which new notes are on substantially similar terms to the Nov 2016 Notes (the “New Coastal51 Note”). Pursuant to the terms of the Coastal Exchange Agreement, the Company and Coastal agreed to exchange the New Coastal51 Notes for the issuance of new convertible promissory notes due July 14, 2019 in the aggregate principal amount of \$442,325.00, (the “New Coastal Note”). In connection with the Coastal Exchange Agreement, the Company and the investor agreed to a binding letter of intent whereby the Company agreed, to among other things, upon getting current and releasing the New Coastal Note from escrow to issue the investor 750,000 shares of the Company’s common stock related to an adjustment that resulted under the July 2016 Notes because of the issuance of the Nov 2016 Notes and the Company agreed to get current in its ongoing reporting requirements with the Securities and Exchange Commission within 90 days of the execution of the Coastal Exchange Agreement. Since the Company did not get current within this 90-day period, the New Coastal Notes became null and void and reverted back to the Coastal51 Notes issued to the investors. The notes issues to Coastal are secured by a first priority security interest to Coastal in the Company’s Equipment Assets (as defined in the pledge agreement) and a second prior security interest in the Company’s Intellectual Property Assets (as defined in the pledge agreement), all which are currently owned by the Company pursuant to the terms of that certain pledge and security agreement, entered into in connection with the Coastal Exchange Agreement. This security interest was terminated in May 2018.

On July 28, 2017, the Company entered into an Exchange Agreement (the “October 2016 Investors Exchange Agreement”) with the investors who purchased promissory notes in October 2016 (the “October 2016 Investors”). Pursuant to the terms of the October 2016 Exchange Agreement, the Company agreed to exchange the principal amount due under the convertible promissory notes issued to the October 2016 Investors plus other amounts due and payable under such notes in exchange for the issuance of new convertible promissory notes due July 28, 2019 in the aggregate principal amount of \$51,200 (the “New October 2016 Notes”). In connection with the October 2016 Investors Exchange Agreement, the Company and the investors agreed to a binding letter of intent whereby the Company agreed, to among other things, the Company agreed to get current in its ongoing reporting requirements with the Securities and Exchange Commission within 120 days of the execution of the October 2016 Investors Exchange Agreement. Since the Company did not get current within the 120-day period, the New October 2016 Notes became null and void and reverted back to the original notes issued to the investors. In connection with the issuance of the New October 2016 Notes, the October 2016 Investors agreed to waive all accrued interest and penalties related to the October 2016 Notes, upon getting current and releasing from escrow to issue through the execution date of the exchange for the purchase of an aggregate of 793,390 shares of the Company’s common stock, which shares shall be kept by the October 2016 Investors whether or not the Company meets its conditions under the letter of intent.

On August 8, 2017, the Company entered into a securities purchase agreement with an accredited investor (the “August 2017 Investor”) pursuant to which the August 2017 Investor purchased \$75,000 of the June 2017 Investment for an aggregate purchase price of \$75,000 (the “August 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.06 per share, subject to adjustment (“June 2017 Initial Conversion Price”). In connection with the Agreement, the August 2017 Investor received an aggregate of 150,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The Purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

On August 25, 2017, the Company entered into a securities purchase agreement with the June 2017 Investor pursuant to which the June 2017 Investor purchased \$50,000 of the June 2017 Investment for an aggregate purchase price of \$50,000 (the “August 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at the June 2017 Initial Conversion Price. In connection with the agreement, the June 2017 Investor received an aggregate of 100,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

August 25, 2017 the Company entered into a binding letter of intent with the certain investors (the “Investors”) whereby the parties agreed that the offering documents would be amended to add an additional conversion feature wherein the securities issued in the June-August 2017 private placement could be exchanged and/or converted into a class of the Company’s preferred stock to be created (the “New Preferred Stock”) that is convertible into the equivalent of 49.99% of the then outstanding common stock of the Company pro-rata on an as converted basis based upon a total investment of \$750,000 into the securities issued in the June-August 2017 private placement. The New Preferred Stock shall also have the right to vote alongside the common stock on an as converted basis. The ability of the Investors to convert the securities issued in the June-August 2017 private placement into New Preferred Stock is subject to the execution of definitive documentation between the parties.

On August 25, 2017, the Company granted Mr. Commissiong the right to purchase 20,000,000 shares of the Company’s common stock at price of \$0.00001 per share. In December 2016, Mr. Commissiong purchased 5,000,000 shares of the Company’s common stock for an aggregate purchase price \$50. On August 25, 2017, Mr. Commissiong purchased 15,000,000 shares of the Company’s common stock, to be vested over a 3 year period from the date of issuance, for an aggregate purchase price of \$150. The securities sold were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) under the Securities Act and Regulation D promulgated thereunder and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. The Consultant is an “accredited investor” as such term is defined in Regulation D promulgated under the Securities Act.

Marketing and Pricing

The Company derives its revenue from the performance under research and development contracts. These contracts require the Company to provide services directed towards specific objectives and include developmental milestones and deliverables. Up-front payments are recorded as deferred revenue and recognized when milestones are achieved. The Company may be reimbursed for certain costs incurred in performing the specific research and development activities and records the reimbursement as revenues.

Market Opportunity

According to a study conducted by Quest Diagnostics, the largest clinical testing laboratory in the U.S., the laboratory testing market in the United States is approximately \$50 billion market that is 60% controlled by testing performed by hospital-based laboratories. The remaining portion of this market is divided between independent clinical laboratories (35%) and physician office laboratories (POLs) that perform 5% of overall testing. Within the independent clinical laboratory segment, Quest Diagnostics and LabCorp are the two largest national reference labs and control approximately \$12.5 billion of this \$17.5 billion market segment. The remaining \$5 billion is controlled by other national laboratories and smaller independent regional laboratories. Within this \$50 billion market, most of the testing that is performed is for routine lab tests and anatomic pathology tests and services. However, recently there has been a dramatic increase in gene-based and esoteric testing. Esoteric tests include procedures in the areas of molecular diagnostics, protein chemistry, cellular immunology, and advanced microbiology. Commonly ordered esoteric tests include viral and bacterial detection tests, drug therapy monitoring tests, autoimmune panels, and complex cancer evaluations.

The growth of these specialized tests has been made possible through new molecular diagnostic technologies that make it possible to detect diseases earlier, utilize genetic testing for disease predisposition, and advance the use of personalized medicine, such as the tailoring of cancer therapies to those individuals most likely to respond. Esoteric tests typically require highly-skilled technical personnel and generally require more sophisticated technology, equipment or materials. As a result, esoteric tests are generally reimbursed at higher levels than routine tests. This increase in specialized testing is evidenced by the shift in Quest Diagnostics’ esoteric testing revenues from less than 10% of total revenues to their current level of 20% over the past 9 years. In the case of LabCorp, the second largest clinical testing laboratory in the country, in 2009 esoteric testing accounted for 36% of their annual consolidated revenue, which they expect to grow to 40% within three to five years. In addition to Quest Diagnostics and LabCorp, there are approximately 60 commercial laboratories that control the independent clinical laboratory market segment in the United States. There are also approximately 300 genetic testing laboratories in the U.S., with 80% of them affiliated with academic institutions. As a result of these new trends, molecular diagnostic testing that supports personalized medicine is now the fastest growing segment within the overall laboratory testing market.

In addition to the laboratory testing market, there is another market that is comprised of diagnostic instrumentation and test kits that are marketed for the purpose of performing diagnostic testing on human samples, which normally uses blood, urine, or other body fluid specimens. This market is referred to as the *in vitro* diagnostic (IVD) market and literally means “within the glass”, as in a test tube. A test that is performed *in vitro* is one that is done in glass or plastic vessels in the laboratory as opposed to *in vivo*, which is performed in a living organism. This combination of instrumentation and test kits is generally sold to reference laboratories, hospital clinical laboratories, state and national health testing facilities, and other laboratories that in turn perform the laboratory tests and provide results to physicians and their patients. According to a report published by PricewaterhouseCoopers titled “Diagnostics 2009”, the worldwide IVD market was \$37 billion in 2007 and is expected to grow by 5% per annum to \$50 billion in 2012. According to market research by Kalorama Information, the U.S. IVD market is the single largest diagnostics market in the world and represents 43% of the global IVD market. The largest IVD companies in the world are Roche, Abbott, Siemens, Johnson & Johnson (Ortho), Beckman Coulter, bioMérieux, Inverness Medical, Bio-Rad, Sysmex, and Becton Dickenson. All of these 10 companies have IVD sales exceeding \$1 billion and collectively they represent approximately 85% of the total worldwide IVD market. The fastest growing segment within the IVD market is molecular diagnostics, which is expected to grow by 14% per annum and reach \$5 billion in 2012. In the context of this PricewaterhouseCoopers market report, molecular diagnostics includes only those tests that analyze the DNA or RNA of an organism. However, molecular diagnostics is more often widely defined to include tests that analyze other types of molecules as well. In their report, PricewaterhouseCoopers goes on to state that besides the dramatic increase in molecular diagnostics, some of the biggest changes within the diagnostics industry will be the increased use of:

- *Early diagnostics*: Diagnostic products permitting the detection of a disease at very early stages of its development thus giving more treatment options (e.g. early ovarian and lung cancer detection allowing surgery);
- *Prognostics*: Diagnostics that provide a prediction or estimate the risk of developing a particular condition based on *phenotypic* (e.g. transcriptomic, proteomic or metabolomic) parameters; or *genomic* (e.g. hereditary or gene based) characteristics;
- *Companion diagnostics*: Diagnostic products to evaluate an individual patient’s likelihood of benefiting from a particular therapeutic or risk of suffering certain adverse events from a particular therapeutic. Companion diagnostics represent a greater integration between diagnostics and therapeutics;
- *Screening tests*: Diagnostics performed on people prior to a clinical manifestation of disease - this contrasts with most other medical checks, which are performed when symptoms are already available. Screening typically involves testing a target population for a particular condition as part of a public health strategy;
- *Pharmacogenomic tests*: Examine the influence of genetic variation on drug response in patients by correlating gene expression or single nucleotide polymorphisms (SNPs) with a drug’s efficacy or toxicity. The aim of pharmacogenomics is to take into account a patient’s genotype to optimize drug therapy, i.e. to maximize efficacy while minimizing adverse effects.

There are a number of key trends that are having a significant impact on the clinical testing business and represent opportunities for companies that can develop novel diagnostic tests. Clinical laboratory testing is an essential healthcare service and is being favorably impacted by the following:

- *Demographics*: The growing and aging population is increasing the demand for clinical testing;
- *Increased testing*: Physicians are increasingly relying on diagnostic testing to help identify disease risk, detect the symptoms of disease earlier, aid in the choice of therapeutic regimen, and monitor patient compliance and to evaluate treatment results;
- *Advances in science and technology*: Recent medical advances have allowed earlier diagnosis and treatment of diseases and continuing research and development in the area of genomics is expected to yield new, more sophisticated and specialized diagnostic tests. These advances also are spurring interest in, and demand for, personalized or tailored medicine;
- *Prevention and wellness*: There is an increased awareness of the benefits of preventative medicine and wellness. Consumers, employers, health plans, and government agencies are increasingly focusing on detecting diseases earlier and providing preventative care that helps avoid disease.

As a result of these significant changes in the laboratory testing and IVD markets, it is evident that there is a significant commercial opportunity for companies that provide products or services that address the new needs of the evolving diagnostics marketplace. This is the market opportunity that the Company is addressing through its introduction of diagnostics tests that use patented, patent-pending, and proprietary technology to improve health and reduce the overall cost of healthcare through early detection, prevention, and treatment.

Our Strategy

The Company's solution is to utilize the technology that it has exclusively licensed from Wayne State University to exploit the new opportunities that are evolving in the diagnostics industry. The Company was created to specifically commercialize microarray-based diagnostic tests and services that are focused on early detection and pre-symptomatic screening. These new tests are based on patented and proprietary technology that is well-suited to be run in a central or regional laboratory utilizing samples that are collected by healthcare providers and sent to the authorized CLIA/ISO-certified testing facility for processing. This approach is similar to the business model that Myriad Genetics, Inc. (Revenues: \$470.45 million; market cap: \$2.86 billion; NASDAQ:MYGN) has utilized with the seven tests that it markets that determine predisposition to hereditary breast cancer, ovarian cancer, colon cancer, endometrial cancer and melanoma skin cancer. However, whereas Myriad Genetics determines a predisposition to a particular disease, the Company will market diagnostic tests that can be used to screen for the actual disease itself, in most cases before any symptoms have been observed. To achieve this goal of commercializing new diagnostic opportunities, the Company is leveraging off the strategic relationships that have been established with organizations such as Wayne State University and others to develop unique and high value-added diagnostic tests.

Although the initial focus of the Company is the OvaDx® test, the Company will explore opportunities for other microarray-based diagnostic tests, which may include pre-symptomatic screening tests for Parkinson's disease, Alzheimer's disease, prostate cancer, and other applications that allow early detection. The Company will also explore companion diagnostic opportunities for pharmaceuticals such as Plavix®, the world's leading anti-clotting medication that is manufactured by Bristol-Myers Squibb in conjunction with Sanofi-Aventis Pharmaceuticals. With the completion of the human genome sequencing project, genetic research has increased its focus on identifying the variations of the specific genes in the genome. These variations are what define individual characteristics, including disease states or a statistical propensity for disease. The implications are far-reaching and impact not only the research community, but also individual patients and medical providers. Diagnostic tests that detect diseases very early in their progression will provide options for earlier treatments that may improve the patient's quality of life and prognosis by delaying or preventing disease progression or even death. Medical providers will incur major cost savings by avoiding costly late stage disease treatments.

License Agreements

As a result of a Technology Transfer Agreement dated July 18, 2009, between Avant Diagnostics, Inc. and Arriyat Corporation (“Arriyat”), Avant has exclusive license rights to all of the trade secrets and protocols required for the sale and use of the OvaDx® ovarian cancer test. In addition, as a result of a technology transfer agreement with a stockholder of Avant, we will benefit from an extensive microarray technology patent portfolio and expertise, which includes the following:

- *Patented microarray printing technology:* Arrayit’s patented (U.S. Patent 6,101,946) microarray printing technology is differentiated from other techniques in the market because other companies are limited by what they can deposit on a microarray; specifically DNA. The Arrayit technology can deposit any kind of molecule on a microarray, including DNA, proteins, antibodies, patient samples, diagnostic elements, and other compounds. This unique technology gives the Company a competitive advantage in the types of future diagnostic products that it develops and commercializes, as well as freedom to operate in the microarray manufacturing marketplace.
- *Patented VIP technology:* Arrayit’s patented microarray diagnostic Variation Identification Platform (VIP) technology has the ability to test 10, 100, 1,000, 10,000, and up to 100,000 patients on a single microscope substrate slide requiring only one assay to match 100,000 patients to a particular disease state. Should any one of those 10 to 100,000 patient samples contain the marker for the disease being tested it would produce a red spot; if no disease, a green spot. This procedure also identifies carriers as yellow spots. Because of the sophistication of this patent, one lab could test hundreds of thousands of patient samples a day after receiving a sample of DNA from each patient. VIP is the only method available to the industry that can accomplish this. This is a revolutionary improvement by saving time and money, laboratory space, personnel, equipment, chemicals, reagents and consumables. It also positions the Company uniquely. As microarray diagnostics continue to gain acceptance in healthcare, the need to screen thousands of patients a day will make any competitor’s one patient per slide per experiment methodology far too costly and time consuming. Even when testing just 10 patients, the patented VIP method has impressive 10-fold decrease in time and cost over methods that use one microarray per test. VIP technology is especially attractive for population-wide diagnostic screening applications, such as the H1N1 virus and other infectious diseases. VIP technology is also extremely useful in limited-population screening as companion diagnostics for drugs such as Plavix®. Plavix® patients that have the CYP2C19 gene variant respond poorly to Plavix® treatment and a VIP test to screen Plavix® patients would improve drug efficacy by targeting the correct segment of the population that can benefit from this drug. Avant’s multi-patient genotyping procedure is protected by the following patents:
- U.S. Patent 6,913,879
Australia 2002218740
Europe 1343911
Korea 10-0756015
New Zealand 523560
Singapore 94899
Taiwan I280282
Israel 153848
People’s Republic of China L01813972.8
- *Microarray expertise:* The future success of the Company is made possible by leveraging off the ability to continually innovate and develop sophisticated microarray based diagnostic products. The Company relies on the identification of biomarkers and the ability to commercialize them by utilizing Arrayit’s delivery technology. The Company is seizing the opportunities created by Arrayit’s advanced technologies that are driving the discovery of unique biomarkers in laboratories around the globe. The microarrays manufactured by Arrayit and utilized in the Company’s tests are considered to be the best in the industry and are 99% pure (versus 70% for competitors) and are the most sensitive on the market.

- *Growing menu of screening tests:* The Company's OvaDx® ovarian cancer test will set the standard for early detection and pre-symptomatic screening utilizing a microarray based diagnostic test. We expect to expand this menu of tests to provide other early detection tests for key diseases where adequate diagnostic screening tests do not exist and where early detection can save lives and improve quality of life, such as Parkinson's disease, Alzheimer's disease, prostate cancer, and other diseases and medical conditions. We expect that other cancer tests, neurological assays, and areas such as allergy and food intolerance testing will benefit from the efficient patient screening model that are utilized in our tests. Additional markets for consideration that will also benefit from screening tests using our licensed technology are blood typing, parentage testing, forensics, human leukocyte antigen (HLA) analysis, infectious disease diagnosis, food testing, crop testing, and anti-terrorism analysis.
- *Ability to leverage strategic relationships:* We expect that the relationships that have been established with the Centers for Disease Control (CDC), Sandia Laboratories, Johns Hopkins University School of Medicine, the U.S. Department of Agriculture (USDA), UT MD Anderson Cancer Center, The Parkinson's Institute, MIT, Stanford University, the NIH, and other prestigious institutions, organizations, and companies around the world will benefit us immensely as we strive to create a world-class diagnostic testing company. We believe that our relationships will allow us to license biomarkers discoveries from these and other research facilities that have the potential to create innovative diagnostic tests. Similar to our relationship with Wayne State University, and the worldwide exclusive licensing and sponsored research agreements that we put in place with them, we believe additional novel diagnostic tests can be developed based on licensing of biomarkers discovered by our academic and scientific collaborators.

Governmental Regulation

The services that we provide are regulated by federal, state and foreign governmental authorities. Failure to comply with the applicable laws and regulations can subject us to repayment of amounts previously paid to us, significant civil and criminal penalties, loss of licensure, certification, or accreditation, or exclusion from government health care programs. The significant areas of regulation are summarized below.

Clinical Laboratory Improvement Amendments of 1988 and State Regulation

Each of our clinical laboratories must hold certain federal, state and local licenses, certifications and permits to conduct our business. Laboratories in the United States that perform testing on human specimens for the purpose of providing information for the diagnosis, prevention, or treatment of disease are subject to the Clinical Laboratory Improvement Amendments of 1988, or ("CLIA"). CLIA requires such laboratories to be certified by the federal government and mandates compliance with various operational, personnel, facilities administration, quality and proficiency testing requirements intended to ensure that testing services are accurate, reliable and timely. CLIA certification also is a prerequisite to be eligible to bill state and federal health care programs, as well as many private insurers, for laboratory testing services. Our laboratories in Salt Lake City, Utah, Austin, Texas and South San Francisco, California are CLIA certified to perform high complexity tests.

In addition, CLIA requires our certified laboratories to enroll in an approved proficiency testing program if it performs testing in any category for which proficiency testing is required. Our laboratories periodically test specimens received from an outside proficiency testing organization and then submit the results back to that organization for evaluation. If our laboratories fails to achieve a passing score on a proficiency test they lose their right to perform testing. Further, failure to comply with other proficiency testing regulations, such as the prohibition on referral of a proficiency testing specimen to another laboratory for analysis, can result in revocation of our laboratories' CLIA certification.

As a condition of CLIA certification, each of our laboratories is subject to survey and inspection every other year, in addition to being subject to additional random inspections. The biennial survey is conducted by the Centers for Medicare & Medicaid Services ("CMS"), a CMS agent (typically a state agency), or, a CMS-approved accreditation organization. Our laboratories are accredited by the College of American Pathologists ("CAP"), which is a CMS-approved accreditation organization.

CLIA provides that a state may adopt laboratory regulations that are more stringent than those under federal law. Our laboratories are licensed by the appropriate state agencies in the states in which they operate, if such licensure is required. In addition, our laboratories hold state licenses from California, Florida, New York, Pennsylvania, Rhode Island and Maryland, to the extent that they accept specimens from one or more of these states, each of which require out-of-state laboratories to obtain licensure. If a laboratory is out of compliance with state laws or regulations governing licensed laboratories, penalties for violation vary from state to state but may include suspension, limitation, revocation or annulment of the license, assessment of financial penalties or fines, or imprisonment. We believe that we are in material compliance with all applicable licensing laws and regulations.

Food and Drug Administration

Although the Food and Drug Administration (“FDA”) has consistently claimed that it has the authority to regulate laboratory-developed tests (“LDTs”) that are developed, validated and performed only by a CLIA certified laboratory, it has historically exercised enforcement discretion by not otherwise regulating most LDTs. Nevertheless, the FDA recently indicated that it is promulgating draft guidance for FDA regulation of most LDTs in the future.

After a medical device is placed on the market, numerous regulatory requirements apply. These include:

- compliance with the QSR, which require manufacturers to follow stringent design, testing, control, documentation, record maintenance, including maintenance of complaint and related investigation files, and other quality assurance controls during the manufacturing process;
- labeling regulations, which prohibit the promotion of products for uncleared, unapproved or “off-label” uses and impose other restrictions on labeling; and
- medical device reporting obligations, which require that manufacturers investigate and report to the FDA adverse events, including deaths, or serious injuries that may have been or were caused by a medical device and malfunctions in the device that would likely cause or contribute to a death or serious injury if it were to recur.

Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include sanctions, including but not limited to, warning letters; fines, injunctions, and civil penalties; recall or seizure of the device; operating restrictions, partial suspension or total shutdown of production; refusal to grant 510(k) clearance or PMA approvals of new devices; withdrawal of 510(k) clearance or PMA approvals; and civil or criminal prosecution. To ensure compliance with regulatory requirements, medical device manufacturers are subject to market surveillance and periodic, pre-scheduled and unannounced inspections by the FDA.

HIPAA and other privacy laws

The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), established comprehensive federal protection for the privacy and security of health information. The HIPAA standards apply to three types of organizations: health plans, healthcare clearing houses, and healthcare providers which conduct certain healthcare transactions electronically (“Covered Entities”). Title II of HIPAA, the Administrative Simplification Act, contains provisions that address the privacy of health data, the security of health data, the standardization of identifying numbers used in the healthcare system and the standardization of certain healthcare transactions. The privacy regulations protect medical records and other protected health information by limiting their use and release, giving patients the right to access their medical records and limiting most disclosures of health information to the minimum amount necessary to accomplish an intended purpose. The HIPAA security standards require the adoption of administrative, physical, and technical safeguards and the adoption of written security policies and procedures.

On February 17, 2009, Congress enacted Subtitle D of the Health Information Technology for Economic and Clinical Health Act, or HITECH, provisions of the American Recovery and Reinvestment Act of 2009. HITECH amends HIPAA and, among other things, expands and strengthens HIPAA, creates new targets for enforcement, imposes new penalties for noncompliance and establishes new breach notification requirements for Covered Entities. Regulations implementing major provisions of HITECH were finalized on January 25, 2013 through publication of the HIPAA Omnibus Rule (the “Omnibus Rule”).

Under HITECH's new breach notification requirements, Covered Entities must report breaches of protected health information that has not been encrypted or otherwise secured in accordance with guidance from the Secretary of the U.S. Department of Health and Human Services (the "Secretary"). Required breach notices must be made as soon as is reasonably practicable, but no later than 60 days following discovery of the breach. Reports must be made to affected individuals and to the Secretary and in some cases, they must be reported through local and national media, depending on the size of the breach. Breach reports can lead to investigation and enforcement.

We are currently subject to the HIPAA regulations and maintain an active compliance program that is designed to identify security incidents and other issues in a timely fashion and enable us to remediate, mitigate harm or report if required by law. We are subject to prosecution and/or administrative enforcement and increased civil and criminal penalties for non-compliance, including a new, four-tiered system of monetary penalties adopted under HITECH. We are also subject to enforcement by state attorneys general who were given authority to enforce HIPAA under HITECH. To avoid penalties under the HITECH breach notification provisions, we must ensure that breaches of protected health information are promptly detected and reported within the company, so that we can make all required notifications on a timely basis. However, even if we make required reports on a timely basis, we may still be subject to penalties for the underlying breach.

In addition to the federal privacy regulations, there are a number of state laws regarding the privacy and security of health information and personal data that are applicable to our clinical laboratories. Many states have also implemented genetic testing and privacy laws imposing specific patient consent requirements and protecting test results by strictly limiting the disclosure of those results. State requirements are particularly stringent regarding predictive genetic tests, due to the risk of genetic discrimination against healthy patients identified through testing as being at a high risk for disease. We believe that we have taken the steps required of us to comply with health information privacy and security statutes and regulations, including genetic testing and genetic information privacy laws in all jurisdictions, both state and federal. However, we may not be able to maintain compliance in all jurisdictions where we do business. Failure to maintain compliance, or changes in state or federal laws regarding privacy or security, could result in civil and/or criminal penalties and could have a material adverse effect on our business.

We are subject to laws and regulations related to the protection of the environment, the health and safety of employees and the handling, transportation and disposal of medical specimens, infectious and hazardous waste and radioactive materials. For example, the U.S. Occupational Safety and Health Administration ("OSHA"), has established extensive requirements relating specifically to workplace safety for healthcare employers in the U.S. This includes requirements to develop and implement multi-faceted programs to protect workers from exposure to blood-borne pathogens, including preventing or minimizing any exposure through needle stick injuries. For purposes of transportation, some biological materials and laboratory supplies are classified as hazardous materials and are subject to regulation by one or more of the following agencies: the U.S. Department of Transportation, the U.S. Public Health Service, the United States Postal Service and the International Air Transport Association. We generally use third-party vendors to dispose of regulated medical waste, hazardous waste and radioactive materials and contractually require them to comply with applicable laws and regulations.

International regulations

We market our tests outside of the United States and are subject to foreign regulatory requirements governing laboratory licensure, human clinical testing, use of tissue, privacy and data security, and marketing approval for our tests. These requirements vary by jurisdiction, differ from those in the United States and may require us to implement additional compliance measures or perform additional pre-clinical or clinical testing. On September 26, 2012, the European Commission released the first drafts of the new European Union ("EU") regulations for medical devices and IVDs that if finalized will impose additional regulatory requirements on IVDs used in the EU. In many countries outside of the United States, coverage, pricing and reimbursement approvals are also required. We are also required to maintain accurate information and control over sales and distributors' activities that may fall within the purview of the Foreign Corrupt Practices Act, its books and records provisions and its anti-bribery provisions.

Reimbursement and Billing

Reimbursement and billing for diagnostic services is generally highly complex. Laboratories must bill various payors, such as private third-party payors, including MCOs and state and federal health care programs, such as Medicare and Medicaid, and each may have different billing requirements. Additionally, the audit requirements we must meet to ensure compliance with applicable laws and regulations, as well as our internal compliance policies and procedures, add further complexity to the billing process. Other factors that complicate billing include:

- variability in coverage and information requirements among various payors;
- missing, incomplete or inaccurate billing information provided by ordering physicians;
- billings to payors with whom we do not have contracts;
- disputes with payors as to which party is responsible for payment; and
- disputes with payors as to the appropriate level of reimbursement.

Depending on the reimbursement arrangement and applicable law, the party that reimburses us for our services may be:

- a third party who provides coverage to the patient, such as an insurance company or MCO;
- a governmental payor; or
- the patient.

Federal and State Fraud and Abuse Laws

A variety of federal laws prohibit fraud and abuse involving state and federal health care programs, such as Medicare and Medicaid. These laws are interpreted broadly and enforced aggressively by various state and federal agencies, including CMS, the Department of Justice, the Office of Inspector General for the Department of Health and Human Services (“OIG”), and various state agencies. In addition, the Medicare and Medicaid programs increasingly use a variety of contractors to review claims data and to identify improper payments as well as fraud and abuse. Any overpayments identified must be repaid to the Medicare program unless a favorable decision is obtained on appeal. In some cases, these overpayments can be used as the basis for an extrapolation, by which the error rate is applied to a larger universe of claims, and which can result in even higher repayments.

Anti-Kickback Laws

The Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing, arranging for or recommending of an item or service that is reimbursable, in whole or in part, by a federal health care program. “Remuneration” is broadly defined to include anything of value, such as, for example, cash payments, gifts or gift certificates, discounts, or the furnishing of services, supplies or equipment. The Anti-Kickback Statute is broad and prohibits many arrangements and practices that are lawful in businesses outside of the health care industry.

Recognizing the breadth of the Anti-Kickback Statute and the fact that it may technically prohibit many innocuous or beneficial arrangements within the health care industry, the OIG has issued a series of regulations, or safe harbors. Compliance with all requirements of a safe harbor immunizes the parties to the business arrangement from prosecution under the Anti-Kickback Statute. The failure of a business arrangement to fit within a safe harbor does not necessarily mean that the arrangement is illegal or that the OIG will pursue prosecution. Still, in the absence of an applicable safe harbor, a violation of the Anti-Kickback Statute may occur even if only one purpose of an arrangement is to induce referrals. The penalties for violating the Anti-Kickback Statute can be severe. These sanctions include criminal and civil penalties, imprisonment and possible exclusion from the federal health care programs. Many states have adopted laws similar to the Anti-Kickback Statute, and some apply to items and services reimbursable by any payor, including private third-party payors.

Physician Self-Referral Bans

The federal ban on physician self-referrals, commonly known as the Stark Law, prohibits, subject to certain exceptions, physician referrals of Medicare patients to an entity providing certain designated health services, which include laboratory services, if the physician or an immediate family member of the physician has any financial relationship with the entity. Several Stark Law exceptions are relevant to arrangements involving clinical laboratories, including: (1) fair market value compensation for the provision of items or services; (2) payments by physicians to a laboratory for clinical laboratory services; (3) certain space and equipment rental arrangements that satisfy certain requirements; and (4) personal services arrangements. Penalties for violating the Stark Law include the return of funds received for all prohibited referrals, fines, civil monetary penalties and possible exclusion from the federal health care programs. In addition to the Stark Law, many states have their own self-referral bans, which may extend to all self-referrals, regardless of the payor.

State and Federal Prohibitions on False Claims

The federal False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment to the federal government. Under the False Claims Act, a person acts knowingly if he has actual knowledge of the information or acts in deliberate ignorance or in reckless disregard of the truth or falsity of the information. Specific intent to defraud is not required. The qui tam provisions of the False Claims Act allow a private individual to bring an action on behalf of the federal government and to share in any amounts paid by the defendant to the government in connection with the action. Penalties include payment of up to three times the actual damages sustained by the government, plus civil penalties of between \$5,500 and \$11,000 for each false claim, as well as possible exclusion from the federal health care programs. In addition, various states have enacted similar laws modeled after the False Claims Act that apply to items and services reimbursed under Medicaid and other state health care programs, and, in several states, such laws apply to claims submitted to any payor.

Civil Monetary Penalties Law

The federal Civil Monetary Penalties Law, or the CMP Law, prohibits, among other things (1) the offering or transfer of remuneration to a Medicare or state health care program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state health care program, unless an exception applies; (2) employing or contracting with an individual or entity that the provider knows or should know is excluded from participation in a federal health care program; (3) billing for services requested by an unlicensed physician or an excluded provider; and (4) billing for medically unnecessary services. The penalties for violating the CMP Law include exclusion, substantial fines, and payment of up to three times the amount billed, depending on the nature of the offense.

Employees

During the fiscal year ended September 30, 2017, the Company had one active employee, who is the Company's former Chief Executive Officer. The Company has not experienced any work disruptions or stoppages and it considers relations with its employee to be good. No employee of the Company is covered by a collective-bargaining agreement.

Available Information

You may obtain free copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after they are electronically filed or furnished to the SEC, on the Investors section of our website at www.avantdiagnostics.com. Information found on our website is not incorporated by reference into this report. We make available free of charge through our website our Securities and Exchange Commission, or SEC, filings furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS.

An investment in our common stock involves a high degree of risk. In determining whether to purchase our common stock, an investor should carefully consider all of the material risks described below, together with the other information contained in this report before making a decision to purchase our securities. An investor should only purchase our securities if he or she can afford to suffer the loss of his or her entire investment.

Risks Relating to Our Business and Industry

The report from our Independent Registered Public Accounting Firm contains an explanatory paragraph about our ability to continue as a going concern. If we are unable to continue as a going concern, our securities will have little or no value.

As of September 30, 2017, we had an accumulated deficit of \$31.16 million. We currently do not anticipate that our cash will be sufficient to fund our operations through September 30, 2018 without raising additional capital. Our continuation as a going concern is dependent upon continued financial support from our stockholders, the ability of us to obtain necessary equity and/or debt financing to continue operations, and the attainment of profitable operations. These factors raise substantial doubt regarding our ability to continue as a going concern. We cannot make any assurances that additional financings will be available to us and, if available, completed on a timely basis, on acceptable terms or at all. If we are unable to complete a debt or equity offering, or otherwise obtain sufficient financing when and if needed, it would negatively impact our business and operations, which would likely cause the price of our common stock to decline. It could also lead to the reduction or suspension of our operations and ultimately force us to cease our operations.

We are at an early stage of development as a company and have generate minimal revenues.

We are a life sciences company. At this time, we have minimal commercial products or laboratory services that generate revenues. Our existing diagnostic offerings will require additional regulatory review, including the FDA, significant marketing efforts and substantial investment before they could provide any revenues.

We have a history of net losses, and we expect to incur net losses for the foreseeable future and we expect to continue to incur significant expenses to develop and commercialize our tests.

We have incurred substantial net losses since our inception. For the fiscal years ended September 30, 2017 and 2016, we incurred net losses of \$9,585,928 and \$11,759,045, respectively. From our inception in July 2009 through September 30, 2017, we had an accumulated deficit of \$31.16 million. To date, we have not achieved, and we may never achieve, revenues sufficient to offset expenses. We expect to devote substantially all of our resources to continue commercializing and enhancing **OvaDx®** and **Theralink®**. We expect to incur additional losses in the future, and we may never achieve profitability.

We have identified a material weakness in our internal control over financial reporting. If we fail to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in our company.

In connection with the audit of our consolidated financial statements as of and for the year ended September 30, 2017, our management identified material weaknesses in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board of the U.S. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses related to a lack of a full segregation of duties and to our lack of sufficient personnel in our accounting and financial reporting functions with sufficient experience and expertise with respect to the application of U.S. GAAP and related financial reporting. Please see “Controls and Procedures—Internal Control Over Financial Reporting” for information regarding our remediation efforts. Our management did not and were not required to perform an evaluation of our internal control over financial reporting as of and for the year ended September 30, 2017 in accordance with the provisions of the Sarbanes-Oxley Act. Had we performed such an evaluation, additional control deficiencies may have been identified by management, and those control deficiencies could have also represented one or more material weaknesses.

We cannot be certain that any measures we undertake will successfully remediate the material weakness or that other material weaknesses and control deficiencies will not be discovered in the future. If our remediation efforts are not successful or other material weaknesses or control deficiencies occur in the future, we may be unable to report our financial results accurately on a timely basis, which could cause our reported financial results to be materially misstated and result in the loss of investor confidence or delisting and cause the market price of our common stock to decline.

We do not have our own diagnostic research facilities and will be dependent on third parties for diagnostic product development.

We do not have our own research and development facilities dedicated to diagnostic development and may engage consultants and independent contract research organizations to design and conduct clinical trials in connection with the development of our diagnostic products. As a result, these important aspects of a product's development will be outside of our direct control. In addition, there can be no assurance that such third parties will perform all of their obligations under arrangements with us or will perform those obligations satisfactorily.

If we fail to obtain additional financing, we will be unable to complete the development and commercialization of our product candidates or continue our research and development programs.

In addition to the funds raised in our recent private placements, we may be required to raise additional capital to complete the development and to begin commercialization of our current and future product candidates. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue one or more of our clinical trials, and the commercialization of our diagnostic tests.

If third-party payors, including managed care organizations and Medicare, do not provide reimbursement for our products, their commercial success could be compromised.

Physicians and patients may decide not to order the **OvaDx®** unless third-party payors, such as managed care organizations as well as government payors such as Medicare and Medicaid, pay a substantial portion or all of the test's price. There is significant uncertainty concerning third-party reimbursement of any test incorporating new technology, including **OvaDx®**, and any of our future diagnostics and therapies. Reimbursement by a third-party payor may depend on a number of factors, including a payor's determination that tests using our technologies are:

- not experimental or investigational,
- medically necessary,
- appropriate for the specific patient,
- cost-effective, and
- supported by peer-reviewed publications.

Since each payor makes its own decision as to whether to establish a policy to reimburse, seeking these approvals is a time-consuming and costly process. To date, we have not secured policy-level reimbursement approval from any third-party payors and have no approvals for state Medicaid programs. We cannot be certain that coverage for our products will be provided in the future by any third-party payors.

Several entities conduct technology assessments of new medical tests and devices and provide the results of their assessments for informational purposes to other parties. These assessments may be used by third-party payors and health care providers such as Blue Cross and Blue Shield plans, which collectively provide healthcare coverage for nearly one-third of all Americans, as grounds to deny coverage for a test or procedure. These assessments have not yet been carried for our Ovarian Cancer Diagnostic test. We can offer no assurance that these evaluations will ever be conducted, and if conducted, will result in a positive conclusion resulting in any third-party reimbursement to us.

Insurers, including managed care organizations as well as government payors such as Medicare, have increased their efforts to control the cost, utilization and delivery of health care services. From time to time, the United States Congress has considered and implemented changes in the Medicare fee schedules in conjunction with budgetary legislation. Further reductions of reimbursement for Medicare services may be implemented from time to time. Reductions in the reimbursement rates of other third-party payors have occurred and may occur in the future. These measures have resulted in reduced prices, added costs and decreased test utilization for the clinical laboratory industry.

If we are unable to obtain reimbursement approval from private payors and Medicare and Medicaid programs for our diagnostic tests, or if the amount reimbursed is inadequate, our ability to generate revenues could be limited. Even if we are being reimbursed, insurers may withdraw their coverage policies or cancel their contracts with us at any time or stop paying for our tests, which would reduce our revenue.

We may experience delays in our clinical trials that could adversely affect our financial position and our commercial prospects.

Any delays in completing our clinical trials for **OvaDx®** and our platform of diagnostics assays may delay our ability to raise additional capital or to generate revenue, and we may have insufficient capital resources to support our operations. Even if we have sufficient capital resources, the ability to become profitable will be delayed if there are problems with the timing or completion of our clinical trials.

If our product candidates do not meet safety or efficacy endpoints in clinical evaluations, they will not receive regulatory approval and we will be unable to market them.

The regulatory approval process typically is extremely expensive, takes many years and the timing of any approval cannot be accurately predicted. If we fail to obtain regulatory approval for our current or future product candidates, we will be unable to market and sell such products and therefore may never be profitable. The FDA and other regulatory agencies can delay, limit or deny approval for many reasons, including: (i) a product candidate may not be safe or effective; (ii) the manufacturing processes or facilities we have selected may not meet the applicable requirements; and (iii) changes in FDA's approval policies or adoption of new regulations may require additional work. Any delay in, or failure to receive or maintain, regulatory approval for any of our products could prevent us from ever generating meaningful revenues or achieving profitability.

Even if we receive regulatory approvals, our product candidates may later exhibit adverse effects that limit or prevent their widespread use or that force us to withdraw those product candidates from the market. In addition, a marketed product continues to be subject to strict regulation after approval. Any unforeseen problems with an approved product or any violation of regulations could result in restrictions on the product, including our withdrawal from the market. Any delay in, or failure to receive or maintain regulatory approval for, any of our products could prevent us from ever generating meaningful revenues or achieving profitability.

Healthcare policy changes, including recently enacted legislation reforming the U.S. healthcare system, may have a material adverse effect on our financial condition and results of operations.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, collectively, the PPACA, enacted in March 2010, makes changes that are expected to significantly impact the pharmaceutical and medical device industries and clinical laboratories. Beginning in 2013, each medical device manufacturer will have to pay a sales tax in an amount equal to 2.3% of the price for which such manufacturer sells its medical devices that are listed with the FDA. Although the FDA has contended that clinical laboratory tests that are developed and validated by a laboratory for its own use, or LDTs, such as our MetaSite Breast test are medical devices, none of our products are currently listed with the FDA. We cannot assure you that the tax will not be extended to services such as ours in the future. The PPACA also mandates a reduction in payments for clinical laboratory services paid under the Medicare Clinical Laboratory Fee Schedule, or CLFS, of 1.75% through 2015 and a productivity adjustment to the CLFS.

Other significant measures contained in the PPACA include, for example, coordination and promotion of research on comparative clinical effectiveness of different technologies and procedures, initiatives to revise Medicare payment methodologies, such as bundling of payments across the continuum of care by providers and physicians, and initiatives to promote quality indicators in payment methodologies. The PPACA also includes significant new fraud and abuse measures, including required disclosures of financial arrangements with physician customers, lower thresholds for violations and increasing potential penalties for such violations. In addition, the PPACA establishes an Independent Payment Advisory Board, or IPAB, to reduce the per capita rate of growth in Medicare spending. The IPAB has broad discretion to propose policies to reduce expenditures, which may have a negative impact on payment rates for services. The IPAB proposals may impact payments for clinical laboratory services beginning in 2016 and for hospital services beginning in 2020. We are monitoring the impact of the PPACA in order to enable us to determine the trends and changes that may be necessitated by the legislation that may potentially impact on our business over time.

In addition to the PPACA, the effect of which cannot presently be fully quantified given its recent enactment, various healthcare reform proposals have also emerged from federal and state governments. For example, in February 2012, Congress passed the "Middle Class Tax Relief and Job Creation Act of 2012" which in part reduced the potential future cost-based increases to the Medicare Clinical Laboratory Fee Schedule by 2%. Overall the expected total fee cut to the CLFS for 2013 is 2.95% not including a further reduction of 2% anticipated from implementation of the automatic expense reductions (sequester) under the Budget Control Act of 2011, which will go into effect for dates of service on or after April 1, 2013 unless Congress acts to modify the automatic cuts.

The Centers for Medicare and Medicaid Services, CMS, sought public input through the notice and comment period for the Proposed Medicare Physician Fee Schedule, on whether all new AMA Molecular Diagnostic codes be placed on either the Medicare Physician Fee Schedule, which would likely require a 20% patient co-payment for such services, or remain on the CLFS. On November 1, 2012, CMS issued a final rule on the Physician Fee Schedule, which described that these new codes would be placed on the CLFS. On August 31, 2012, CMS also issued a preliminary determination for the 2013 CLFS which proposed not to recognize Multi-Analyte codes with Algorithmic Analyses, or MAAA, and questioned whether algorithm-based tests are covered benefits for Medicare beneficiaries. However, in its final determination released on November 6, 2012, CMS deleted the statement about not covering algorithmic analysis, and stated that laboratories performing MAAA tests for Medicare beneficiaries should continue to bill for these tests in 2013 as they are currently billed under the CLFS. CMS intends to consider its payment policy for MAAAs again in 2013 and may issue a determination to pay or not pay for these tests beginning in 2014. Our current Medicare reimbursement determination was set by a local coverage decision and not set nationally by CMS. These or any future changes in covered benefit determination, proposed fees or mandated reductions in payments may apply to some or all of our clinical laboratory tests delivered to Medicare beneficiaries.

Changes in healthcare policy, such as the creation of broad test utilization limits for diagnostic products in general or requirements that Medicare patients pay for portions of clinical laboratory tests or services received, could substantially impact the sales of our tests, decrease revenues, increase costs and divert management's attention from our business.

We cannot predict whether future healthcare initiatives will be implemented at the federal or state level or in countries outside of the United States in which we may do business, or the effect any future legislation or regulation will have on us. The taxes imposed by the new federal legislation, cost reduction measures and the expansion in government's role in the U.S. healthcare industry may result in decreased profits to us, lower reimbursements by payors for our products or reduced medical procedure volumes, all of which may adversely affect our business, financial condition and results of operations. In addition, sales of our tests outside the United States make us subject to foreign regulatory requirements and cost-reduction measures, which may also change over time.

Testing of potential products may be required and there is no assurance of FDA or any other regulatory approval.

The FDA and comparable agencies in foreign countries impose substantial requirements upon the introduction of both therapeutic and diagnostic biomedical products, through lengthy and detailed laboratory and clinical testing procedures, sampling activities and other costly and time-consuming procedures. Satisfaction of these requirements typically takes several years or more and varies substantially based upon the type, complexity, and novelty of the product. The effect of government regulation and the need for FDA approval may be to delay marketing of new products for a considerable period of time, to impose costly procedures upon our activities, and to provide an advantage to larger companies that compete with us. There can be no assurance that FDA or other regulatory approval for any products developed by us will be granted on a timely basis or at all. Any such delay in obtaining, or failure to obtain, such approvals would materially and adversely affect the marketing of any contemplated products and the ability to earn product revenue. Further, regulation of manufacturing facilities by state, local, and other authorities is subject to change. Any additional regulation could result in limitations or restrictions on our ability to utilize any of our technologies, thereby adversely affecting our operations. Human diagnostic and pharmaceutical products are subject to rigorous preclinical testing and clinical trials and other approval procedures mandated by the FDA and foreign regulatory authorities. Various federal and foreign statutes and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of pharmaceutical products. The process of obtaining these approvals and the subsequent compliance with appropriate United States and foreign statutes and regulations are time-consuming and require the expenditure of substantial resources. In addition, these requirements and processes vary widely from country to country. Among the uncertainties and risks of the FDA approval process are the following: (i) the possibility that studies and clinical trials will fail to prove the safety and efficacy of the product, or that any demonstrated efficacy will be so limited as to significantly reduce or altogether eliminate the acceptability of the product in the marketplace, (ii) the possibility that the costs of development, which can far exceed the best of estimates, may render commercialization of the drug marginally profitable or altogether unprofitable, and (iii) the possibility that the amount of time required for FDA approval of a product may extend for years beyond that which is originally estimated. In addition, the FDA or similar foreign regulatory authorities may require additional clinical trials, which could result in increased costs and significant development delays. Delays or rejections may also be encountered based upon changes in FDA policy and the establishment of additional regulations during the period of product development and FDA review. Similar delays or rejections may be encountered in other countries.

If we were required to conduct additional clinical trials prior to marketing our diagnostic tests, those trials could lead to delays or failure to obtain necessary regulatory approvals and harm our ability to become profitable.

The FDA requires extensive pre-market clinical testing prior to submitting a regulatory application for commercial sales. **OvaDx®** and our other product candidates require pre-market clinical trials, and whether using prospectively acquired samples or archival samples, delays in the commencement or completion of clinical testing could significantly increase our test development costs and delay commercialization. Many of the factors that may cause or lead to a delay in the commencement or completion of clinical trials may also ultimately lead to delay or denial of regulatory approval. The commencement of clinical trials may be delayed due to insufficient patient enrollment, which is a function of many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to clinical sites and the eligibility criteria for the clinical trial. We may find it necessary to engage contract research organizations to perform data collection and analysis and other aspects of our clinical trials, which might increase the cost and complexity of our trials. We may also depend on clinical investigators, medical institutions and contract research organizations to perform the trials properly. If these parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, or if the quality, completeness or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or for other reasons, our clinical trials may have to be extended, delayed or terminated. Many of these factors would be beyond our control. We may not be able to enter into replacement arrangements without undue delays or considerable expenditures. If there are delays in testing or approvals as a result of the failure to perform by third parties, our research and development costs would increase, and we may not be able to obtain regulatory approval for our test. In addition, we may not be able to establish or maintain relationships with these parties on favorable terms, if at all. Each of these outcomes would harm our ability to market our test, or to become profitable.

Complying with numerous regulations pertaining to our business is an expensive and time-consuming process, and any failure to comply could result in substantial penalties.

We are subject to other regulations by both the federal government and the states in which we conduct our business, including:

- Medicare billing and payment regulations applicable to clinical laboratories;
- the federal Medicare and Medicaid Anti-kickback Law and state anti-kickback prohibitions;
- the federal physician self-referral prohibition, commonly known as the Stark Law, and the state equivalents;
- the federal Health Insurance Portability and Accountability Act of 1996;
- the Medicare civil money penalty and exclusion requirements; and
- the federal civil and criminal False Claims Act.

We have and will continue to adopt policies and procedures designed to comply with these laws, including policies and procedures relating to financial arrangements between us and physicians who refer patients to us. In the ordinary course of our business, we conduct internal reviews of our compliance with these laws. Our compliance is also subject to governmental review. The growth of our business and sales organization may increase the potential of violating these laws or our internal policies and procedures. The risk of our being found in violation of these laws and regulations is further increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action brought against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of these laws and regulations, we may be subject to any applicable penalty associated with the violation, including civil and criminal penalties, damages and fines, we could be required to refund payments received by us, and we could be required to curtail or cease our operations. Any of the foregoing consequences could seriously harm our business and our financial results.

Initially, our financial results will depend on sales of one test, the Theralink® test, and we will need to generate sufficient revenues from this and our other diagnostics or therapies to run our business.

For the fiscal year ending September 30, 2017, we expect to derive substantially all of our revenues from sales of Theralink®. We anticipate commencing full implementation of our sales and marketing strategy as early as June 2019. We are in various stages of research and development for other function-based diagnostic assays that we may offer as well as for enhancements to our existing test. We do not currently expect to commercialize these additional tests for other disease indications until at least 2020. If we are unable to increase sales of Theralink® or to successfully develop and commercialize other diagnostic tests, enhancements, our revenues and our ability to achieve profitability would be impaired, and the market price of our common stock could decline.

We may experience limits on our revenues if physicians decide not to order our tests.

If medical practitioners do not order Theralink® or any future tests developed by us, we will likely not be able to create demand for our products in sufficient volume for us to become profitable. To generate demand, we will need to continue to make oncologists, surgeons and pathologists aware of the benefits of Theralink® and any products we may develop in the future through published papers, presentations at scientific conferences and one-on-one education by our sales force. Some physicians may decide not to order our test due to its price, part or all of which may be payable directly by the patient if the applicable payor denies reimbursement in full or in part. Even if patients recommend that their physicians use our test, physicians may still decide not to use Theralink®, either because they have not been made aware of its utility or they wish to pursue a particular course of therapy regardless of test results. If only a small portion of the physician population decides to use our test, we will experience limits on our revenues and our ability to achieve profitability. In addition, we will need to demonstrate our ability to obtain adequate reimbursement coverage from third-party payors.

We may experience limits on our revenues if patients decide not to use our test.

Some patients may decide not to order our test due to its price, part or all of which may be payable directly by the patient if the applicable payor denies reimbursement in full or in part. Even if medical practitioners recommend that their patients use our test, patients may still decide not to use Theralink®, either because they do not want to be made aware of the likelihood of metastasis or they wish to pursue a particular course of therapy regardless of test results. If only a small portion of the patient population decides to use our test, we will experience limits on our revenues and our ability to achieve profitability.

If we are unable to develop products to keep pace with rapid technological, medical and scientific change, our operating results and competitive position would be harmed.

In recent years, there have been numerous advances in technologies relating to the diagnosis and treatment of cancer. These advances require us to continuously develop new products and enhance existing products to keep pace with evolving standards of care. Our tests could become obsolete unless we continually innovate and expand our products to demonstrate recurrence and treatment benefit in patients treated with new therapies. New treatment therapies typically have only a few years of clinical data associated with them, which limits our ability to perform clinical studies and correlate sets of genes to a new treatment's effectiveness. If we are unable to demonstrate the applicability of our test to new treatments, then sales of our test could decline, which would harm our revenues.

If we become subject to product liability claims, the damages may exceed insurance coverage levels.

We will obtain liability insurance for our product candidates as each is entered into large population validation studies and/or any other studies where such liability insurance is needed. We cannot predict all of the possible harms or side effects that may result from the use of our products and, therefore, the amount of insurance coverage we currently hold, or that we or our collaborators may obtain, may not be adequate to protect us from any claims arising from the use of our products that are beyond the limit of our insurance coverage. If we cannot protect against potential liability claims, we or our collaborators may find it difficult or impossible to commercialize our products, and we may not be able to renew or increase our insurance coverage on reasonable terms, if at all.

If we are unable to develop adequate sales, marketing or distribution capabilities or enter into agreements with third parties to perform some of these functions, we will not be able to commercialize our products effectively.

We may have a limited infrastructure in sales, marketing and distribution. To directly market and distribute any products, we must effectively build a sales and marketing organization with appropriate technical expertise and distribution capabilities. We may not be able to establish sales, marketing and distribution capabilities of our own or enter into such arrangements with third parties in a timely manner or on acceptable terms.

If we do not find development and commercialization collaborators for our product candidates, we may have to reduce or delay our rate of product development and commercialization and increase our expenditures.

We may enter into relationships with selected biotechnology companies to help develop and commercialize our product candidates. If we are not able to establish such collaborative arrangements, we may have to reduce or delay further development of some of our programs, increase our planned expenditures and undertake development and commercialization activities at our own expense.

If we enter into development or commercialization collaborations with biotechnology companies, these relationships will also be subject to a number of risks, including: (i) collaborators may not pursue further development and commercialization of products resulting from collaborations or may elect not to renew research and development programs; (ii) collaborators may delay clinical trials, underfund a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require the development of a new formulation of a product candidate for clinical testing; (iii) a collaborator with marketing and distribution rights to one or more of our products may not commit enough resources to the marketing and distribution of our products, limiting our potential revenues from the commercialization of these products; and (iv) disputes may arise delaying or terminating the research, development or commercialization of our product candidates, or result in significant legal proceedings.

If our laboratory facility should become inoperable, we will be unable to perform our tests and our business will be harmed.

For the fiscal year ended September 30, 2017, we acquired a CLIA laboratory from THI. The facility may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, flooding and power outages, which may render it difficult or impossible for us to perform our tests for some period of time. The inability to perform our tests may result in the loss of customers or harm our reputation, and we may be unable to regain those customers in the future.

In order to rely on a third party to perform our tests, we could only use another facility with established state licensure and CLIA accreditation under the scope of which Theralink® could be performed following validation and other required procedures. We cannot assure you that we would be able to find another CLIA-certified facility willing to adopt Theralink® and comply with the required procedures, or that this laboratory would be willing to perform the tests for us on commercially reasonable terms. In order to establish a redundant laboratory facility, we would have to spend considerable time and money securing adequate space, constructing the facility, recruiting and training employees, and establishing the additional operational and administrative infrastructure necessary to support a second facility. Additionally, any new clinical laboratory facility opened by us would be subject to certification under CLIA and licensed by several states, including California and New York, which can take a significant amount of time and result in delays in our ability to begin operations.

Our success depends on retention of key personnel.

Our future success also will depend in large part on our continued ability to attract and retain other highly qualified scientific, technical and management personnel, as well as personnel with expertise in sales and marketing, clinical testing, and governmental regulation. We face competition for personnel from other companies, universities, public and private research institutions, government entities and other organizations. If we are unsuccessful in our recruitment and retention efforts, our business will be harmed.

Our corporate compliance program cannot guarantee that we are in compliance with all potentially applicable regulations.

The development, manufacturing, pricing, sales, and reimbursement of our products, together with our general operations, are subject to extensive regulation by federal, state and other authorities within the United States and numerous entities outside of the United States. While we have developed and instituted a corporate compliance program based on what we believe are the current best practices, we cannot assure you that we are or will be in compliance with all potentially applicable regulations. If we fail to comply with any of these regulations, we could be subject to a range of regulatory actions, including suspension or termination of clinical trials, the failure to approve a product candidate, restrictions on our products or manufacturing processes, withdrawal of products from the market, significant fines, or other sanctions or litigation.

Our operations may involve hazardous materials, and compliance with environmental laws and regulations is expensive.

Our future research and development activities may involve the controlled use of hazardous materials, including chemicals that cause cancer, volatile solvents, radioactive materials and biological materials including human tissue samples that have the potential to transmit diseases. Our operations may also produce hazardous waste products. We are subject to a variety of federal, state and local regulations relating to the use, handling and disposal of these materials. We generally may contract with third parties for the disposal of such substances and may store certain low-level radioactive waste at our facility until the materials are no longer considered radioactive. While we believe that we will comply with then current regulatory requirements, we cannot eliminate the risk of accidental contamination or injury from these materials. We may be required to incur substantial costs to comply with current or future environmental and safety regulations. If an accident or contamination occurred, we would likely incur significant costs associated with civil penalties or criminal fines and in complying with environmental laws and regulations.

If we use biological and hazardous materials in a manner that causes injury, we could be liable for damages.

Our activities may require the controlled use of potentially harmful biological materials, hazardous materials and chemicals and may in the future require the use of radioactive compounds. We cannot eliminate the risk of accidental contamination or injury to employees or third parties from the use, storage, handling or disposal of these materials. In the event of contamination or injury, we could be held liable for any resulting damages, and any liability could exceed our resources or any applicable insurance coverage we may have. Additionally, we are subject on an ongoing basis to federal, state and local laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. The cost of compliance with these laws and regulations might be significant and could negatively affect our operating results.

Risks Related to Our Medical Diagnostic Testing Business and Strategy

We may not be successful in transitioning from our existing product portfolio to our new products. We may not be able to generate sufficient revenue from our existing tests and our new tests or develop new tests to maintain profitability.

We believe our future success is dependent upon our ability to successfully market our existing molecular diagnostic tests to additional patients within the United States, to expand into new markets outside the United States, and to develop and commercialize new molecular diagnostic and companion diagnostic tests.

For example, because most of our molecular diagnostic tests are only utilized once per patient, we will need to sell our services through physicians to new patients or develop new molecular diagnostic tests in order to continue to generate revenue. Our pipeline of new molecular diagnostic and companion diagnostic test candidates is in various stages of development and may take several more years to develop and must undergo extensive clinical validation. We may be unable to discover or develop any additional molecular diagnostic or companion diagnostic tests through the utilization of our technologies or technologies we license or acquire from others. Even if we develop tests or services for commercial use, we may not be able to develop tests or services that:

- meet applicable regulatory standards, in a timely manner or at all;
- successfully compete with other technologies and tests;
- avoid infringing the proprietary rights of others;
- are adequately reimbursed by third-party payors;
- can be performed at commercial levels or at reasonable cost; or
- can be successfully marketed.

We must generate significant revenue to maintain profitability. Even if we succeed in our existing molecular diagnostic tests to physicians for use in new patients and in developing and commercializing any additional molecular diagnostic tests and companion diagnostic tests, we may not be able to generate sufficient revenue and we may not be able to maintain profitability.

We may not become profitable on a quarterly or annual basis.

In order to develop and commercialize our molecular diagnostic and companion diagnostic test candidates, we expect to incur significant expenses over the next several years as we increase our research and development activities, expand clinical validation trials for our molecular diagnostic tests and companion diagnostic tests currently in development, potentially license or acquire additional companies or technologies and engage in commercialization activities in anticipation of the launch of additional molecular diagnostic tests companion diagnostic tests. Because of the numerous risks and uncertainties associated with developing our tests and their potential for commercialization, we are unable to predict the extent of any future profits. If we are unable to sustain or increase profitability, the market value of our common stock will likely decline. Our ability to maintain profitability will depend upon numerous factors, including:

- our ability to transition from our existing product portfolio to our new products and to commercialize these new tests;
- our ability to obtain full or partial reimbursement for new products;
- our ability to sell our other existing molecular diagnostic tests to new patients;
- our ability to identify biomarkers that may lead to future molecular diagnostic tests and companion diagnostic tests;
- our ability to develop test candidates and receive any required regulatory approvals;
- our ability to successfully commercialize our tests in our existing markets and to extend into new markets outside the United States;
- the approval and introduction of competitive tests;
- reductions in reimbursement by third-party payors or their willingness to provide full or even partial reimbursement for our tests;
- our ability to maintain and enforce our intellectual property rights covering our molecular diagnostic tests and companion diagnostic tests;
- our ability to maintain and grow our sales force and marketing team to market our tests;
- our ability to successfully integrate, develop and grow products and services and the business of any other companies or technologies that we may license or acquire;
- our ability to increase commercial acceptance of our current molecular diagnostic tests; and
- our ability to maintain or grow our current revenues.

If we cannot successfully launch our molecular diagnostic tests and are unable to secure additional funding, we may have to exit the market place.

To develop and bring new molecular diagnostic tests and companion diagnostic tests to market, we must commit substantial resources to costly and time-consuming research, development testing and clinical testing. If we are unable to secure adequate funding, we may be required to reduce research and development projects, limit sales and marketing activities, reduce headcount or potentially even discontinue operations. Our future capital requirements will depend on many factors that are currently unknown to us, including:

- our ability to maintain the existing licenses to our molecular diagnostic tests and enter into collaborations, licensing or other arrangements favorable to us;
- the scope, progress, results and cost of development, clinical testing and pre-market studies of any new molecular diagnostic tests that we may discover or acquire;
- the progress, results, and costs to develop additional molecular diagnostic tests;
- the costs by us or our licensors of preparing, filing and prosecuting patent applications, maintaining and enforcing our current issued patents, and defending intellectual property-related claims;
- the costs of acquiring technologies or businesses, and our ability to successfully integrate and achieve the expected benefits of our business development activities and acquisitions;
- the progress, cost and results of our international expansion efforts;
- the costs of expanding our sales and marketing functions and commercial operation facilities in the United States and in new markets;
- the costs, timing and outcome of any litigation against us; and
- the costs to satisfy our current and future obligations.

We may acquire technologies, assets or other businesses that could cause us to incur significant expense and expose us to a number of unanticipated operational and financial risks.

In addition to organic growth, we intend to continue to pursue growth through the acquisition of technology, assets or other businesses that may enable us to enhance our technologies and capabilities, expand our geographic market, add experienced management personnel and increase our test offerings. However, these acquisitions may not achieve profitability or generate a positive return on our investment. Additionally, we may be unable to implement our growth strategy if we cannot identify suitable acquisition candidates, reach agreement on potential acquisitions on acceptable terms, successfully integrate personnel or assets that we acquire or for other reasons. Our acquisition efforts may involve certain risks, including:

- we may have difficulty integrating operations and systems;
- key personnel and customers of the acquired company may terminate their relationships with the acquired company as a result of the acquisition;
- we may not be successful in launching new molecular diagnostic tests or companion diagnostic tests, or if those tests are launched they may not prove successful in the market place;
- we may experience additional financial and accounting challenges and complexities in areas such as planning and financial reporting;
- we may assume or be held liable for risks and liabilities, including for environmental-related costs, as a result of our acquisitions, some of which we may not discover during our due diligence;

- we may incur significant additional operating expenses;
- our ongoing business may be disrupted or receive insufficient management attention; and
- we may not be able to realize synergies, the cost savings or other financial and operational benefits we anticipated, or such synergies, savings or benefits may take longer than we expected.

The process of negotiating acquisitions and integrating acquired tests, services, technologies, personnel or businesses might result in operating difficulties and expenditures and might require significant management attention that would otherwise be available for ongoing development of our business, whether or not any such transaction is ever consummated. Moreover, we might never realize the anticipated benefits of any acquisition. Future acquisitions could result in the use of our available cash and marketable securities, potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, or impairment expenses related to goodwill, and impairment or amortization expenses related to other intangible assets, which could harm our financial condition. In addition, if we are unable to integrate any acquired businesses, tests or technologies effectively, our business, financial condition and results of operations may be materially adversely affected.

We may not be able to successfully integrate the operations of businesses that we acquire with our own or realize the anticipated benefits of the acquisitions, which could adversely affect our financial condition, results of operations and business prospects.

There can be no assurance that we will be able to successfully integrate acquisitions or develop or commercialize products based on acquired technologies, or that we will be able to successfully integrate any other companies, products or technologies that we may acquire and may not realize all or any of the expected benefits of any future acquisitions as and when planned. Additionally, we may experience increased expenses, distraction of our management, personnel and customer uncertainty.

The difficulties and risks associated with the integration of any other businesses that we may acquire include:

- possible inconsistencies in the standards, controls, procedures, policies and compensation structures;
- the increased scope and complexity of the acquired company's operations;
- the potential loss of key employees and the costs associated to retain key employees;
- risks and limitations on our ability to consolidate corporate and administrative infrastructures of the two companies; and
- the possibility of unanticipated delays, costs or inefficiencies associated with the integration of our operations with the operations of any other companies that we may acquire.

As a result of these difficulties and risks, we may not accomplish the integration of the business of any companies we may acquire smoothly, successfully or within our budgetary expectations and anticipated timetable. Accordingly, we may fail to realize some or all of the anticipated benefits of the acquisition, such as increase in our scale, diversification, cash flows and operational efficiency and meaningful accretion to our diluted earnings per share.

If we were successfully sued for product liability, we could face substantial liabilities that exceed our resources.

Our business exposes us to potential liability risks inherent in the testing, marketing and processing of molecular diagnostic products, including possible misdiagnoses. Although we are insured against such risks in amounts that we believe to be commercially reasonable, our present professional and product liability insurance may be inadequate. A successful product liability claim in excess of our insurance coverage could have a material adverse effect on our business. Any successful product liability claim may prevent us from obtaining adequate product liability insurance in the future on commercially desirable or reasonable terms. An inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our products.

We are dependent on our information technology and telecommunications systems, and any failure of these systems could harm our business.

We depend on information technology, or IT, and telecommunications systems for significant aspects of our business. These IT and telecommunications systems support a variety of functions, including sample processing, tracking, quality control, customer service and support, billing, research and development activities, and various general and administrative activities. Failures or significant downtime of our IT or telecommunications systems could prevent us from processing samples, providing test results to physicians, billing payors, addressing patient or physician inquiries, conducting research and development activities and conducting general and administrative elements of our business. Any disruption or loss of IT or telecommunications systems on which critical aspects of our operations depend could have an adverse effect on our business.

Security breaches, loss of data and other disruptions could compromise sensitive information related to our business, prevent us from accessing critical information or expose us to liability, which could adversely affect our business and our reputation.

In the ordinary course of our business, we collect and store sensitive data, including legally protected patient health information, credit card information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems. These applications and data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information.

The secure processing, storage, maintenance and transmission of this critical information is vital to our operations and business strategy, and we devote significant resources to protecting such information. Although we take measures to protect sensitive information from unauthorized access or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers, or viruses, breaches or interruptions due to employee error, malfeasance or other disruptions, or lapses in compliance with privacy and security mandates. Any such virus, breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, publicly disclosed, lost or stolen. We have measures in place that are designed to detect and respond to such security incidents and breaches of privacy and security mandates. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, such as the Health Insurance Portability and Accountability Act of 1996, government enforcement actions and regulatory penalties. Unauthorized access, loss or dissemination could also disrupt our operations, including our ability to process samples, provide test results, bill payors or patients, provide customer support services, conduct research and development activities, process and prepare company financial information, manage various general and administrative aspects of our business and damage our reputation, any of which could adversely affect our business.

We will need to raise additional capital to fund our operations, and our failure to obtain funding when needed may force us to delay, reduce or eliminate our development programs or commercialization efforts or even discontinue or curtail our operations.

We will need to raise additional capital to fund our future operations and we cannot be certain that funding will be available on acceptable terms on a timely basis, or at all. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that may impact our ability to conduct our business. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue the development and/or commercialization of our product candidates or our commercialization efforts. We also may be required to:

- seek collaborators for our product candidates at an earlier stage than otherwise would be desirable and on terms that are less favorable than might otherwise be available; and/or
- relinquish license or otherwise dispose of rights to technologies, product candidates or products that we would otherwise seek to develop or commercialize ourselves on unfavorable terms.

Our business involves environmental risks that may result in liability for us.

In connection with our research and development activities, we are subject to federal, state and local laws, rules, regulations and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, handling and disposal of certain materials, biological specimens, chemicals and wastes. Although we believe that we have complied with the applicable laws, regulations and policies in all material respects and have not been required to correct any material noncompliance, we may be required to incur significant costs to comply with environmental and health and safety regulations in the future. Although we believe that our safety procedures for handling and disposing of controlled materials comply with the standards prescribed by state and federal regulations, accidental contamination or injury from these materials may occur. In the event of such an occurrence, we could be held liable for any damages that result and any such liability could exceed our resources.

Changes in healthcare policy could increase our costs, decrease our revenues and impact sales of and reimbursement for our tests.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or the ACA became law. This law substantially changes the way health care is financed by both governmental and private insurers, and significantly impacts our industry. The ACA contains a number of provisions that are expected to impact our business and operations, some of which in ways we cannot currently predict, including those governing enrollment in federal healthcare programs, reimbursement changes and fraud and abuse, which will impact existing government healthcare programs and will result in the development of new programs.

In addition to the ACA, there will continue to be proposals by legislators at both the federal and state levels, regulators and third-party payors to reduce costs while expanding individual healthcare benefits. Certain of these changes could impose additional limitations on the prices we will be able to charge for our tests or the amounts of reimbursement available for our tests from governmental agencies or third-party payors.

Risks Related to Commercialization of Our Tests, Our Services and Test Candidates

We may not be able to generate revenue on commercialized diagnostic technology.

Potential events or factors that may have a significant impact on our ability to generate revenue for our molecular diagnostic business include the following:

- increased costs of reagents and other consumables required for molecular diagnostic testing;
- increased licensing or royalty costs, and our ability to maintain and enforce the intellectual property rights underlying our tests and services;
- increased personnel and facility costs;
- our inability to hire competent, trained staff, including laboratory directors required to review and approve all reports we issue in our molecular diagnostic business, and sales personnel;
- our inability to obtain necessary equipment or reagents to perform molecular diagnostic testing;
- our inability to increase production capacity as demand increases;
- our inability to expand into new markets outside the United States;

- the efforts of third-party payors to limit or decrease the amounts that they are willing to pay for our tests;
- changes in intellectual propriety law applicable to our patents or enforcement in the United States and foreign countries;
- potential obsolescence of our tests;
- our inability to increase commercial acceptance of our molecular diagnostic tests;
- increased competition and loss of market share; and
- increased regulatory requirements.

We rely on a single laboratory facility to process each of our molecular diagnostic tests in the United States and a single laboratory facility to perform our clinical services. Failure to maintain the operations of these laboratories in compliance with applicable regulations would seriously harm our business.

We are relying on Docro, Inc. to provide samples for testing and to oversee the testing procedure. Docro has close relationships with the FDA. Docro has access to all of the samples required to do all of the requisite FDA submissions. We are relying on Arrayit, Inc. to perform the FDA validation testing, which Docro will supervise. After initial FDA approval, Arrayit may initially manufacture the tests. Should the Company or OvaDx® be purchased or licensed by another company, manufacturing will pass to the purchaser. There are no other major vendors.

We depend on a limited number of third parties for some of our supplies of equipment and reagents. If these supplies become unavailable, then we may not be able to successfully perform our research or operate our business on a timely basis or at all.

We currently rely on a small number of suppliers to provide our gene sequencing equipment, content enrichment equipment, multiplex protein analysis equipment, robots, and specialty reagents and laboratory supplies required in connection with our research. We believe that currently there are limited alternative suppliers of these equipment, robots, and reagents. The equipment, robots, or the reagents may not remain available in commercial quantities at acceptable costs. If we are unable to obtain when needed additional or alternative equipment, robots, or an adequate supply of reagents or other ingredients at commercially reasonable rates, our ability to continue to identify genes and perform molecular diagnostic testing and pharmaceutical and clinical services would be adversely affected.

If we do not compete effectively with scientific and commercial competitors, we may not be able to successfully commercialize our tests.

The clinical laboratory and testing fields are intense and highly competitive. Tests that are developed are characterized by rapid technological change. Our competitors in the United States and abroad are numerous and include, among others, major diagnostic companies, reference laboratories, molecular diagnostic firms, universities and other research institutions. Some of our potential competitors have considerably greater financial, technical, marketing and other resources than we do, which may allow these competitors to discover important genes and determine their function before we do. We could be adversely affected if we do not discover genes, proteins or biomarkers and characterize their function, develop molecular diagnostic and pharmaceutical and clinical services based on these discoveries, obtain required regulatory and other approvals and launch these tests and their related services before our competitors. We also expect to encounter significant competition with respect to any molecular diagnostic and companion diagnostic tests that we may develop or commercialize. Those companies that bring to market new molecular diagnostic and companion tests before we do may achieve a significant competitive advantage in marketing and commercializing their tests. We may not be able to develop additional molecular diagnostic tests successfully and we or our licensors may not obtain or enforce patents covering these tests that provide protection against our competitors. Moreover, our competitors may succeed in developing molecular diagnostic and companion diagnostic tests that circumvent our technologies or tests. Furthermore, our competitors may succeed in developing technologies or tests that are more effective or less costly than those developed by us or that would render our technologies or tests less competitive or obsolete. We expect competition to intensify in the fields in which we are involved as technical advances in these fields occur and become more widely known and changes in intellectual property laws generate challenges to our intellectual property position.

If our current research collaborators or scientific advisors terminate their relationships with us or develop relationships with a competitor, our ability to discover genes, proteins, and biomarkers, and to validate and commercialize molecular diagnostic and companion diagnostic tests could be adversely affected.

We have relationships with research collaborators at academic and other institutions who conduct research at our request. These research collaborators are not our employees. As a result, we have limited control over their activities and, except as otherwise required by our collaboration agreements, can expect only limited amounts of their time to be dedicated to our activities. Our ability to discover genes, proteins, and biomarkers involved in human disease and validate and commercialize molecular diagnostic and companion diagnostic tests will depend in part on the continuation of these collaborations. If any of these collaborations are terminated, we may not be able to enter into other acceptable collaborations. In addition, our existing collaborations may not be successful.

Our research collaborators and scientific advisors may have relationships with other commercial entities, some of which could compete with us. Our research collaborators and scientific advisors sign agreements which provide for the confidentiality of our proprietary information and the results of studies conducted at our request. We may not, however, be able to maintain the confidentiality of our technology and other confidential information related to all collaborations. The dissemination of our confidential information could have a material adverse effect on our business.

If we fail to retain our key personnel and hire, train and retain qualified employees and consultants, we may not be able to successfully continue our business.

Because of the specialized scientific nature of our business, we are highly dependent upon our ability to attract and retain qualified management, scientific and technical personnel. We are currently recruiting additional qualified management, scientific and technical personnel. Competition for such personnel is intense. Loss of the services of or failure to recruit additional key management, scientific and technical personnel would adversely affect our research and development programs and molecular diagnostic and pharmaceutical and clinical services business and may have a material adverse effect on our business as a whole.

Our agreements with our employees generally provide for employment that can be terminated by either party without cause at any time, subject to specified notice requirements. Further, the non-competition provision to which each employee is subject expires for certain key employees on the applicable date of termination of employment.

As we expand our commercial tests we may be required to incur significant costs and devote significant efforts to expand our existing tests sales and marketing capabilities.

Our sales and marketing experience and capabilities consist primarily of our sales force that markets our cancer-related molecular diagnostic tests to oncologists, Ob/Gyns and urologists in the United States. We are currently expanding our sales efforts outside the United States, which will require us to hire additional personnel and engage in additional sales and marketing efforts. We have limited sales and marketing experience outside the United States. As we expand our business operations internationally, we expect to face a number of additional costs and risks, including the need to recruit a large number of additional experienced marketing and sales personnel.

Risks Related to Our Intellectual Property

If we are not able to protect our proprietary technology, others could compete against us more directly, which would harm our business.

Our commercial success will depend, in part, on our ability to obtain additional patents and licenses and protect our existing patent position, both in the United States and in other countries. Our ability to preserve our trade secrets and other intellectual property is also important to our long-term success. If we do not adequately protect our intellectual property, competitors may be able to use our technologies and erode or negate any competitive advantage we may have, which could harm our business and ability to maintain profitability. Patents may also issue to third parties which could interfere with our ability to bring our molecular diagnostic tests to market. The laws of some foreign countries do not protect our proprietary rights to the same extent as U.S. laws, and we may encounter significant problems in protecting our proprietary rights in these countries.

The patent positions of diagnostic companies, including our patent position, are generally highly uncertain and involve complex legal and factual questions, and, therefore, any patents issued to us may be challenged, deemed unenforceable, invalidated or circumvented. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies and any future tests are covered by valid and enforceable patents or are effectively maintained as trade secrets. Our patent applications may never issue as patents, and the claims of any issued patents may not afford meaningful protection for our technology or tests. In addition, any patents issued to us or our licensors may be challenged, and subsequently narrowed, invalidated or circumvented.

Where necessary, we may initiate litigation to enforce our patent or other intellectual property rights. Any such litigation may require us to spend a substantial amount of time and money and could distract management from our day-to-day operations. Moreover, there is no assurance that we will be successful in any such litigation.

The degree of future protection for our proprietary rights is uncertain, and we cannot ensure that:

- we or our licensors were the first to make the inventions covered by each of our patent applications;
- we or our licensors were the first to file patent applications for these inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our technologies;
- any of our or our licensors' patent applications will result in issued patents;
- any of our or our licensors' patents will be valid or enforceable;
- any patents issued to us or our licensors and collaborators will provide a basis for commercially viable tests, will provide us with any competitive advantages or will not be challenged by third parties;
- we will develop additional proprietary technologies or tests that are patentable;
- the patents of others will not have an adverse effect on our business; or
- our patents or patents that we license from others will survive legal challenges and remain valid and enforceable.

If a third-party files a patent application with claims to a biomarker we have discovered, the PTO may declare interference between competing patent applications. If an interference is declared, we may not prevail in the interference. If the other party prevails in the interference, we may be precluded from commercializing services or tests based on the biomarker or may be required to seek a license. A license may not be available to us on commercially acceptable terms, if at all.

We also rely upon unpatented proprietary technologies. Although we require employees, consultants and collaborators to sign confidentiality agreements, we may not be able to adequately protect our rights in such unpatented proprietary technologies, which could have a material adverse effect on our business. For example, others may independently develop substantially equivalent proprietary information or techniques or otherwise gain access to our proprietary technologies or disclose our technologies to our competitors.

If we were sued for patent infringement by third parties, we might incur significant costs and delays in test introduction.

Our tests may also conflict with patents that have been or may be granted to others. Our industry includes many organizations that have or are seeking to discern biomarkers and develop genomic, proteomic and other technologies. To the extent any patents are issued or have been issued to those organizations, the risk increases that the sale of our molecular diagnostic and companion diagnostic tests currently being marketed or under development may give rise to claims of patent infringement. Others may have filed and in the future are likely to file patent applications covering biomarkers that are similar or identical to our tests. Any of these patent applications may have priority over our patent applications and these entities or persons could bring legal proceedings against us seeking damages or seeking to enjoin us from testing or marketing our tests. Patent litigation is costly, and even if we prevail, the cost of such litigation could have a material adverse effect on us. If the other parties in any such actions are successful, in addition to any liability for damages, we could be required to cease the infringing activity or obtain a license. Any license required may not be available to us on commercially acceptable terms, if at all. Our failure to obtain a license to any technology that we may require to commercialize our tests could have a material adverse effect on our business. We believe that there may be significant litigation in the industry regarding patent and other intellectual property rights. If we become involved in this litigation, it could consume a substantial portion of our managerial and financial resources.

We may be unable to adequately prevent disclosure of trade secrets, proprietary databases, and other proprietary information.

We rely on trade secrets to protect our proprietary technologies and databases, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. We rely in part on confidentiality agreements with our employees, consultants, outside scientific collaborators, sponsored researchers and others to protect our trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy if unauthorized disclosure of confidential information occurs. In addition, others may independently discover our trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

If we fail to comply with our obligations under license or technology agreements with third parties, we could lose license rights that are critical to our business.

We license intellectual property that is critical to our business, including licenses underlying the technology in our molecular diagnostic and pharmaceutical and clinical services, and in the future we may enter into additional agreements that provide us with licenses to valuable intellectual property or technology. These licenses impose various royalty payments, milestones, and other obligations on us. If we fail to comply with any of these obligations, the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights, and could prevent us from distributing our current tests, or inhibit our ability to commercialize future test candidates. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensors fail to prevent infringement by third parties, if the licensed patents or other rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms.

We may be subject to claims that we or our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is commonplace in our industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Risks Related to Government Regulation

If we fail to comply with the complex federal, state, local and foreign laws and regulations that apply to our business, we could suffer severe consequences that could materially and adversely affect our operating results and financial condition.

Our operations are subject to extensive federal, state, local and foreign laws and regulations, all of which are subject to change. These laws and regulations currently include, among other things:

- CLIA, which requires that laboratories obtain certification from the federal government;
- FDA laws and regulations;
- HIPAA, which established comprehensive federal standards with respect to the privacy and security of protected health information and requirements for the use of certain standardized electronic transactions; amendments to HIPAA under the Health Information Technology for Economic and Clinical Health Act, or HITECH, which strengthen and expand HIPAA privacy and security compliance requirements, increase penalties for violators, extend enforcement authority to state attorneys general and impose requirements for breach notification;
- state laws regulating genetic testing and protecting the privacy of genetic test results, as well as state laws protecting the privacy and security of health information and personal data and mandating reporting of breaches to affected individuals and state regulators;
- the federal anti-kickback law, or the Anti-Kickback Statute, which prohibits knowingly and willfully offering, paying, soliciting, receiving, or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing, arranging for, or recommending of an item or service that is reimbursable, in whole or in part, by a federal health care program;
- the federal False Claims Act, which imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment to the federal government;
- the federal Civil Monetary Penalties Law, which prohibits, among other things, the offering or transfer of remuneration to a Medicare or state health care program beneficiary if the person knows or should know it is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state health care program, unless an exception applies;
- other federal and state fraud and abuse laws, such as anti-kickback laws, prohibitions on self-referral, and false claims acts, which may extend to services reimbursable by any third-party payor, including private insurers; and
- similar foreign laws and regulations that apply to us in the countries in which we operate.

These laws and regulations are complex and are subject to interpretation by the courts and by government agencies. Our failure to comply could lead to civil or criminal penalties, exclusion from participation in government health care programs, or prohibitions or restrictions on our laboratories' ability to provide services. We believe that we are in material compliance with all statutory and regulatory requirements, but there is a risk that one or more government agencies could take a contrary position, or that a private party could file suit under the qui tam provisions of the federal False Claims Act or a similar state law. Such occurrences, regardless of their outcome, could damage our reputation and adversely affect important business relationships with third parties, including managed care organizations, and other private third-party payors.

Failure to comply with government laws and regulations related to submission of claims for our services could result in significant monetary damages and penalties and exclusion from the Medicare and Medicaid programs and corresponding foreign reimbursement programs.

We are subject to laws and regulations governing the submission of claims for payment for our services, such as those relating to: coverage of our services under Medicare, Medicaid and other state, federal and foreign health care programs; the amounts that we may bill for our services; and the party to which we must submit claims. Our failure to comply with applicable laws and regulations could result in our inability to receive payment for our services or in attempts by government healthcare programs, such as Medicare and Medicaid, to recover payments already made. Submission of claims in violation of these laws and regulations can result in recoupment of payments already received, substantial civil monetary penalties, and exclusion from government health care programs, and can subject us to liability under the federal False Claims Act and similar laws. The failure to report and return an overpayment to the Medicare or Medicaid program within 60 days of identifying its existence can give rise to liability under the False Claims Act. Further, a government agency could attempt to hold us liable for causing the improper submission of claims by another entity for services that we performed if we were found to have knowingly participated in the arrangement at issue.

Our business could be harmed by the loss, suspension, or other restriction on a license, certification, or accreditation, or by the imposition of a fine or penalties, under CLIA, its implementing regulations, or other state, federal and foreign laws and regulations affecting licensure or certification, or by future changes in these laws or regulations.

The diagnostic testing industry is subject to extensive laws and regulations, many of which have not been interpreted by the courts. CLIA requires virtually all laboratories to be certified by the federal government and mandates compliance with various operational, personnel, facilities administration, quality and proficiency testing requirements intended to ensure that testing services are accurate, reliable and timely. CLIA certification is also a prerequisite to be eligible to bill state and federal health care programs, as well as many private third-party payors, for laboratory testing services. As a condition of CLIA certification, each of our laboratories is subject to survey and inspection every other year, in addition to being subject to additional random inspections. The biennial survey is conducted by CMS; a CMS agent (typically a state agency); or, if the laboratory holds a CLIA certificate of accreditation, a CMS-approved accreditation organization. Sanction for failure to comply with CLIA requirements, including proficiency testing violations, may be suspension, revocation, or limitation of a laboratory's CLIA certificate, which is necessary to conduct business, as well as the imposition of significant fines or criminal penalties. In addition, we are subject to regulation under state laws and regulations governing laboratory licensure. Some states have enacted state licensure laws that are more stringent than CLIA. We are also subject to laws and regulations governing our reference laboratory in Germany. Changes in state or foreign licensure laws that affect our ability to offer and provide diagnostic services across state or foreign country lines could materially and adversely affect our business. In addition, state and foreign requirements for laboratory certification may be costly or difficult to meet and could affect our ability to receive specimens from certain states or foreign countries.

Any sanction imposed under CLIA, its implementing regulations, or state or foreign laws or regulations governing licensure, or our failure to renew a CLIA certificate, a state or foreign license, or accreditation, could have a material adverse effect on our business. If the CLIA certificate of any one of our laboratories is revoked, CMS could seek revocation of the CLIA certificates of our other laboratories based on their common ownership or operation, even though they are separately certified.

Changes in the way that the FDA regulates tests performed by laboratories like ours could result in delay or additional expense in offering our tests and tests that we may develop in the future.

While the FDA does not currently regulate the activities or tests performed by laboratories like our clinical laboratories, the FDA has stated that it has the right to do so if pre-market review is required, our business could be negatively impacted if we are required to stop selling molecular diagnostic tests pending their clearance or approval or the launch of any new tests that we develop could be delayed by new requirements.

Companion diagnostic tests require FDA approval and we may not be able to secure such approval in a timely manner or at all.

Our companion diagnostic products, marketing, sales and development activities and manufacturing processes are subject to extensive and rigorous regulation by the FDA pursuant to the Federal Food, Drug, and Cosmetic Act (FDC Act), by comparable agencies in foreign countries, and by other regulatory agencies and governing bodies. Under the FDC Act, companion diagnostics must receive FDA clearance or approval before they can be commercially marketed in the U.S. The process of obtaining marketing approval or clearance from the FDA or by comparable agencies in foreign countries for new products could:

- take a significant period of time;
- require the expenditure of substantial resources;
- involve rigorous pre-clinical testing, as well as increased post-market surveillance;
- require changes to products; and
- result in limitations on the indicated uses of products.

If the government and third-party payors fail to provide coverage and adequate payment for our tests and future tests, if any, our revenue and prospects for profitability will be harmed.

In both domestic and foreign markets, sales of our molecular diagnostic tests or any future diagnostic tests will depend in large part, upon the availability of reimbursement from third-party payors. Such third-party payors include government healthcare programs such as Medicare, managed care providers, private health insurers and other organizations. These third-party payors are increasingly attempting to contain healthcare costs by demanding price discounts or rebates and limiting both coverage on which diagnostic tests they will pay for and the amounts that they will pay for new molecular diagnostic tests. We have recently experienced price reductions from CMS for some of our products and may experience future price reductions from managed care organizations and other third-party payors. The fact that a diagnostic test has been approved for reimbursement in the past, for any particular indication or in any particular jurisdiction, does not guarantee that such a diagnostic test will remain approved for reimbursement or that similar or additional diagnostic tests will be approved in the future. As a result, third-party payors may not cover or provide adequate payment for our current or future molecular diagnostic tests. Adequate third-party reimbursement might not be available to enable us to maintain price levels sufficient to realize an appropriate return on investment in product development.

U.S. and foreign governments continue to propose and pass legislation designed to reduce the cost of healthcare. For example, in some foreign markets, the government controls the pricing of many healthcare products. We expect that there will continue to be federal and state proposals to implement governmental controls or impose healthcare requirements. In addition, the Medicare program and increasing emphasis on managed care in the United States will continue to put pressure on product pricing. Cost control initiatives could decrease the price that we would receive for any tests in the future, which would limit our revenue and profitability.

Risks Related to Our Common Stock

There is currently no trading market for our common stock.

Prior to September 19, 2018, our common stock traded on the OTC Pink market place maintained by OTCMarkets, Inc. On September 18, 2018, our common stock was suspended by the Securities and Exchange Commission (the "Commission") due to a lack of current information as a result of the failure to file certain periodic reports under the Company's reporting obligations with the Commission. Since such time, our common stock is no longer quoted on the OTCQB. As a result, our common stock is currently not quoted on any exchange or inter-dealer quotation system. There is no trading market for our common stock and our common stock may never be included for trading on any stock exchange or through any quotation system (including, without limitation, the NASDAQ Stock Market and the many market place maintained by OTCMarkets, Inc.). You may not be able to sell your shares due to the absence of a trading market.

Any market that develops for our common stock likely will be illiquid and the price of our common stock could be subject to volatility related or unrelated to our operations.

If a market for our common stock develops, its market price could fluctuate substantially due to a variety of factors, including market perception of our ability to construct our production facility and otherwise meet our growth projections and expectations, quarterly operating results of other companies in the same industry, trading volume in our common stock, changes in general conditions in the economy and the financial markets or other developments affecting our business and the business of others in our industry. In addition, the stock market itself is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons related and unrelated to their operating performance and could have the same effect on our common stock.

There are restrictions on the transferability of our shares of common stock.

Until registered for resale, investors must bear the economic risk of an investment in our common stock for an indefinite period of time. Rule 144 promulgated under the Securities Act ("Rule 144"), which provides for an exemption from the registration requirements under the Securities Act under certain conditions, requires, among other conditions, a six month holding period prior to the resale (in limited amounts) of securities acquired in a non-public offering without having to satisfy the registration requirements under the Securities Act. However, our securities currently are not eligible for the Rule 144 exemption. There can be no assurance that we will fulfill any reporting requirements in the future under the Exchange Act or disseminate to the public any current financial or other information concerning us, as is required by Rule 144 as part of the conditions of our availability.

Insiders have substantial control over us, and they could delay or prevent a change in our corporate control even if our other stockholders wanted it to occur.

Our executive officers, directors, and principal stockholders hold approximately a large majority of our outstanding common stock. Accordingly, these stockholders are able to control all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This could delay or prevent an outside party from acquiring or merging with us even if our other stockholders wanted it to occur.

In order to raise sufficient funds to expand our operations, we may have to issue additional securities at prices, which may result in substantial dilution to our stockholders.

If we raise additional funds through the sale of equity or convertible debt, our current stockholders' percentage ownership will be reduced. In addition, these transactions may dilute the value of our outstanding securities. We may have to issue securities that may have rights, preferences and privileges senior to our common stock. We cannot provide assurance that we will be able to raise additional funds on terms acceptable to us, if at all. If future financing is not available or is not available on acceptable terms, we may not be able to fund our future needs, which would have a material adverse effect on our business plans, prospects, results of operations and financial condition.

We do not expect to pay dividends in the future. As a result, any return on investment may be limited to the value of our common stock.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Because we became a public company by means of a “reverse merger,” we may not be able to attract the attention of major brokerage firms and we will also be subject to a one-year “seasoning period” before we will be permitted to list our securities on a securities exchange.

Additional risks may exist since we became public through a “reverse merger.” Securities analysts of major brokerage firms may not provide coverage of our securities since there is little incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will want to conduct any secondary offerings on our behalf in the future. In addition, companies that become public through a “reverse takeover” are not permitted to list their securities on a securities exchange until (i) the company has completed a one-year “seasoning period” by trading in the United States over-the-counter market or on another regulated United States or foreign exchange following the reverse merger, and filed all required reports with the SEC, including audited financial statements, and (ii) the company maintains the requisite minimum share price for a sustained period, and for at least 30 of the 60 trading days, immediately prior to its listing application and the exchange’s decision to list.

The Company is not current in its reporting requirements with the Securities and Exchange Commission. Until such time as the Company is current in such reporting requirements, there may not be liquidity in the Company’s common stock.

The Company is not current in its reporting obligations with the SEC and the Company was previously a “shell company” as defined in Rule 12b-2 under the Exchange Act. Pursuant to Rule 144(i), securities issued by a current or former shell company that otherwise meet the holding period and other requirements of Rule 144 nevertheless cannot be sold in reliance on Rule 144 until one year after the Company (a) is no longer a shell company; and (b) has filed current “Form 10 information” (as defined in Rule 144(i)) with the SEC reflecting that it is no longer a shell company, and provided that at the time of a proposed sale pursuant to Rule 144, the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and has filed all reports and other materials required to be filed by Section 13 or 15(d) of the Exchange Act, as applicable, during the preceding 12 months (or for such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports. As a result, restricted securities of the Company cannot become free-trading except in connection with an actual sale meeting the foregoing requirements or pursuant to an effective registration statement.

Our future sales of common stock by management and other stockholders may have an adverse effect on the then prevailing market price of our common stock.

In the event a public market for our common stock is sustained in the future, sales of our common stock may be made by holders of our public float or by holders of restricted securities in compliance with the provisions of Rule 144 of the Securities Act of 1933. In general, under Rule 144, a non-affiliated person who has satisfied a six-month holding period in a company registered under the Securities Exchange Act of 1934, as amended, may, sell their restricted common stock without volume limitation, so long as the issuer is current with all reports under the Exchange Act in order for there to be adequate common public information. Affiliated persons may also sell their common shares held for at least six months, but affiliated persons will be required to meet certain other requirements, including manner of sale, notice requirements and volume limitations. Non-affiliated persons who hold their common shares for at least one year will be able to sell their common stock without the need for there to be current public information in the hands of the public. Future sales of shares of our public float or by restricted common stock made in compliance with Rule 144 may have an adverse effect on the then prevailing market price, if any, of our common stock.

As a public company, we are subject to complex legal and accounting requirements that will require us to incur significant expenses and will expose us to risk of non-compliance.

As a public company, we are subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Our relative inexperience with these requirements may increase the cost of compliance and may also increase the risk that we will fail to comply. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, our inability to file required periodic reports on a timely basis, loss of market confidence and/or governmental or private actions against us. We cannot assure you that we will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis our privately held and larger public competitors.

Compliance with changing regulation of corporate governance and public disclosure will result in additional expenses and pose challenges for our management.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations promulgated thereunder, the Sarbanes-Oxley Act and SEC regulations, have created uncertainty for public companies and significantly increased the costs and risks associated with accessing the U.S. public markets. Our management team will need to devote significant time and financial resources to comply with both existing and evolving standards for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities.

If we are required for any reason to repay our outstanding secured convertible notes, we would be required to deplete our working capital, if available, or raise additional funds. Our failure to repay the secured convertible notes, if required, could result in legal action against us, which could require the sale of all of our assets, which sale may not result in our company receiving adequate funds to pay off this debt.

Between June 2017 through the end of the period covered by this Annual Report on Form 10-K, we have sold senior secured convertible notes with an aggregate principal amount of \$545,000. In addition, in connection with certain exchange agreements entered into in July 2017, we issued secured convertible notes with an aggregate principal amount of \$442,325. The secured convertible notes are due and payable two years from the date of issuance, unless sooner converted into shares of our common stock. Our obligation to repay all principal, and accrued and unpaid interest under the convertible notes is secured by all of our assets. In the event that the secured convertible debt holders do not convert the secured convertible notes, we will be required to repay the secured convertible notes, and we would be required to use our limited working capital and raise additional funds. If we were unable to repay the notes when required, the note holders could commence legal action against us and foreclose on all of our assets to recover the amounts due. Any such action would require us to curtail or cease operations. As of the date of this filing we do not currently have any outstanding senior secure convertible notes.

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially adversely affect our business, results of operations and financial condition.

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially adversely affect our business, results of operations and financial condition. If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot guarantee that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments. As a result, any default by us on our indebtedness could have a material adverse effect on our business, results of operations and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not Applicable.

ITEM 2. PROPERTIES.

As of September 30, 2017, the Company leases corporate office space on a month-to-month basis for \$200 per month from an entity controlled by Gregg Linn, the Company's former Chief Executive Officer and a lab leased by THI. For the years ended September 30, 2017 and 2016, total rent expense was \$61,238 and \$42,000 respectively.

ITEM 3. LEGAL PROCEEDINGS.

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. There are no such matters that are deemed material to the consolidated financial statements as of September 30, 2017, except as discussed below.

On January 13, 2014, Plaintiff Tamarin Lindenberg sued Arrayit Corporation, the Company, John Howell, Steven Scott and Gregg Linn in Civil Action No. L7698-13. Plaintiff alleged violations of the New Jersey Conscientious Employee Protection Act NJSA 34:19-1 to NJSA 34:19-8 ("CEPA"), breach of contract, breach of covenant of good faith and fair dealing, economic duress and intentional infliction of emotional distress. On August 6, 2014 the District Court dismissed Plaintiff's complaint against Arrayit Corporation for failure to state a claim upon which relief may be granted and against John Howell for lack of jurisdiction. The Company and its officers remain as defendants in the action. The Company and its officers have mounted a vigorous defense against these claims and believe they are without legal merit.

On or about September 16, 2016, Memory DX, LLC ("MDX") filed a lawsuit against Amarantus Biosciences Holdings, Inc. ("AMBS"), Amarantus Bioscience Holdings, Inc., Amarantus Diagnostics, Inc., the Company and Avant Diagnostics Acquisition Corporation, et al (collectively the "Defendants") in the Superior Court of the State of Arizona, County of Maricopa (Case Number CV2016-015026) (the "AZ Court"). On or about December 14, 2016, a default judgment (the "Default Judgment") was rendered in the Court against the Defendants. On or about February 15, 2017, MDX and the Defendants entered into a settlement agreement related to the satisfaction of the Default Judgment. On May 25, 2017, the parties entered into an amended and restated settlement agreement pursuant to which in consideration for fully satisfying the Default Judgment, the Company paid MDX \$30,000, (the "Initial Cash Amount"). In addition, the Company agreed to pay MDX an aggregate of \$175,000 by July 30, 2017 (the "Additional Cash Amount" and together with the Initial Cash Amount, the "Cash Consideration"). If the Additional Cash Amount was not paid by July 30, 2017, the Company agreed to pay MDX \$20,000 per month beginning August 30, 2017 in full satisfaction of the Additional Cash Amount. On September 19, 2017, the parties entered into a second amended and restated settlement agreement pursuant to which in consideration for fully satisfying the Default Judgment, the Company agreed to provide MDX the following: (i) an aggregate of \$250,000 (the "Cash Consideration") payable as follows: (i) \$35,000 which has been previously paid, (ii) \$3,500 which was paid upon execution of the agreement (iii) \$2,000 which will be payable on the last calendar day of each month for October and November 2017, (iv) \$5,000 which will be payable on the last calendar day for December 2017 and each of January and February 2018 and (v) \$10,000 which will be payable on the last calendar day of each month until the full consideration is paid. Notwithstanding the foregoing, upon the sale by the Company of its equity securities in a single offering for aggregate gross proceeds of at least \$7,500,000 (the "Qualified Offering") after the date of the agreement, the Company will pay any remaining amount of the Cash Consideration then outstanding upon the final closing of such Qualified Offering. The Company previously issued to MDX 5,000,000 restricted shares of common stock (the "Initial Shares") on or prior to the date of the amended agreement as partial consideration for the Default Judgment. In addition, the Company agreed to issue MDX an additional 5,000,000 restricted shares of common stock (the "Additional Shares"). Within three (3) business days of the issuance of the Additional Shares, MDX shall take all necessary action to withdraw the recorded Default Judgment. The Default Judgment shall be set aside without prejudice. Upon a default of the obligations to timely pay the Cash Consideration, after written notice and five (5) business days to cure, MDX will be entitled to reinstate the Default Judgment. MDX shall assign the License Agreement between MDX and University of Leipzig dated May 22, 2013, as amended, to the Company, as well as assign the Asset Purchase Agreement between MDX and AMBS to the Company upon final settlement of this matter.

On September 19, 2017, the Company and Memory Dx, LLC entered into a second amended and restated settlement agreement pursuant to which in consideration for fully satisfying the Default Judgment, the Company agreed to provide MDX the following: (i) an aggregate of \$250,000 (the “Cash Consideration”) payable as follows: (i) \$35,000 which has been previously paid, (ii) \$3,500 which was paid upon execution of the agreement (iii) \$2,000 which will be payable on the last calendar day of each month for October and November 2017, (iv) \$5,000 which will be payable on the last calendar day for December 2017 and each of January and February 2018 and (v) \$10,000 which will be payable on the last calendar day of each month until the full consideration is paid. Notwithstanding the foregoing, upon the sale by the Company of its equity securities in a single offering for aggregate gross proceeds of at least \$7,500,000 (the “Qualified Offering”) after the date of the agreement, the Company will pay any remaining amount of the Cash Consideration then outstanding upon the final closing of such Qualified Offering. The Company previously issued to MDX 5,000,000 restricted shares of common stock (the “Initial Shares”) on or prior to the date of the amended agreement as partial consideration for the Default Judgment. In addition, the Company agreed to issue MDX an additional 5,000,000 restricted shares of common stock (the “Additional Shares”). Within three (3) business days of the issuance of the Additional Shares, MDX shall take all necessary action to withdraw the recorded Default Judgment. The Default Judgment shall be set aside without prejudice. Upon a default of the obligations to timely pay the Cash Consideration, after written notice and five (5) business days to cure, MDX will be entitled to reinstate the Default Judgment. MDX shall assign the License Agreement between MDX and University of Leipzig dated May 22, 2013, as amended, to the Company, as well as assign the Asset Purchase Agreement between MDX and AMBS to the Company upon final settlement of this matter.

On or about April 24, 2017, John G. Hartwell (“Hartwell”) and Corrine Ramos (“Ramos” and collectively with Hartwell, the “Plaintiffs”) filed a lawsuit against the Company, Avant Diagnostics Acquisition Corp. and Gregg Linn (collectively the “Defendants”) in the Circuit Court for Montgomery County, Maryland (Case Number 432180-V) (the “MD Court”), On or about June 8, 2017, the parties entered into a settlement agreement pursuant to which the Company agreed to pay Defendants an aggregate of approximately \$154,000 in installments as set forth in the agreement. The first payment of \$29,819.99 was made by the Defendants to Plaintiffs on or about July 10, 2017. As a result of the first payment being made pursuant to the agreement, Plaintiffs dismissed the action against the Defendants without prejudice on or about July 13, 2017.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUERS PURCHASES OF EQUITY SECURITIES.

As of September 30, 2017, our common stock began trading on OTCQB Marketplace maintained by OTC Markets, Inc. under the symbol “AVDX.” Prior to that date, our common stock was traded under the symbol “OREO.” Prior to February 18, 2014, there was no public market for our common stock. The closing price of our common stock on OTCQB Marketplace on September 30, 2017 was \$0.09 per share. The following table sets forth the range of high and low bid quotations as reported on the OTCQB for the periods indicated.

Fiscal Year Ended September 30, 2017	High		Low	
Quarter ended September 30, 2017	\$	0.10	\$	0.02
Quarter ended June 30, 2017	\$	0.29	\$	0.04
Quarter ended March 31, 2017	\$	0.36	\$	0.16
Quarter ended December 31, 2016	\$	0.40	\$	0.15

Fiscal Year Ended September 30, 2016	High		Low	
Quarter ended September 30, 2016	\$	0.40	\$	0.22
Quarter ended June 30, 2016	\$	0.43	\$	0.11
Quarter ended March 31, 2016	\$	0.72	\$	0.20
Quarter ended December 31, 2015	\$	0.48	\$	0.20

Holders of Common Stock

As of September 30, 2017, we had 88 holders of record of our common stock.

Dividends

We have never paid any cash dividends on our common stock and do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently intend to retain any future earnings to fund the development and growth of our business. There are no restrictions in our certificate of incorporation or by-laws on declaring dividends.

Recent Sales of Unregistered Securities.

We did not issue any unregistered securities during the quarter ended September 30, 2017.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Management’s Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management’s current views with respect to future events and financial performance. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Forward-looking statements made in this annual report on Form 10-K includes statements about:

- our plans to identify and acquire products that we believe will be prospective for acquisition and development;
- concentration of our customer base and fulfillment of existing customer contracts;
- our ability to maintain pricing;
- the cyclical nature of the health care industry;

- deterioration of the credit markets;
- delays in obtaining required regulatory approvals;
- our ability to raise additional capital to fund future capital expenditures;
- increased vulnerability to adverse economic conditions due to indebtedness;
- competition within the health care industry;
- asset impairment and other charges;
- our limited operating history on which investors will evaluate our business and prospects;
- our identifying, making and integrating acquisitions;
- our ability to obtain raw materials and specialized equipment;
- technological developments or enhancements;
- loss of key executives;
- management control over stockholder voting;
- the ability to employ skilled and qualified workers;
- work stoppages and other labor matters;
- hazards inherent to the health care industry;
- inadequacy of insurance coverage for certain losses or liabilities;
- regulations affecting the health care industry;
- federal legislation and state legislative and regulatory initiatives relating to health care;
- costs and liabilities associated with environmental, health and safety laws, including any changes in the interpretation or enforcement thereof;
- future legislative and regulatory developments;
- our beliefs regarding the future of our competitors;
- our expectation that the demand for our products will eventually increase; and
- our expectation that we will be able to raise capital when we need it.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled “Risk Factors” set forth in this Annual Report on Form 10-K, any of which may cause our company’s or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- general economic and business conditions;
- substantial doubt about our ability to continue as a going concern;
- our needs to raise additional funds in the future which may not be available on acceptable terms or at all;
- our inability to successfully recruit and retain qualified personnel in order to continue our operations;
- our ability to successfully implement our business plan;
- if we are unable to successfully acquire, develop or commercialize new products;
- our expenditures not resulting in commercially successful products;
- third parties claiming that we may be infringing their proprietary rights that may prevent us from manufacturing and selling some of our products;
- the impact of extensive industry regulation, and how that will continue to have a significant impact on our business, especially our product development, manufacturing and distribution capabilities; and
- other factors discussed under the section entitled “Risk Factors” set forth in this Annual Report on Form 10-K.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. The following Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Company should be read in conjunction with the Condensed Consolidated Financial Statements and notes related thereto included in this Annual Report on Form 10-K. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.

As used in this Annual Report on Form 10-K and unless otherwise indicated, the terms “we”, “us”, “our”, or the “Company” refer to Avant Diagnostics, Inc. Unless otherwise specified, all dollar amounts are expressed in United States dollars.

Overview

The Company was incorporated on October 16, 2008 in the State of Nevada as “Oreon Rental Corporation”. At the time of its incorporation, the management of the Company intended to operate electronics rental stores in Ternopil and other similar cities throughout Ukraine. However, at the time of its incorporation and its initial public offering of common stock in October 2008, the Company did not own any such stores, nor did it have any ongoing business operations. The Company underwent a change in management in January 2010. Following the change in management, the Company decided not to proceed with its original plan of operations and to shift its business focus to that of an independent oil and gas company engaged in the acquisition, drilling and production of oil and natural gas properties and prospects. During 2014, the Company wound down its oil and natural gas operations and decided to complete a reverse recapitalization with Avant Diagnostics, Inc., a Nevada Corporation established in 2009.

During the year ended September 30, 2016, we experienced the following corporate developments:

As of September 30, 2016, there remained a total of 3,510,000 shares of common stock that still had not been converted by Avant stockholders as part of the reverse recapitalization. The Agreement and Plan of Reorganization does not provide for cash in lieu of exchange of shares and provides that upon the merger, the stockholders acquired their rights in ALP shares and all outstanding shares of Avant were deemed to be cancelled. There is no timeframe as to when the stockholders must convert their shares and, as of the date of this report, the shares have not been issued.

Since the end of the fiscal year ended September 30, 2016 and through the date of this report, we have focused on executing our business plan by acquiring proprietary diagnostic technology in the areas of oncology and neurology, as well as the addition of a revenue producing CLIA/CAP laboratory. We succeeded in executing on these objectives by the purchase of Amaranus Diagnostics, Inc. (“ADI”) and the purchase of the business assets and certain liabilities of Theranostics Health, Inc. (“THI”). We intend on executing unique commercialization strategies for each of our proprietary diagnostic tests.

During the period, subsequent to September 30, 2016 through the date of the filing of this annual report, management has engaged in cost cutting measures primarily in the area of THI corporate overhead. These measures have resulted in bringing operating costs in line with current sales and improving revenue from the new and existing THI pharma services, heading into in the fourth quarter of 2017 – traditionally the fourth quarter of the calendar year is THI’s best performing quarter.

The Company is operationally focused on improving revenues in the THI pharma services business by acquiring customers and expanding existing services agreements with oncology-focused pharmaceutical companies. The Company is now focused on establishing nurturing business relationships with pharmaceutical companies a view towards late stage clinical companion diagnostic development and supportive CLIA commercial launches for combination products in the area of personalized medicine for cancer treatments, including immunoncology.

Additionally, the Company is evaluating strategic commercialization options with respect to its proprietary diagnostic test portfolio and effectuating a relationship with a commercial high complexity CLIA laboratory that specializes in high volume testing, product launches, reimbursement and functional medicine.

Amarantus Diagnostic, Inc. Acquisition

On May 11, 2016, the Company entered into a Share Exchange Agreement (the “Exchange Agreement”) with Amaranus BioScience Holdings, Inc. (the “Shareholder”) to purchase 100% of the outstanding capital stock of Amaranus Diagnostics, Inc. (“ADI”) (the “ADI Acquisition”).

The Company paid an aggregate consideration of 80,000,000 shares of its common stock for the ADI Acquisition, subject to the issuance of additional shares upon the occurrence of certain events set forth in the Exchange Agreement. Each share of Avant common stock issued in connection with the ADI Acquisition shall be subject to a lock-up beginning on the May 11, 2016 and ending on the earlier of (i) eighteen (18) months after such date or (ii) a Change in Control (as defined in the Exchange Agreement) or (iii) written consent of the parties to that certain escrow agreement entered into between the Company, ADI, the Shareholder and certain creditors of the Shareholder.

Shareholder issued the Company a \$50,000 convertible promissory note issued bears interest at 12% per annum and matures one year from the date of issuance. The note was convertible at the option of the Investor at any time into shares of common stock, at an initial conversion price equal to \$0.20, subject to adjustment and certain setoffs. The note was fully paid off on May 24, 2016.

Theranostics Health, Inc. Acquisition

On May 11, 2016, the Company entered into an Asset Purchase Agreement (the “THI Purchase Agreement”) with Theranostics Health, Inc. (“THI”). The Company purchased substantially all of the assets related to THI’s business and assumed certain liabilities (the “THI Acquisition”).

The Company paid an aggregate consideration of 25,000,000 shares of its common stock for the THI Acquisition. Each share of Avant common stock issued in connection with the THI Acquisition shall be subject to a lock-up beginning on May 11, 2016 and ending on the earlier of (i) eighteen (18) months after such date or (ii) a Change in Control (as defined in the Exchange Agreement) or (iii) written consent of the Company, at the Company’s sole discretion.

During the year ended September 30, 2017, we experienced the following corporate developments:

Between October 28, 2016 and November 7, 2016, the Company entered into a various convertible promissory notes (collectively, the “Oct 2016 Notes”) with accredited investors (the “October 2016 Investors”) pursuant to which the October 2016 Investors purchased an aggregate principal amount of \$65,000 of Convertible Promissory Notes for an aggregate purchase price of \$65,000. The Oct 2016 Notes bear interest at 12% per annum and mature on six months from the date of issuance. The Oct 2016 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to the lesser of (i) \$0.25 or (ii) the closing sales price of such common stock on the date of conversion, subject to adjustment.

On November 28, 2016, the Company entered into a Binding Letter of Intent (the “Binding LOI”) with Prism Health Dx, Inc. (“PHDX”) for a business combination transaction wherein the Company agreed to issue such number of shares of common stock equal to 50% of the post-transaction outstanding shares of the Company to the shareholders of PHDX in exchange for the acquisition of 100% of the outstanding common stock of PHDX. At the time, the Company and PHDX entered into the Binding LOI, Mr. Philippe Goix was the President & CEO of PHDX. The Binding LOI contained exclusivity provisions wherein PHDX agreed not to enter into negotiations or discussions with third parties regarding similar transactions for a period of 90 days from the date of the Binding LOI (the “Exclusivity Period”). Concurrently with the execution of the Binding LOI, the Company agreed to lend PHDX an aggregate of \$200,000, which was evidenced by a promissory note that bears interest at 5% per annum and matures one year from the date of issuance to support PHDX’s ongoing working capital needs to complete the transaction (the “Bridge Note”). The transaction was not consummated within the Exclusivity Period and the parties are no longer pursuing the transaction. The Binding LOI was canceled in March 2017 and companies did not consummate the contemplated business combination transaction.

Between November 16, 2016 and December 31, 2016, the Company entered into various convertible promissory notes (collectively, the “Nov 2016 Notes”) with accredited investors (the “Nov 2016 Investors”) pursuant to which the Nov 2016 Investors purchased an aggregate principal amount of \$754,000 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$580,000. The Nov 2016 Notes bear interest at 8% and mature on January 15, 2018. The Nov 2016 Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

On January 3, 2017, the Company entered into a convertible promissory note with an accredited investors (pursuant to which the Investor purchased an aggregate principal amount of \$32,500 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$25,000. The Note bears interest at 8% and matures on January 15, 2018. The Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

On June 19, 2017, the Company entered into a securities purchase agreement (the “Agreement”) with an accredited investor (the “June 2017 Investor”) pursuant to which the June 2017 Investor purchased a Senior Secured Convertible Note for an aggregate purchase price of \$325,000 (the “June 2017 Note”). The June 2017 Notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.06 per share, subject to adjustment (“June 2017 Initial Conversion Price”). Upon an investment of an additional \$75,000 by the June 2017 Investor or another financier approved by the June 2017 Investor, bringing the total investment under the terms of the June 2017 Note to a minimum of \$400,000, the Preferred Stock issued pursuant to the Exchange Agreement described above shall be cancelled. In connection with the Agreement, the June 2017 Investor received an aggregate of 650,000 shares of common stock (the “June 2017 Commitment Shares”), a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price (the “June 2017 Warrant”) and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price (the “June 2017 Right”). The June 2017 Note, June 2017 Commitment Shares, June 2017 Warrant and June 2017 Purchase Right are collectively referred to herein as the “June 2017 Investment”. The June 2017 Warrant is exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The June 2017 Right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06. The securities purchase agreement entered into with the June 2017 Investor limited the size of the June 2017 Investment to a total of \$750,000.

On July 3, 2017 the Company entered into a settlement agreement with PHDX with respect to The Bridge Note wherein PHDX repaid \$100,000 to the Company in exchange for the extinguishment of the Bridge Note.

On July 6, 2017, the Company entered into a satisfaction of note (the "Satisfaction of Note") with Black Mountain Equity Partners LLC, the holder of a promissory note in the aggregate principal amount of \$25,000 (the Black Mountain Note") Pursuant to the terms of the Satisfaction of Note, the Company agreed to pay off the Black Mountain Note for an aggregate principal amount of \$25,000 by August 1, 2017 (the Black Mountain Settlement") and 62,500 common stock. The parties have agreed to extend the payment of the Settlement Amount until October 31st, 2017.

On July 14, 2017, the Company entered into an Exchange Agreement (the "Coastal Exchange Agreement") with Coastal Investment Partners, LLC. Prior to the execution of the Coastal Exchange Agreement, the Company agreed to exchange the principal amount due under the convertible promissory note issued July 6, 2016 plus accrued but unpaid interest and default and other amounts due and payable under such notes (the "July 2016 Notes") in exchange for the issuance of new convertible promissory notes due January 15, 2018 in the aggregate principal amount of \$380,250.00, which new notes are on substantially similar terms to the Nov 2016 Notes (the "New Coastal51 Note"). Pursuant to the terms of the Coastal Exchange Agreement, the Company and Coastal agreed to exchange the New Coastal51 Notes for the issuance of new convertible promissory notes due July 14, 2019 in the aggregate principal amount of \$442,325.00, (the "New Coastal Note"). In connection with the Coastal Exchange Agreement, the Company and the investor agreed to a binding letter of intent whereby the Company agreed, to among other things, upon getting current and releasing the New Coastal Note from escrow to issue the investor 750,000 shares of the Company's common stock related to an adjustment that resulted under the July 2016 Notes because of the issuance of the Nov 2016 Notes and the Company agreed to get current in its ongoing reporting requirements with the Securities and Exchange Commission within 90 days of the execution of the Coastal Exchange Agreement. If the Company does not get current within the 90-day period, the New Coastal Notes are null and void and shall revert back to the Coastal51 Notes issued to the investors. The notes issued to Coastal are secured by a first priority security interest to Coastal in the Company's Equipment Assets (as defined in the pledge agreement) and a second prior security interest in the Company's Intellectual Property Assets (as defined in the pledge agreement), all which are currently owned by the Company pursuant to the terms of that certain pledge and security agreement, entered into in connection with the Coastal Exchange Agreement. New Coastal Notes were offered and sold pursuant to an exemption from the registration requirements provided by Section 3(a)(9) of the Securities Act.

On July 28, 2017, the Company entered into an Exchange Agreement (the "October 2016 Investors Exchange Agreement") with the October 2016 Investors. Pursuant to the terms of the October 2016 Exchange Agreement, the Company agreed to exchange the principal amount due under the convertible promissory notes issued to the October 2016 Investors plus other amounts due and payable under such notes in exchange for the issuance of new convertible promissory notes due July 28, 2019 in the aggregate principal amount of \$51,200 (the "New October 2016 Notes"). In connection with the October 2016 Investors Exchange Agreement, the Company and the investors agreed to a binding letter of intent whereby the Company agreed, to among other things, the Company agreed to get current in its ongoing reporting requirements with the Securities and Exchange Commission within 120 days of the execution of the October 2016 Investors Exchange Agreement. If the Company does not get current within the 120-day period, the New October 2016 Notes are null and void and shall revert back to the original notes issued to the investors. In connection with the issuance of the New October 2016 Notes, the October 2016 Investors agreed to waive all accrued interest and penalties related to the October 2016 Notes, upon getting current and releasing from escrow to issue through the execution date of the exchange for the purchase an aggregate of 793,390 shares of the Company's common stock, which shares shall be kept by the October 2016 Investors whether or not the Company meets its conditions under the letter of intent. The New October 2016 Notes were offered and sold pursuant to an exemption from the registration requirements provided by Section 3(a)(9) of the Securities Act.

On August 8, 2017, the Company entered into a securities purchase agreement with an accredited investor (the “August 2017 Investor”) pursuant to which the August 2017 Investor purchased \$75,000 of the June 2017 Investment for an aggregate purchase price of \$75,000 (the “August 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.06 per share, subject to adjustment (“June 2017 Initial Conversion Price”). In connection with the Agreement, the August 2017 Investor received an aggregate of 150,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The Purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

On August 25, 2017, the Company entered into a securities purchase agreement with the June 2017 Investor pursuant to which the June 2017 Investor purchased \$50,000 of the June 2017 Investment for an aggregate purchase price of \$50,000 (the “August 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at the June 2017 Initial Conversion Price. In connection with the agreement, the June 2017 Investor received an aggregate of 100,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

On August 25, 2017 the Company entered into a binding letter of intent with the June 2017 Investor and the August 2017 Investor (the “Investors”) whereby the parties agreed that the offering documents would be amended to add an additional conversion feature wherein the June 2017 Investment could be exchanged and/or converted into a class of the Company’s preferred stock to be created (the “Preferred Stock”) that is convertible into the equivalent of 49.99% of the then outstanding common stock of the Company pro-rata on an as converted basis based upon a total investment of \$750,000 into the June 2017 Investment. The Preferred Stock shall also have the right to vote alongside the common stock on an as converted basis. The ability of the Investors to convert the June 2017 Investment into Preferred Stock is subject to the execution of definitive documentation between the parties. As of September 5, 2017, exactly \$525,000 has been invested into the June 2017 Investment.

On September 5, 2017, the Company entered into a securities purchase agreement with an accredited investor (the “September 2017 Investor”) pursuant to which the September 2017 Investor purchased \$75,000 of the June 2017 Investment for an aggregate purchase price of \$75,000 (the “September 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at the June 2017 Initial Conversion Price. In connection with the agreement, the September 2017 Investor received an aggregate of 150,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

On September 13, 2017, the Company filed a Certificate of Withdrawal of Certificate of Designations (the “Certificate of Withdrawal”) with the Nevada Secretary of State. The Certificate of Withdrawal eliminates the Company’s Series B Preferred Stock, par value \$0.001 per share, from the Company’s articles of incorporation, as amended. No shares of the Series B Preferred Stock were outstanding at the time of filing of the Certificate of Withdrawal.

As of September 30, 2017 the Company closed down its CAP CLIA certified lab in Gaithersburg, Maryland and started looking for a new location.

Results of Operations

Comparison of the Year Ended September 30, 2017 to the Year Ended September 30, 2016

Net Loss. For the year ended September 30, 2017, we had a net loss of \$9,585,928 compared to a net loss of \$11,759,045 for the year ended September 30, 2016. The decrease in loss was primarily due to a decrease in research and Development cost decreased from \$10,080,000 for the year ended September 30, 2016 to \$-0- for the year ended September 30, 2017. Offset by an increase in general and administrative expense from \$1,230,992 for the year ended September 30, 2016 to \$2,589,795 for the year ended September 30, 2017, and an increase in professional fees from \$313,275 for the year ended September 30, 2016 to \$5,962,332 for the year ended September 30, 2017.

Revenue

Revenues earned as of September 30, 2017 and 2016 are \$255,951 and \$118,040 respectively. Cost of revenue for September 30, 2017 and 2016 are \$27,672 and \$52,522 giving the Company a gross profit of \$228,279 and \$65,518, respectively.

Operating Expenses

General and administrative expenses increased by \$1,358,803 from \$1,230,992 to \$2,589,795 for the year ended September 30, 2017, as compared to the same period in 2016. The overall increase is primarily the result of an increase in investor relations expense, amortization expense, legal settlements, and licensing fees. Professional fee expenses increased by \$5,649,057 from \$313,275 to \$5,962,332 for the same period, respectively, which was primarily due to an increase in the utilization of outside consultants, director fees, and legal fees.

Other Expenses

Liquidity and Capital Resources

Working Capital

The following table sets forth a summary of changes in working capital for the years ended September 30, 2017 and 2016:

	September 30, 2017	September 30, 2016
Current assets	\$ 1,348	\$ 42,234
Current liabilities	4,252,921	2,115,369
Working capital	<u>\$ (4,251,574)</u>	<u>\$ (2,073,135)</u>

The decrease in working capital is due to increase in current liabilities. The decrease in working capital is due to a decrease in current assets from the value of marketable securities and an increase in accounts payable and accrued liabilities.

Cash Flows

The following table sets forth a summary of changes in cash flows for the years ended September 30, 2017 and 2016:

	Twelve Months Ended September 30,	
	2017	2016
Net cash used in operating activities	\$ 322,171	\$ (683,004)
Net cash provided by (used in) investing activities	(41,687)	(20,587)
Net cash provided by financing activities	(279,987)	660,807
Change in cash	\$ 497	\$ (42,784)

Total net cash increased due to an increase in cash provided by operating activities which was offset by changes in our operating assets and liabilities of \$322,171, amortization and depreciation of \$447,637, and with loss on change in derivative liability of \$1,803,561 for the year ended September 30, 2017. Net cash used in investing activities for the year ended September 30, 2017 compared to September 30, 2016 was primarily from licensing, other assets, cash acquired by THI, and website development costs of \$41,687 and \$20,587, respectively. Net cash used by financing activities for the year ended September 30, 2017 is due to net cash paid due to convertible notes of (\$279,987) compared to net cash earned of \$660,807 for September 30, 2016.

Going Concern

The consolidated financial statements contained in this annual report have been prepared assuming that the Company will continue as a going concern. We have accumulated losses since inception through September 30, 2017 of \$31,159,051. Presently, we may not have sufficient cash resources to meet our plans for the next twelve months. These factors raise substantial doubt about the Company's ability to continue as a going concern. The audited consolidated financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. Our continuation as a going concern is dependent on our ability to obtain additional financing as may be required and ultimately to attain profitability.

Subsequent to September 30, 2017, the Company continues to incur net losses from operating activities. The Company has been able to allocate much of the funds raised through private financing directly toward obtaining FDA approval for OvaDx[®] and a minimal amount of cash has been used towards operating activities. Most of the contracts are paid with Company stock instead of cash or at reduced rates. Without the continued support of our investors, contracted professionals and vendors the Company would not be able to continue.

We believe that we will require additional financing to carry out our intended objectives during the next twelve months. There can be no assurance, however, that such financing will be available or, if it is available, that we will be able to structure such financing on terms acceptable to us and that it will be sufficient to fund our cash requirements until we can reach a level of profitable operations and positive cash flows. If we are unable to obtain the financing necessary to support our operations, we may be unable to continue as a going concern. We currently have no firm commitments for any additional capital. Further, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our shares of common stock or the debt securities may cause us to be subject to restrictive covenants. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek additional financing. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations and our intellectual property could be impaired.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Contractual Obligations and Commitments

We have no material long-term contractual cash obligations as of September 30, 2017.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenues or operating results during the periods presented.

Recent Accounting Pronouncements

See Note 3 to the consolidated financial for end of the year September 30, 2017 and 2016, respectively.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The full text of our audited consolidated financial statements as of September 30, 2017 and 2016, begins 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.

On August 25, 2017, the board of directors of the Company dismissed Marcum LLP (“Marcum”) as the independent registered public accounting firm for the Company and its subsidiaries, effective immediately.

Marcum’s report on the Company’s financial statements for the fiscal year ended September 30, 2015 contained an explanatory paragraph indicating that there was substantial doubt as to the Company’s ability to continue as a going concern. Other than such statement, no report of Marcum on the financial statements of the Company for the fiscal year ended September 30, 2015 and through August 25, 2017 contained an adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal year ended September 30, 2015 and through August 25, 2017: (i) there have been no disagreements with Marcum on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Marcum, would have caused it to make reference to the subject matter of the disagreement in connection with its reports for such periods and (ii) there were no “reportable events” as defined in Item 304(a)(1)(v) of Regulation S-K, except certain material weaknesses in the Company’s internal controls over final reporting, as discussed in the Form 10-K for the fiscal year ended September 30, 2015.

Effective August 25, 2017, the Company engaged Weinstein & Co. (“Weinstein”) as the new independent registered public accounting firm for the Company and its subsidiaries.

During the fiscal year ended September 30, 2016 and through August 25, 2017, neither the Company nor anyone on its behalf consulted Weinstein regarding (i) the application of accounting principles to a specific transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company’s financial statements, or (ii) any matter that was the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or any reportable event (as described in Item 304(a)(1)(v) of Regulation S-K). Weinstein did not provide the Company with a written report or oral advice that they concluded was an important factor considered by the Company in reaching a decision as to accounting, auditing or financial reporting issue.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), our management carried out an evaluation, with the participation of our Chief Executive Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) of the Exchange Act), as of the period covered by this report. Disclosure controls and procedures are defined as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based upon their evaluation, our management (including our Chief Executive Officer) concluded that our disclosure controls and procedures were not effective as of September 30, 2017, based on the material weaknesses defined below.

Internal Control over Financial Reporting

Management’s Annual Report on Internal Control of Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a set of processes designed by, or under the supervision of, a company’s principal executive and principal financial officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets,
- provide reasonable assurance our transactions are recorded as necessary to permit preparation of our financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statement.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. It should be noted that any system of internal control, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including its principal executive officer and principal financial officer, the Company’s management assessed the design and operating effectiveness of internal control over financial reporting as of September 30, 2016 based on the framework set forth in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have identified material weaknesses in our internal control over financial reporting.

If we fail to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in our company

The material weaknesses related to a lack of a full segregation of duties and to our lack of sufficient personnel in our accounting and financial reporting functions with sufficient experience and expertise with respect to the application of U.S. GAAP and related financial reporting.

Based on this assessment, management concluded that the Company's internal control over financial reporting was not effective as of September 30, 2017.

Management's Remediation Plan

We plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this annual report on Form 10-K, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes in the future:

- (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management; and
- (ii) adopt sufficient written policies and procedures for accounting and financial reporting.

The remediation efforts set out in (i) are largely dependent upon our company securing additional financing to cover the costs of implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Management believes that despite our material weaknesses set forth above, our consolidated financial statements for the fiscal year ended September 30, 2017 are fairly stated, in all material respects, in accordance with US GAAP.

Attestation Report of the Registered Accounting Firm

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to Rule 308(b) of Regulation S-K, which permits the Company to provide only management's report in this Annual Report.

Changes in Internal Control over Financial Reporting

No changes in the Company's internal control over financial reporting have come to management's attention during the Company's last fiscal quarter that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Executive Officers and Directors

The names, ages and positions of our directors and executive officers as of October 30, 2018, are as follows:

<u>NAME</u>	<u>AGE</u>	<u>POSITION</u>
Jeffrey Busch	60	Executive Chairman
Michael Ruxin, M.D.	72	Chief Executive Officer and Director
Scott VanderMeer	32	Interim Chief Financial Officer
Jeffrey Stephens	39	Director
Robert Trapp	63	Director
John Brugmann	71	Director
Henry Cole	73	Director
Andy DeLao	43	Director
Rajesh Shrotriya	74	Director

All directors hold office until the next annual meeting of stockholders and the election and qualification of their successors. Officers are elected annually by the board of directors and serve at the discretion of the board.

Background of Executive Officers and Directors

The principal occupations for the past five years (and, in some instances, for prior years) of each of our directors and executive officers are as follows:

Jeffrey Busch. Mr. Busch was appointed as executive chairman of the Company effective as of May 25, 2018. Mr. Busch is the current Chairman and CEO of Global Medical REIT, a NYSE listed (NYSE:GMRE) and publicly traded company which acquires licensed medical facilities. Mr. Busch has been a Presidential Appointee, entrepreneur and active investor in various asset classes, including medical and pharmaceutical since 1985. Mr. Busch has had a distinguished career in public service, which included serving as a Chief of Staff to a United States Congressman and serving in senior positions in two U.S. Presidential Administrations. Mr. Busch oversaw hundreds of millions of dollars in economic development programs. Mr. Busch represented the United States before the United Nations in Geneva, Switzerland. Mr. Busch has served as a top advisor to several publicly traded medical companies and has worked in the medical, blood supply and management field. Mr. Busch also served as President of Safe Blood International Foundation, where he oversaw the establishment of medical facilities in 35 developing nations, including China, funded by the U.S. Center for Disease Control, USAID, Chinese government and corporate and private entities. Mr. Busch is a graduate of the New York University Stern School of Business, holds a Master of Public Administration specializing in health care from New York University, and a Doctor of Jurisprudence from Emory University.

Michael Ruxin. Dr. Ruxin was appointed as chief executive officer of the Company effective as of May 25, 2018 and as a director of the Company effective June 22, 2018. Dr. Ruxin has been a strategic advisor to the Company since December 2017. Previously, Dr. Ruxin was the Chairman, CEO and Founder of Global Med Technologies, Inc. (GLOB). He grew GLOB from a foundational concept to an international medical software company, specializing in FDA approved software, with specific diagnostic capabilities, and serving over 30 countries on 4 continents. Under his leadership, GLOB had its initial financing, its public offering and subsequent follow-on financings. Dr. Ruxin also founded PeopleMed, Inc., a validation and chronic disease management software subsidiary of GLOB. In addition, he conceived and executed the acquisition and financing of Inlog, a French software company serving the EU, becoming the Directeur General and responsible for European Operations—and eDonor, a US based regulated software company serving domestic and international blood donor centers. Prior to Dr. Ruxin engineering the sale of GLOB to a NYSE company, Haemonetics Corp. (HAE), he led his team to national prominence by being awarded the #1 position in quality of product and customer service against billion dollar software companies, rated by an industry-respected, independent software rating service. After GLOB's acquisition by Haemonetics, Dr. Ruxin was asked to stay with the company through the transition. Dr. Ruxin was on the Executive Management Team (EMT) at Haemonetics for approximately 6 months after the merger. The EMT was responsible for diagnostic strategies and identified domestic and international software opportunities for the Company. Before founding Global Med Technologies, Dr. Ruxin founded and was President and CEO of DataMed International, Inc. (DMI), a private, international drugs of abuse management company (from 1989-1997). DMI's clients included FedEx, International Multi-Foods, Los Alamos National Laboratories, Chevron, ConAgra, Nestles and AT&T, among over 500 other companies. Dr. Ruxin was one of the first 10 certified Medical Review Officers in the country, and he participated in writing the Federal legislation for drugs of abuse testing. Dr. Ruxin received his M.D. degree from the University of Southern California and his B.A degree in Philosophy from the University of Pittsburgh.

Scott VanderMeer. Mr. VanderMeer was appointed as Interim Chief Financial Officer of the Company in December 2017. Mr. VanderMeer has been the co-founder and Managing Partner of Infusion 51a, LP which is a fund that restructures companies with impediments, CFO of VC firm International Infusion LP, and CFO, Founder, and Director of Vivacitas Oncology Inc. an oncology therapeutic company since December 2014, February 2014 and August 2015, respectively. Mr. VanderMeer has been instrumental in the development and expansion of International Infusion's current portfolio, leveraging key business development relationships, both domestic and international. Mr. VanderMeer has managed the firm's research committee, focusing on vetting potential projects across an array of sectors. Mr. VanderMeer is responsible for activities at each of these entities as they relate to finance, accounting, bookkeeping, working with administrators, corporate communication, and working through audits to completion. Mr. VanderMeer graduated from the University of Illinois at Chicago with a B.S. in Business Marketing and an M.B.A with a concentration in Real Estate.

Jeffrey Stephens. Mr. Stephens was appointed as a director of the Company in June 2017. Mr. Stephens is a co-founder and a Managing Partner of Infusion 51a LP, International Infusion Holdings LLC, and International Infusion Advisors LLC. Mr. Stephens is also the CEO of International Infusion Inc., International Infusion LP, and a co-founder and director of Vivacitas Oncology, Inc. With an emphasis on the global market, he uses key positioning and strategies to identify investment vehicles that meet proprietary investment parameters. He currently serves as the managing partner of International Infusion, a think tank venture capital firm aimed directly at disruptive technologies. Mr. Stephens co-founded and is a director of the not-for-profit organization Camp Athlete, Inc., which is an organization geared towards students to improve their academic and athletic achievements. He graduated from the University of Southern Indiana with a B.S. in Psychology.

Robert Trapp. Mr. Trapp was appointed as a director of the Company in November 2017. Mr. Trapp has over 30 years of cross-cultural business experience with both public and privately-owned companies in Asia, the United States and Canada, in a diverse range of industries including hospitality, finance, property, mining, software, biotech and consumer goods. Mr. Trapp's experience is in operational management, administration, financial management, marketing, and regulatory compliance. Mr. Trapp is the Chief Executive Officer of BMI Capital International LLC, a broker-dealer, a position he has held since June of 2015. Mr. Trapp also serves as General Manager of SeD Development Management LLC, a subsidiary of Singapore eDevelopment Limited, a company listed on the Singapore Stock Exchange, a position he has held since September of 2015. In addition, Mr. Trapp presently serves on the Board of Directors of several of the subsidiaries of Singapore eDevelopment Limited, including HWH International, Inc. and Global BioLife Inc. Previously, Mr. Trapp served on the Board of Directors of Amarantus Bioscience Holdings Inc. from February of 2017 until May of 2017 and on the Board of Directors of HotApp International Inc. from December of 2014 until June of 2016. Mr. Trapp served as President and Director at Master of Real Estate LLC, a subsidiary of ZH International Holdings Ltd. (formerly Heng Fai Enterprises Limited), a company listed on the Hong Kong Stock Exchange, from August of 2014 to August of 2015 and served as Senior Vice-President with Inter-American Management LLC, a property management subsidiary of ZH International Holdings Ltd, from October of 2013 to August of 2015. Mr. Trapp served as a Director of eBanker USA.com, a subsidiary of ZH International Holdings Ltd, from August of 1998 to August of 2015, and served as GM and Rep Director with Hotel Plaza Miyazaki, a subsidiary of eBanker USA.com from September 2009 to May 2013. Mr. Trapp holds a Bachelor of Commerce degree from the University of Calgary and Bachelor of Applied Arts in Hospitality & Tourism Management from Ryerson Polytechnical Institute in Toronto, Ontario.

John Brugmann. Mr. Brugmann was appointed as a director of the Company effective as of May 25, 2018. Mr. Brugmann brings with him over 30 years' experience in the financial industry. During his 27 years at UBS Financial, he focused on international and offshore clients and played key roles in large commercial real estate financing, public offerings and portfolio management for endowments, pension and Union funds. Mr. Brugmann served as President of the board of Trustees for New York Military Academy, and Chairman of the Finance Committee for The Helen Hayes Theatre (Nyack, NY), and was voted the "Business Man of the Year" for Rockland County, NY.

Henry Cole. Mr. Cole was appointed as a director of the Company effective as of June 9, 2018. Mr. Cole has served as President of Global Development International, LLC, a position he has held since 2007, where he provides development support, management and oversight for companies and varied program initiatives in medical and healthcare programs and products, including Instant Labs Medical Diagnostics, Inc. (molecular diagnostics, hospital based infections), MedPharm, Inc. (global and developing country hospital and clinic support), MPRC Group, LTD (medical equipment, medical system planning and support throughout the Middle East), and various others. Mr. Cole previously served from 1989 to 2005 as President and Corporate Officer at Futures Group International and Futures Group Holdings. Under his direction, corporate programs expanded to offices in over 40 countries. Mr. Cole has served on the Faculty of Economics, Tulane University (1969 – 1972) and The US President’s Council of Economic Advisors as staff intern (1969 – 1970). Mr. Cole has served as an independent director of Global Medical REIT (NASDAQ: GMRE) since May 2015. Mr. Cole has served on the boards of numerous organizations including the Millennium Project from 1996 to 2006; the Futures Institute for Sustainable Development from 2001 to 2005; Foundation Against HIV and AIDS from 2007 to 2011; Kids Save International from 2006 to 2012; Triple Win International from 2008 to 2013; and others. He has worked in over 28 countries, with in-depth experience in Egypt, Turkey, Ghana, Cameroon, Kenya, Sudan, Sahelian Africa, Haiti, Trinidad, Bahamas, Philippines, Indonesia and India. Mr. Cole holds a B.A. in Economics from Yale University and an MA as well as completed Ph.D. studies (ABD) in Political Economy, with written comprehensive exams and faculty oral exams completed from The Johns Hopkins University.

Rajesh Shrotriya. Dr. Shrotriya was appointed as a director of the Company effective as of August 28, 2018. Dr. Rajesh Shrotriya, M.D., the former CEO and Chairman of Spectrum Pharmaceuticals (NASDAQ: SPPI), has over four decades of experience in the medical field, first as a dedicated physician and then as a pharmaceutical industry executive. Under his leadership, Spectrum identified, developed and commercialized several novel anti-cancer drugs. Prior to joining Spectrum, Dr. Shrotriya was Executive Vice President and Chief Scientific Officer for SuperGen, Inc. and Chief Medical Officer at MGI Pharma, Inc. Dr. Shrotriya’s pharmaceutical career began at Bristol-Myers Squibb, where he held various positions, the most recent being Executive Director Worldwide of CNS Clinical Research. Dr. Shrotriya is best known for his strategic thinking, and deep understanding of medical science including regulatory processes, not only at the Food and Drug Administration in the United States but also at regulatory agencies in Europe and Japan.

Andy DeLao. Mr. DeLao was appointed as a director of the Company effective as of August 28, 2018. Andy DeLao, aka “Cancergeek”, is currently the Senior Director of Marketing for Accuray, Inc, a radiation oncology technology company that is innovating patient-first cancer treatment. Previous to this role, Andy spent over 8 years at GE Healthcare, where he held multiple roles assisting in developing and leading the Oncology Solutions Organization, Product Marketing for the Molecular Imaging business, and had managed \$1.6 billion in innovative growth marketing strategies. In addition, Andy has worked with investment teams to bring oncology care and risk reduction facilities to emerging markets and has built multiple cancer centers throughout the world.

Family Relationships

There are no family relationships between any director, executive officer, or person nominated or chosen by the registrant to become a director or executive officer.

Director Experience

Our Board believes that each of the Company’s directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the Company’s shareholders. When evaluating candidates for election to the Board, the Board seeks candidates with certain qualities that it believes are important, including integrity, an objective perspective, good judgment, and leadership skills. Our directors are highly educated and have diverse backgrounds and talents and extensive track records of success in what we believe are highly relevant positions.

Involvement in Certain Legal Proceedings

To our knowledge, during the past ten years, none of our directors, executive officers, promoters, control persons, or nominees has been:

- any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;
- being found by a court of competent jurisdiction in a civil action, the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- being subject of, or a party to, any federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Code of Ethics

We have not adopted a Code of Business Conduct and Ethics to ensure that our business is conducted in a consistently legal and ethical manner. We intend to adopt one during the fiscal year ended September 30, 2019.

Committees of the board of directors

Our board of directors has authorized an audit committee charter, compensation committee charter, nominating and governance committee charter, executive committee charter and nominating committee charter. Our board may also establish from time to time any other committees that it deems necessary or desirable. The composition of each committee will comply, when required, with NYSE listing standards and other rules of the SEC and NYSE.

Audit Committee

We have not yet appointed an audit committee, and our Board of Directors currently acts as our audit committee. The Company intends to appoint an audit committee comprised entirely of independent directors, including at least one financial expert in the foreseeable future.

Audit Committee Financial Expert

The Company's does not have an audit committee financial expert since Company's board of directors currently acts as the audit committee and the board of directors currently consists of only eight directors one of which is the Company's Chief Executive Officer. While the Company believe that the members of Board of Directors are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting the Company is currently engaged in a search to identify a qualified individual who will meet the definition of "audit committee financial expert as that term is defined by Item 407(d)(5) of Regulation S-K.

Compensation Committee

We have not yet appointed a compensation committee, and our Board of Directors currently acts as a compensation committee. The Company intends to appoint a compensation committee comprised entirely of independent directors, including at least one financial expert in foreseeable future.

Nominating and Corporate Governance Committee

We have not yet appointed a Nominating and Corporate Governance Committee, and our Board of Directors currently acts as our Nominating and Corporate Governance Committee. The Company intends to appoint a Nominating and Corporate Governance Committee in foreseeable future.

Director Compensation

Directors are expected to timely and fully participate in all regular and special board meetings, and all meetings of committees that they serve on.

The following table sets forth summary information concerning the total compensation paid to our non-employee directors for the fiscal year ended September 30, 2017 for services to our company.

Name	Fees Earned or Paid in Cash	Option Awards	Total
Joseph Roth	\$ -	\$ 75,000	\$ 75,000
Randall Letcavage	\$ -	\$ 5,000	\$ 5,000
Gerald Commissiong	\$ -	\$ 200	\$ 200
Jeff Stephens	\$ -	\$ -	\$ -

- (1) On February 27, 2016, the Company issued an aggregate of 200,000 restricted shares of common stock to Joseph Roth and Randall Letcavage to serve as Board of Directors for a fair value of \$10,000. These shares vest over a one-year service period.
- (2) On May 5, 2016, the Company issued 200,000 restricted shares of common stock for a finder's fee to a certain Director for a fair value of \$10,000.
- (3) On June 2, 2017, the Company issued 500,000 restricted shares of common stock to Joseph Roth for his service as a Board of Directors for a fair value of \$60,000.
- (4) On December 21, 2016 and August 25, 2017, the Company issued 5,000,000 and 15,000,000 restricted shares of common stock to Gerald Commissiong for his service as a Board of Directors for a fair value of \$200. 15,000,000 of these shares vest over a three year term.

Director Independence

Our securities are not listed on a national securities exchange or in an inter-dealer quotation system that requires that a majority of our board of directors be independent. As of the date of this Annual Report, our board of directors has determined that a majority of the board consists of members who are currently "independent" as that term is defined under current listing standards of NASDAQ.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the officers, directors, and persons who beneficially own more than 10% of the Company's common stock to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors and greater than 10% beneficial owners are also required by rules promulgated by the SEC to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of such forms furnished to the Company, or written representations that no filings were required, the Company believes that during the fiscal year ended September 30, 2017, all filings required under Section 16(a) have been timely filed, except our former executive officers and directors never filed a Form 3 to date.

ITEM 11. EXECUTIVE COMPENSATION.

Summary Compensation Table

The table below sets forth, for the last two fiscal years, the compensation earned by (i) each individual who served as our principal executive officer or principal financial officer during the last fiscal year and (ii) our most highly compensated executive officer, other than those listed in clause (i) above, who were serving as executive officers at the end of the last fiscal year (together, the "Named Executive Officers"). No other executive officer had annual compensation in excess of \$100,000 during the last fiscal year.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u> <u>(\$)</u>	<u>Bonus</u> <u>(\$)</u>	<u>Option</u> <u>Awards</u> <u>(\$)</u>	<u>All Other</u> <u>Compensation</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Gregg Linn (1) Former Chief Executive Officer, President and Director	2017	\$ 240,000	—	—	\$ 54,000	\$294,000
	2016	\$ 240,000	—	—	\$ 54,000	\$294,000
Philippe Goix (2)	2017	\$ 120,000	\$ 15,000	—	—	\$135,000

- (1) Mr. Linn resigned as CEO and a director of the Company on June 2, 2017. In accordance with the terms of his employment agreement, Mr. Linn is entitled to receive a yearly automobile allowance of \$18,000 as well as yearly payments for health insurance equal to \$36,000. The amounts have been accrued but some have not been paid as of the date of this Annual Report. Pursuant to Mr. Linn resignation, the Company will pay him \$30,000 lump sum, \$5,378.41 in reimbursement of expenses, and \$180,000 when the Trigger Event happens in accordance with the terms of his separation agreement. Mr. Linn also received an aggregate of 15,000,000 common stock with a three-year vesting period.
- (2) Mr. Goix joined the Company as CEO on June 20, 2017 and as a Director of the Company on August 24, 2017. As compensation for his service, Mr. Goix will be paid an annual salary of \$120,000 at a rate of \$10,000 per month. Entitled to a signing bonus of \$15,000 and reimbursed for accrued travel expenses incurred during the CEO recruitment process of \$4,500. Mr. Goix resigned on December 15, 2017 as the CEO and Director of the Company. The Company will pay a lump sum of \$27,346.84 pursuant to the Trigger Event happening in accordance with the terms of his separation agreement.

Outstanding Equity Awards at Fiscal Year-End

Name	Stock Awards	
	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (#)
Gregg Linn	12,250,000	\$ 1,470,000
Philippe Goix	-	\$ -

Employment Agreements

On October 1, 2014, we entered into an employment agreement with Gregg Linn, our Former Chief Executive Officer. The employment agreement provide that Mr. Linn will receive an annual base salary of \$240,000 per year. In addition, Mr. Linn is entitled to monthly car allowance of \$1,500 and the Company has agreed to pay to Mr. Linn the greater of 100% of all health care premiums of \$3,000 per month. Mr. Linn is entitled to participate in any and all benefit plans, from time to time, in effect for senior management, along with vacation, sick and holiday pay in accordance with the Company's policies established and in effect from time to time. The employment agreement provides for termination of Mr. Linn's employment without any further obligation on our part upon the death or disability of the executive or for cause. In the event that an executive's employment is terminated for good reason, we are obligated to pay Mr. Linn his base salary for a twelve-month period beginning on the date of termination and any pro-rated portion of any bonus payable to Mr. Linn, which shall be assumed to be 30% of his base compensation unless otherwise provided for by the board of directors.

The employment agreements also contain covenants (a) restricting the executive from engaging in any activity competitive with our business during the term of the employment agreement and in the event of termination for cause or without good reason, for a period of eighteen months thereafter, (b) prohibiting the executive from disclosing confidential information regarding us, and (c) soliciting our employees, customers and prospective customers during the term of the employment agreement and for a period of eighteen months thereafter.

On June 2, 2017, the Company entered into a Separation and Release Agreement (the "Separation Agreement") with Gregg Linn, the Company's former Chief Executive Officer, pursuant to which Mr. Linn's status as chief executive officer and director of the Company ended effective June 2, 2017. Pursuant to the Agreement, the Company shall (a) pay Mr. Linn a lump sum cash payment of \$30,000 upon on the Effective Date (as defined in the Agreement), (b) reimburse Mr. Linn for expenses paid on behalf of the Company, \$2,500 of which will be paid on the Effective Date, and (c) upon the earliest occurrence of a Triggering Event (as defined in the Separation Agreement), the Company shall pay Mr. Linn a lump sum cash payment of \$180,000 within three (3) business days of the date a Triggering Event occurs. In addition, the Company shall issue Mr. Linn 15,000,000 restricted shares of the Company's common stock ("Equity Issue") which Equity Issue shall vest quarterly over three (3) years from the termination date in accordance with the terms of that certain restricted stock award agreement. All shares of common stock currently held by Mr. Linn, including the Equity Issue, shall be subject to the terms of that certain lockup agreement, dated May 11, 2016. Finally, Mr. Linn was granted "piggyback" registration rights, subject to certain exceptions, to include on the next registration statement the Company files with SEC for a primary offering (excluding any securities to be included on Form S-4 or S-8) of its equity securities (or on the subsequent registration statement if such registration statement is withdrawn) such number of shares of the Company's common stock held by the Mr. Linn and/or his assigns equal to eight percent (8%) of the aggregate value of the securities to be included on such registration statement, subject to certain limitations. Pursuant to the Agreement, Mr. Linn has agreed to comply with the confidential information and noncompetition and non-solicitation provisions in the Executive Employment Agreement dated October 1, 2014 between Mr. Linn and the Company.

The Company entered into an offer letter dated June 19, 2017 (the "Offer Letter") with Dr. Goix. The Offer Letter has no specified term, and Dr. Goix's employment with the Company will be on an at-will basis. Dr. Goix's employment with the Company will commence on June 20, 2017 (the "Start Date").

Base Salary and Bonus. Dr. Goix will receive an annual base salary of \$120,000. Upon the Company raising at least an additional \$1,750,000 through the sale of its equity and/or debt securities (the “Initial Financing”), Dr. Goix’s salary will increase to \$240,000 per year. In addition, upon the Company listing its shares on a national securities exchange and completing an additional capital raise for aggregate gross proceeds of an additional \$5,000,000 beyond the Initial Financing, Dr. Goix’s salary will increase to \$360,000 per year.

Sign-on Bonus. Dr. Goix will receive a one-time sign-on bonus of \$15,000 and reimbursement for accrued travel expenses incurred during the recruitment process of \$4,500.

Performance Bonus. Upon the Company raising an additional \$1,500,000 through the sale of its equity and/or debt securities (excluding any securities sold in the Company’s financing disclosed on a Current Report on Form 8-K filed with the Commission on June 20, 2017) (the “Financing”), Dr. Goix shall be entitled to a cash bonus equal to the following: (i) \$50,000 if the Financing is completed within 3 months of the date of the Offer Letter, (ii) \$40,000 if the Financing is completed within 5 months of the date of the Offer Letter, and (iii) \$30,000 if the Financing is completed within 7 months of the date of the Offer Letter.

Equity Compensation. Subject to further approval of the Company’s board of directors, Dr. Goix will be granted an option to purchase up to 22 million shares of the Company’s common stock, subject to mutually agreed upon time milestones and success-based milestones. The exercise price per share will be equal to the fair market value per share on the date the option is granted. The options will be granted upon the Company raising aggregate gross proceeds of \$500,000 from the sale of its equity and/or debt securities.

Other Benefits and Terms. Dr. Goix will be eligible to participate in the group benefit programs generally available to senior executives of the Company.

On December 15, 2017, the Company entered into a Separation and Release Agreement (the “Separation Agreement”) with Philippe Goix, the Company’s former Chief Executive Officer, pursuant to which Dr. Goix’s status as chief executive officer and director of the Company ended effective December 4, 2017. Pursuant to the Agreement, upon the occurrence of a Triggering Event (as defined in the Separation Agreement), the Company shall pay Dr. Goix a lump sum cash payment of \$27,346.84 within three (3) business days of the date such Triggering Event occurs.

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

The following table sets forth certain information, regarding the beneficial ownership of the Company’s Common Stock as of October 25, 2018 by (i) each stockholder known by the Company to be the beneficial owner of more than 5% of its Common Stock, (ii) by each director and executive officer of the Company and (iii) by all executive officers and directors of the Company as a group. Each of the persons named in the table has sole voting and investment power with respect to Common Stock beneficially owned.

Except as otherwise set forth below, the business address of each person listed below is 1050 30th Street NW, Suite 107, Washington, D.C. 20007.

Title of Class	Name and Address	Number of Shares Owned	Percentage of Shares Owned (1)
	5% Stockholders		
Series A Preferred Stock	Jeffrey Busch	230,000(2)	12.84%
Series A Preferred Stock	Infusion 51a L.P. 233 S. Wacker Drive, 84th Floor Chicago, IL 60606	344,215(2)(6)	19.77%
Series A Preferred Stock	Coastal Investment Partners LLC 81 Prospect St. Brooklyn, NY 11201	192,832(2)	10.77%
Series A Preferred Stock	Kelly Family Trust 20 Kittansett Loop Henderson, NV 89052	150,000(2)	8.37%
Series A Preferred Stock	Anand Gokel 3754 Benton Street Santa Clara, CA 95051	124,587(2)	6.96%
Series A Preferred Stock	Rajesh Shrotriya, M.D.	100,000(2)	5.58%
Series B Preferred Stock	Infusion 51a L.P. 233 S. Wacker Drive, 84th Floor Chicago, IL 60606	17,347,619(3)(6)	67.72%
Series B Preferred Stock	Anand Gokel 3754 Benton Street Santa Clara, CA 95051	3,696,328(3)	14.43%
Series B Preferred Stock	Xpress Group International Limited Unit B, 17th Floor, Greatmany Centre, 109- 111 Queen's Road East, Wan Chai, Hong Kong	3,067,542(3)	11.98%
Common Stock	Amarantus BioScience Holdings, Inc. 655 Montgomery Street Ste 900 San Francisco, CA 94111	109,342,073	32.45%
Common Stock	Gregg Linn 10994 E Beck Lane Scottsdale AZ 85255	52,410,976(5)	15.56%
Common Stock	Arrayit Corporation 927 Thompson Place Sunnyvale, CA 94085	32,750,000	9.72%
Common Stock	Theranostics Health LLC 15010 Broschart Rd. Ste. 200 Rockville, MD 20850	25,000,000.00	7.42%
Common Stock	Gerald Commissiong 2264 Raleigh Rd. Hummelstown PA 17036	20,000,000(4)	5.94%
	Directors and Officers		
Series A Preferred Stock	Jeffrey Busch	230,000(2)	12.84%
Series A Preferred Stock	Michael Ruxin, M.D.	25,000(2)	1.40%
Common Stock	Scott VanderMeer	14,598,333(6)	4.33%
Common Stock	Jeffrey Stephens	14,598,333(6)	4.33%
Series A Preferred Stock	Scott VanderMeer	433,471(2)(6)	24.20%
Series A Preferred Stock	Jeffrey Stephens	433,471(2)(6)	24.20%
Series B Preferred Stock	Scott VanderMeer	18,472,995(3)(6)	72.11%
Series B Preferred Stock	Jeffrey Stephens	18,472,995(3)(6)	72.11%
Common Stock	Robert Trapp	-	-
Series A Preferred Stock	Henry Cole	20,000(2)	1.12%
Series A Preferred Stock	John Brugmann	17,355(3)(7)	0.97%
Series B Preferred Stock	John Brugmann	221,472(3)(7)	0.86%
Common Stock	Andy DeLao	-	-%
Series A Preferred Stock	Rajesh Shrotriya, M.D.	100,000(2)	5.58%

All officers and directors as a group (9 persons)

(1) Based upon 336,957,722 shares of common stock outstanding on October 30, 2018. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to the subject securities. Shares of common stock that are currently exercisable or exercisable within 60 days of October 30, 2018 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage beneficial ownership of such person, but are not treated as outstanding for the purpose of computing the percentage beneficial ownership of any other person.

(2) The Series A Preferred Stock has no expiration date and upon consummation of a reverse stock split of the Company's common stock such that after consummation of such reverse stock split there are approximately 15,000,000 shares of the Company's common stock outstanding, the holders shall take all necessary steps with the Issuer to exchange all outstanding shares of Series A Preferred Stock into shares of the Company's common stock at a rate to be agreed upon between the parties. The holders of Series A Preferred Stock collectively shall always constitute 50.1% of the voting power of the Company.

(3) Except as otherwise expressly required by law, each holder of Series B Preferred Stock shall be entitled to vote on all matters submitted to shareholders of the Company and shall be entitled to vote on an as-converted basis. Upon filing an amendment to the Company's articles of incorporation to increase the number of shares of authorized common stock so that there is an adequate amount of shares of authorized common stock for issuance upon conversion of the Series B Preferred Stock, the shares of Series B Preferred Stock will be automatically converted into common stock and such conversion will require no action on behalf of the Company or the holder of the Series B Preferred Stock. Each share of Series B Preferred Stock shall convert into ten (10) shares of common stock of the Company, subject to adjustment.

(4) Includes 20,000,000 shares of common stock owned by Mr. Commissiong, 15,000,000 of which vest quarterly over a 3-year period commencing on August 25, 2017. As of the Record Date, 6,250,000 shares of common stock held by Mr. Commissiong have vested.

(5) Includes 15,000,000 restricted shares of the Company's common stock which vest quarterly over three (3) years from June 2, 2017. As of the Record Date, 7,500,000 shares of common stock have vested.

(6) Includes (a) 11,423,333 shares of common stock held by Infusion 51a, LP, (b) 3,175,000 shares of common stock held by International Infusion LP (c) 344,215 shares of series A preferred stock held by Infusion 51a, LP, (d) 89,256 shares of series A preferred stock held by International Infusion, LP (e) 17,347,619 shares of the series B preferred stock held by Infusion 51a, LP and (f) 1,125,376 shares of the series B preferred stock held by International Infusion LP. Jeffrey Stephens and Scott VanderMeer have shared voting and dispositive power over the shares held by Infusion 51a, LP and International Infusion, LP.

(7) Includes (a) 17,355 shares of series A preferred stock and (b) 221,472 shares of series B preferred stock held by Mr. Brugmann's wife. Mr. Brugmann specifically disclaims beneficial ownership of these shares except to the extent of his pecuniary interests therein.

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

The following is a description of transactions since September 30, 2017 to which the Company has been a party in which the amount involved exceed or will exceed \$120,000 and in which any of the person who serves as our director and executive officer or with any beneficial owners of more than 5% of our common stock, or entities affiliated with them, had or will have a director or indirect material interest.

In connection with the acquisition of Amarantus Diagnostics, Inc., the Company issued a 12% convertible note due May 11, 2017 for \$50,000 to Amarantus Bioscience Holdings, Inc., a company controlled by a significant shareholder of the Company. The note is convertible at the option of the holder at any time into shares of common stock at a conversion price of \$0.20 per share. On May 24, 2016, the Company paid off the note in full.

In connection with the acquisition of certain assets and assumption of certain liabilities of Theranostics Health, Inc., the Company assumed and guaranteed a previously issued 8% convertible note for \$400,000 due February 28, 2017 to Amarantus Bioscience Holdings, Inc., a company controlled by a significant shareholder of the Company. The note is convertible at the at the option of the holder at any time into shares of Theranostics Health, Inc.'s common stock at \$40.64 per share. The conversion price of the note is subject to full ratchet and anti-dilution adjustment for subsequent lower price issuances by the Company, as well as customary adjustments provisions for stock splits, stock dividends, recapitalizations and the like.

The convertible note was not modified upon assumption by the Company, accordingly the Company has determined that since the conversion option is not available should any demands be made by the noteholder, the note should be considered a non-convertible note for presentation and accounting purposes.

The Company leases corporate office space under a month-to-month operating lease of \$200 per month from an entity controlled by the Company's former Chief Executive Officer and from THI. For the years ended September 30, 2017 and 2016, total rent expense was \$61,238 and \$42,000, respectively.

International Infusion LP and Infusion 51a LP Notes (Related Party)

Between November 16, 2016 and December 31, 2016, the Company entered into various convertible promissory notes (collectively, the “Nov 2016 Notes”) with accredited investors (the “Nov 2016 Investors”) pursuant to which the Nov 2016 Investors purchased an aggregate principal amount of \$481,000 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$370,000. The Nov 2016 Notes bear interest at 8% and mature on January 15, 2018. The Nov 2016 Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

On June 19, 2017, the Company entered into a securities purchase agreement (the “Agreement”) with an accredited investor (the “June 2017 Investor”) pursuant to which the June 2017 Investor purchased a Senior Secured Convertible Note for an aggregate purchase price of \$325,000 (the “June 2017 Note”). The June 2017 Notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.06 per share, subject to adjustment (“June 2017 Initial Conversion Price”). Upon an investment of an additional \$75,000 by the June 2017 Investor or another financier approved by the June 2017 Investor, bringing the total investment under the terms of the June 2017 Note to a minimum of \$400,000, the Preferred Stock issued pursuant to the Exchange Agreement described above shall be cancelled. In connection with the Agreement, the June 2017 Investor received an aggregate of 650,000 shares of common stock (the “June 2017 Commitment Shares”), a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price (the “June 2017 Warrant”) and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price (the “June 2017 Right”). The June 2017 Note, June 2017 Commitment Shares, June 2017 Warrant and June 2017 Purchase Right are collectively referred to herein as the “June 2017 Investment”. The June 2017 Warrant is exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The June 2017 Right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06. The securities purchase agreement entered into with the June 2017 Investor limited the size of the June 2017 Investment to a total of \$750,000.

On August 25, 2017, the Company entered into a securities purchase agreement with the June 2017 Investor pursuant to which the June 2017 Investor purchased \$50,000 of the June 2017 Investment for an aggregate purchase price of \$50,000 (the “August 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at the June 2017 Initial Conversion Price. In connection with the agreement, the June 2017 Investor received an aggregate of 100,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

The Company had accrued expenses due to current and former officers, consisting mainly of salary. As of September 30, 2017 and 2016, accrued expenses due to officers were \$277,175 and \$256,480, respectively.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The Company has appointed Weinstein & Co., or Weinstein, as our independent registered public accounting firm, to audit our consolidated financial statements for the fiscal year ended September 30, 2016 and September 30, 2017. Marcum LLP, or Marcum, was our independent registered public accounting firm for the fiscal year ended September 30, 2015. Effective August 25, 2017, Marcum was dismissed as our independent registered public accounting firm and, at the recommendation of our board of directors, effective August 25, 2017, we engaged Weinstein as the independent registered public accounting firm to audit the Company’s financial statements for the year ended September 30, 2016 and September 30, 2017.

The aggregate fees billed for the fiscal years ended September 30, 2017 and 2016 for professional services rendered by our principal accountants for (1) the audit of its annual financial statements and review of financial statements included in Form 10-Q and Form 10-K (“Audit Fees”), (2) assurance and related services provided that are reasonably related to the audit (“Audit-Related Fees”), (3) tax compliance, advice, and planning (“Tax Fees”), and (iv) other products or services provided (“Other Fees”).

	Year Ended September 30, 2017	Year Ended September 30, 2016
Audit fees	\$ 20,236	\$ 92,750
Audit related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	\$ 20,236	\$ 92,750

Audit fees. Audit fees represent fees for professional services performed by our principal accountants for the audit of our annual financial statements and the review of our quarterly financial statements, as well as services that are normally provided in connection with statutory and regulatory filings or engagements.

Audit-related fees. Audit-related fees represent fees for assurance and related services performed by our principal accountants that are reasonably related to the performance of the audit or review of our financial statements.

Tax Fees. Our principal accountants did not perform any tax compliance services.

All other fees. Our principal accountants did not receive any other audit fees for 2017 and 2016.

The Board of Directors selects our independent public accountant, establishes procedures for monitoring and submitting information or complaints related to accounting, internal controls or auditing matters, engages outside advisors, and makes decisions related to funding the outside auditory and non-auditory advisors.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as a part of this report or incorporated herein by reference:

- (1) Our Consolidated Financial Statements are listed on page F-1 of this Annual Report.
- (2) Financial Statement Schedules:

None.

- (3) Exhibits:

The following documents are included as exhibits to this Annual Report:

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Number	Description of Exhibits
2.1	<u>Agreement and Plan of Reorganization between American Liberty Petroleum Corp, Avant Diagnostics, Inc. and Avant Acquisition Corp, dated December 29, 2014 (incorporated by reference to Exhibit 99.4 of the Current Report on Form 8-K filed on December 30, 2014)</u>
2.2	<u>Share Exchange Agreement, dated May 11, 2016, by and between Avant Diagnostics, Inc., Amarantus Diagnostics, Inc. and Amarantus Biosciences Holdings, Inc. (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed on May 17, 2016)</u>
2.3	<u>Asset Purchase Agreement, dated May 11, 2016, by and between Avant Diagnostics, Inc. and Theranostics Health, Inc. (incorporated by reference to Exhibit 2.2 of the Current Report on Form 8-K filed on May 17, 2016)</u>
3.1	<u>Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on May 24, 2010)</u>
3.2	<u>Bylaws of the Company (incorporated by reference to Exhibit 3.2 of the Annual Report on Form 10-K filed on February 16, 2010)</u>
3.3	<u>Certificate of Designation of Preferences, Rights and Limitations of Series B Preferred Stock, filed with the Nevada Secretary of State on January 27, 2017 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on June 20, 2017)</u>
3.4	<u>Certificate of Withdrawal of Certificate of Designations, Preferences and Rights of Series B Preferred Stock. (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on September 26, 2017)</u>
4.1	<u>Convertible Promissory Note, dated January 5, 2016 (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on January 12, 2016)</u>
4.2	<u>Form of Convertible Promissory Note issued to Amarantus Biosciences Holdings, Inc., dated March 8, 2016 (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on March 11, 2016)</u>
4.3	<u>Convertible Promissory Note, dated May 11, 2016, issued to Amarantus Biosciences Holdings, Inc.. (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on May 17, 2016)</u>
4.4	<u>Form of Convertible Promissory Note, dated July 5, 2016 (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on July 11, 2016)</u>

- 4.5 [Form of Promissory Note related to the October 2016 Financing \(incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 4.6 [Form of Promissory Note related to the November 2016 Financing \(incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 4.7 [Promissory Note, dated November 28, 2016, issued by Prism Health Dx, Inc. to Avant Diagnostics, Inc. \(incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 4.8 [Form of Senior Secured Promissory Note related to the June 2017 Financing \(incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 4.9 [Form of Warrant related to the June 2017 Financing \(incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 4.10 [Form of Right related to the June 2017 Financing \(incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 4.11 [Form of Senior Secured Promissory Note related to the June 2017 and August 2017 Financing with the June 2017 Investor \(incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.12 [Form of Warrant related to the related to the June 2017 and August 2017 Financing with the June 2017 Investor \(incorporated by reference to Exhibit 4.2 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.13 [Form of Right related to the related to the June 2017 and August 2017 Financing with the June 2017 Investor \(incorporated by reference to Exhibit 4.3 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.14 [Coastal51 Note, dated November 15, 2016 \(incorporated by reference to Exhibit 4.4 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.15 [Senior Secured Promissory Note, dated July 14, 2017 \(incorporated by reference to Exhibit 4.5 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.16 [Form of Senior Secured Promissory Note, dated July 28, 2017 \(incorporated by reference to Exhibit 4.6 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.17 [Senior Secured Promissory Note, dated August 8, 2017 issued to the August 2017 Investor \(incorporated by reference to Exhibit 4.7 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.18 [Warrant, dated August 8, 2017, issued to the August 2017 Investor \(incorporated by reference to Exhibit 4.8 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.19 [Purchase Right, dated August 8, 2017, issued to the August 2017 Investor \(incorporated by reference to Exhibit 4.9 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.20 [Senior Secured Promissory Note, dated September 5, 2017 issued to the September 2017 Investor \(incorporated by reference to Exhibit 4.10 of the Current Report on Form 8-K filed on September 26, 2017\)](#)

- 4.21 [Warrant, dated September 5, 2017, issued to the September 2017 Investor \(incorporated by reference to Exhibit 4.11 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 4.22 [Purchase Right, dated September 5, 2017, issued to the September 2017 Investor \(incorporated by reference to Exhibit 4.12 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.1 [American Liberty Petroleum Corp., 2014 Directors, Officers and Consultants Stock Option, Stock Warrant and Stock Award Plan \(incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed on December 30, 2014\)](#)
- 10.2 [Rhodes Holdings LLC Consulting Agreement with American Liberty Petroleum Corp. \(incorporated by reference to Exhibit 99.2 of the Current Report on Form 8-K filed on December 30, 2014\)](#)
- 10.3 [Clear Financial Solutions, Inc. Consulting Agreement with American Liberty Petroleum Corp \(incorporated by reference to Exhibit 99.3 of the Current Report on Form 8-K filed on December 30, 2014\)](#)
- 10.4 [Technology Assignment Agreement, dated July 18, 2009, between Arrayit Diagnostics, Inc. and Arrayit Corporation \(incorporated by reference to Exhibit 10.4 of the Annual Report on Form 10-K filed on January 13, 2016\)](#)
- 10.5 [Employment Agreement, dated October 1, 2014, by and between Arrayit Diagnostics, Inc. and Gregg Linn \(incorporated by reference to Exhibit 10.5 of the Annual Report on Form 10-K filed on January 13, 2016\)](#)
- 10.6 [Securities Purchase Agreement, dated January 5, 2016 by and between Avant Diagnostics, Inc. and St. George Investments LLC \(incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed on January 12, 2016\)](#)
- 10.7 [Assignment and First Amendment of Lease by and among Saul Holdings Limited Partnership, Theranostics Health, Inc. and Avant Diagnostics. \(incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on May 17, 2016\)](#)
- 10.8 [Form of Securities Purchase Agreement, dated July 5, 2016 \(incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on July 11, 2016\)](#)
- 10.9 [Binding Letter of Intent, dated November 28, 2016, by and between Avant Diagnostics, Inc. and Prism Health Dx, Inc. \(incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 10.10 [Exchange Agreement, dated January 27, 2017, by and between Avant Diagnostics and Gregg Linn \(incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 10.11 [Securities Purchase Agreement, dated June 19, 2017 by and between Avant Diagnostics, Inc. and the June 2017 Investor \(incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 10.11 [Pledge Agreement, dated June 19, 2017 by and between Avant Diagnostics, Inc. and the June 2017 Investor \(incorporated by reference to Exhibit 10.4 of the Current Report on Form 8-K filed on June 20, 2017\)](#)
- 10.12 [Form of Pledge Agreement by and between Avant Diagnostics, Inc. and the June 2017 Investor related to the June 2017 and August 2017 Financing \(incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed on September 26, 2017\)](#)

- 10.13 [Satisfaction of Note, dated July 6, 2017, by and between Avant Diagnostics, Inc. and Black Mountain Equity Partners LLP \(incorporated by reference to Exhibit 10.3 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.14 [Exchange Agreement, dated July 14, 2017, by and between Avant Diagnostics, Inc. and Coastal Investment Partners LLP \(incorporated by reference to Exhibit 10.4 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.15 [Pledge Agreement, dated July 14, 2017, by and between Avant Diagnostics, Inc. and Coastal Investment Partners LLP \(incorporated by reference to Exhibit 10.5 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.16 [Binding Letter of Intent, dated July 14, 2017, by and between Avant Diagnostics, Inc. and Coastal Investment Partners LLP \(incorporated by reference to Exhibit 10.6 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.17 [Form of Exchange Agreement, dated July 28, 2017 \(incorporated by reference to Exhibit 10.7 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.18 [Form of Binding Letter of Intent, dated July 28, 2017 \(incorporated by reference to Exhibit 10.8 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.19 [Securities Purchase Agreement, dated August 8, 2017, by and between Avant Diagnostics, Inc. and the August 2017 Investor \(incorporated by reference to Exhibit 10.9 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.20 [Pledge Agreement dated August 8, 2017, by and between Avant Diagnostics, Inc. and the August 2017 Investor \(incorporated by reference to Exhibit 10.10 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.21 [Binding Letter of Intent with June 2017 Investor and August 2017 Investor, dated August 25, 2017 \(incorporated by reference to Exhibit 10.11 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.22 [Securities Purchase Agreement, dated September 5, 2017, by and between Avant Diagnostics, Inc. and the September 2017 Investor \(incorporated by reference to Exhibit 10.12 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.23 [Pledge Agreement dated September 5, 2017, by and between Avant Diagnostics, Inc. and the September 2017 Investor \(incorporated by reference to Exhibit 10.13 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.24 [Offer Letter, dated June 19, 2017, by and between Avant Diagnostics, Inc. and Philippe Goix \(incorporated by reference to Exhibit 10.14 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.25 [Settlement Agreement, dated June 2, 2017, by and between Avant Diagnostics, Inc. and Gregg Linn \(incorporated by reference to Exhibit 10.15 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.26 [Restricted Stock Grant Agreement, dated June 2, 2017, by and between Avant Diagnostics, Inc. and Gregg Linn \(incorporated by reference to Exhibit 10.16 of the Current Report on Form 8-K filed on September 26, 2017\)](#)

- 10.27 [Second Amended and Restated Settlement Agreement, dated September 18, 2017, by and between the parties to the MemoryDx Litigation \(incorporated by reference to Exhibit 10.17 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 10.28 [Confidential Settlement Agreement, dated June 8, 2017, by and between the parties to the THI Litigation \(incorporated by reference to Exhibit 10.18 of the Current Report on Form 8-K filed on September 26, 2017\)](#)
- 16.1 [Letter from LBB & Associates Ltd., LLP, dated May 5, 2015 \(incorporated by reference to Exhibit 16.1 of the Current Report on Form 8-K filed on May 6, 2015\)](#)
- 16.2 [Letter from Marcum LLP, dated August 31, 2017 \(incorporated by reference to Exhibit 16.1 of the Current Report on Form 8-K filed on August 31, 2017\)](#)
- 31.1 [Certification of Principal Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*](#)
- 31.2 [Certification of Principal Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*](#)
- 32.1 [Certification of Principal Executive Officer and Principal Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*](#)
- 101.INS XBRL Instance Document*
- 101.SCH XBRL Taxonomy Extension Schema Document*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document*
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document*

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or Section 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.

AVANT DIAGNOSTICS, INC.

Date: December 4, 2018

By: /s/ Scott VanderMeer

Name: Scott VanderMeer

Title: Interim Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jeff Busch</u> Jeff Busch	Executive Chairman of the Board of Directors,	December 4, 2018
<u>/s/ Michael Ruxin</u> Michael Ruxin	Chief Executive Officer and Director (Principal Executive Officer)	December 4, 2018
<u>/s/ Scott VanderMeer</u> Scott VanderMeer	Interim Chief Financial Officer (Principal Financial Officer)	December 4, 2018
<u>/s/ Jeff Stephens</u> Jeff Stephens	Director	December 4, 2018
<u>/s/ Robert Trapp</u> Robert Trapp	Director	December 4, 2018
<u>/s/ John Brugmann</u> John Brugmann	Director	December 4, 2018
<u>/s/ Henry Cole</u> Henry Cole	Director	December 4, 2018
<u>/s/ Andy DeLao</u> Andy DeLao	Director	December 4, 2018
<u>/s/ Rajesh Shrotriya</u> Rajesh Shrotriya	Director	December 4, 2018

AVANT DIAGNOSTICS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Avant Diagnostics, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Avant Diagnostics, Inc. (“the Company”) as of September 30, 2017 and 2016 and the related statements of operations, changes in stockholders’ deficit and cash flows, for each of the periods ended September 30, 2017 and 2016, and the related notes and schedules (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2017 and 2016, and the results of its operations and its cash flows for each of the periods ended September 30, 2017 and 2016, in conformity with generally accepted accounting principles in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Dov Weinstein & Co. C.P.A. (Isr)
Jerusalem, Israel

We have served as the Company’s auditor since 2017.

December 4, 2018

AVANT DIAGNOSTICS, INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2017 AND 2016

Balance Sheet

	September 30, 2017	September 30, 2016
ASSETS		
Current Assets:		
Cash	\$ 1,348	\$ 851
Accounts receivable	-	41,383
Prepaid expenses	-	-
Total current assets	1,348	42,234
Non-current Assets		
Intellectual Property	5,078,060	5,497,134
Website development cost, net	4,250	5,312
Other Assets	46,560	20,000
Patent costs, net	98,987	111,361
Total non-current assets	5,227,857	5,633,807
Total Assets	\$ 5,229,205	\$ 5,676,041
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	1,106,607	\$ 536,630
Accrued expenses	542,340	518,932
Accrued payroll and benefits	277,175	256,480
Convertible notes payable	-	250,807
Convertible notes payable to related party	400,000	429,280
Derivative liability	1,926,800	123,239
Total current liabilities	4,252,921	2,115,369
Total Liabilities	4,252,921	2,115,369
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, \$0.001 par value; 50,000,000 shares authorized		
Series B preferred stock \$0.001 par value; -0- and -0- shares outstanding as of September 30, 2017 and September 30, 2016 respectively	-	-
Common Stock \$0.00001 par value, 450,000,000 shares authorized; 303,927,098 and 219,254,543 shares outstanding as of September 30, 2017 and September 30, 2016, respectively		
	3,040	2,193
Additional paid-in capital	32,132,294	25,131,601
Accumulated deficit	(31,159,051)	(21,573,123)
Total Stockholders' Equity	976,283	3,560,671
Total Liabilities and Stockholders' Equity	5,229,205	\$ 5,676,041

The accompanying notes are an integral part of these consolidated financial statements.

AVANT DIAGNOSTICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year ended September 30,	
	2017	2016
Revenue	255,951	118,040
Cost of revenue	27,672	52,522
Gross profit	<u>228,279</u>	<u>65,518</u>
Operating expenses:		
Selling, general and administrative	2,589,795	1,230,992
Amortization Fees	-	-
Research and development	-	-
Research and development - license acquired	-	10,080,000
Professional fees	5,962,332	313,275
Merger costs	-	-
Total operating expenses	<u>8,552,127</u>	<u>11,624,267</u>
Loss from operations	<u>(8,323,848)</u>	<u>(11,558,749)</u>
Other income		
Interest income	4,034	-
Gain on other comprehensive income	98,897	-
Total other expense	<u>102,931</u>	<u>-</u>
Other expense		
Interest expense	695,741	(114,253)
Other finance expense	595,733	-
Loss on other comprehensive expense	100,000	(126,344)
Loss on change in fair value of derivative	(26,463)	40,302
Total other expense	<u>1,365,011</u>	<u>(200,295)</u>
Net Gain/ (Loss)	<u>(9,585,928)</u>	<u>(11,759,045)</u>
Loss per Share:		
Basic and diluted net loss per common share outstanding	<u>(0.05)</u>	<u>(0.08)</u>
Basic and diluted weighted average number of common shares outstanding	<u>200,170,287</u>	<u>146,223,688</u>
Comprehensive loss:		
Net loss	(9,585,928)	(11,759,045)
Unrealized loss on available for sale securities	-	-
Comprehensive gain/(loss)	<u>(9,585,928)</u>	<u>(11,759,045)</u>

The accompanying notes are an integral part of these consolidated financial statements.

AVANT DIAGNOSTICS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	Preferred stock		Common stock		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance, September 30, 2015	-	\$ -	95,944,743	\$ 959	11,030,534	(9,814,078)	1,217,415
Sale of common stock	-	-	6,200,000	62	309,938	-	310,000
Common stock issued for services	-	-	3,190,000	32	24,990	-	25,022
Common stock issued to acquire net assets of Theranostics Health, Inc.	-	-	25,000,000	250	3,149,750	-	3,150,000
Common stock issued to acquire net assets of Amarantus Diagnostics, Inc.	-	-	80,000,000	800	10,079,200	-	10,080,000
Stock based compensation	-	-	-	-	52,499	-	52,499
Common stock issued to pay debt to officer	-	-	8,569,800	86	428,490	-	428,576
Adjustment related to Prior period	-	-	350,000	4	(4)	-	-
Reclass derivative liability to equity upon note payments	-	-	-	-	52,389	-	52,389
THI invoices paid off before THI was purchased	-	-	-	-	3,815	-	3,815
Net loss	-	-	-	-	-	(11,759,045)	(11,759,045)
Balance, September 30, 2016	-	\$ -	219,254,543	\$ 2,193	25,131,601	(21,573,123)	3,560,671
Sale of common stock	-	-	10,000,000	100	-	-	100
Common stock issued for services	-	-	74,672,555	747	7,000,693	-	7,001,440
Net loss	-	-	-	-	-	(9,585,928)	(9,585,928)
Balance, September 30, 2017	-	\$ -	303,927,098	\$ 3,040	\$32,132,294	\$ (31,159,051)	\$ 976,283

The accompanying notes are an integral part of these consolidated financial statements.

AVANT DIAGNOSTICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended September 30,	
	2017	2016
Cash Flows from Operating Activities:		
Net loss	\$ (9,585,928)	\$ (11,759,045)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	447,637	340,039
Amortization of debt discounts	-	18,865
Amortization of patent and web design costs	-	-
Research and development - license acquired	-	10,080,000
Stock-based compensation expenses	7,001,440	77,522
Loss on change in fair value of derivatives	1,803,561	86,042
Changes in operating assets and liabilities:		
Accounts receivable	41,383	64,251
Prepaid Expenses	-	42
Accounts payable	569,975	174,390
Accrued payroll and benefits	-	-
Due to related party	20,695	-
Accrued liabilities	23,408	234,890
Net cash used in operating activities	<u>322,171</u>	<u>(683,004)</u>
Cash Flows from Investing Activities:		
Cash acquired with acquisition of Theranostics Health, Inc. assets	-	37,519
Licensing costs	(15,127)	(16,856)
Other Assets	(26,560)	(20,000)
Website development costs	-	(21,250)
Net cash provided by (used in) investing activities	<u>(41,687)</u>	<u>(20,587)</u>
Cash Flows from Financing Activities:		
Proceeds from sale of common stock, net	100	310,000
Proceeds from convertible notes payable	(280,087)	250,807
Proceeds from convertible notes payable, related party	-	100,000
Net cash provided by financing activities	<u>(279,987)</u>	<u>660,807</u>
Net increase in cash	497	(42,784)
Cash at beginning of period	851	43,635
Cash at end of period	<u>\$ 1,348</u>	<u>\$ 851</u>
Supplemental disclosure of noncash investing and financing activities:		
Shares issued in settlement of related party debt	\$ -	\$ 428,575
Reclass derivative liability to equity upon note payment	\$ -	\$ 52,389
Common stock issued to acquire net assets of Theranostics Health, Inc.	\$ -	\$ 3,150,000
Common stock issued to acquire net assets of Amaranthus Diagnostics, Inc.	-	\$ 10,080,000

The accompanying notes are an integral part of these consolidated financial statements.

AVANT DIAGNOSTICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Avant Diagnostics, Inc. (“Avant”, “we” or the “Company”), a Nevada corporation established in 2009, is a commercial-stage molecular diagnostic company that focuses on the development and commercialization of a series of proprietary diagnostic tests that provide important actionable information for physicians and patients in the areas of cancers. Avant was originally named Arrayit Diagnostics, Inc. which was formed as a majority owned subsidiary of Arrayit Corporation (“Arrayit”) through a technology transfer in July 2009. In January 2013, the Company effected a name change to Avant Diagnostics, Inc. In May of 2016, the Company acquired assets from Theranostics Health, Inc. and Amarantus Diagnostics, Inc. to significantly expand its pipeline and position itself for commercialization.

Basis of Presentation

Effective December 29, 2014, we completed a reverse recapitalization, as agreed in the definitive Agreement and Plan of Reorganization, of 100% of the outstanding equity interests of American Liberty Petroleum Corp. (“ALP”). Avant shareholders received approximately 74,500,000 shares of common stock for a 93% equity interest in ALP. Such share exchange was calculated based on a one-for-one conversion ratio after a 1 for 17 reverse stock split of ALP which was subsequently effected in March 2015. The split affected the ALP common stock and not the Avant common stock. All references in these consolidated financial statements to the number of shares, options and other common stock equivalents, price per share and weighted-average number of shares outstanding of common stock have been adjusted to retroactively reflect the effect of the stock split. Per the terms of the Agreement and Plan of Reorganization, ALP was delivered with zero assets and \$70,000 in liabilities at time of closing. Following the reverse merger, we changed the name of ALP to “Avant Diagnostics, Inc.” The transaction was regarded as a reverse recapitalization whereby Avant was considered to be the accounting acquirer as it retained control of ALP after the exchange. Although ALP is the legal parent company, the share exchange was treated as a recapitalization of ALP. Avant is the continuing entity for financial reporting purposes. Accordingly, the assets and liabilities and the historical operations reflected in the financial statements are those of Avant for all periods presented.

In conjunction with the reverse recapitalization, Issuers Capital Advisors, LLC, an entity controlled by the Company’s former President and CEO, was granted 5,000,000 warrants with a fair value of \$641,126. The cost of the warrants are recognized on the Consolidated Statement of Operations as Merger costs.

As of September 30, 2017, there remained a total 3,510,000 shares of common stock that still had not been converted by Avant shareholders as part of the reverse recapitalization. The Agreement and Plan of Reorganization does not provide for cash in lieu of exchange of shares and provides that upon the merger, the shareholders acquired their rights in ALP shares and all outstanding shares of Avant were deemed to be cancelled. There is no timeframe as to when the shareholders must convert their shares and, as of the date of this report, the shares have not been issued.

On January 27, 2015, the Company effected a change in the par value of its common stock to \$0.00001 per share. Accordingly, the Company has recorded a retroactive reclassification to reflect the change in par value on its consolidated balance sheets for all periods presented.

On May 11, 2016, the Company acquired substantially all of the assets and assumed certain liabilities related to the business of Theranostics Health, Inc., a Delaware corporation (“THI”). THI is a leading developer of phospho-proteomic technologies for measuring the activation status of key signaling pathways that are instrumental in the development of companion diagnostics for molecular-targeted therapies in oncology, which the Company calls Theralink® technology. THI has used Theralink® to support the drug development programs of many major pharmaceutical and biotechnology drug development companies. Theralink® had an initial commercial launch under the Clinical Laboratory Improvement Amendments (CLIA) regulatory pathway from late 2014 to late 2015 where important information was obtained regarding cost of goods sold (COGS), reimbursement expectations, scale and adoption. Theralink® was withdrawn from the commercial market in late 2015 due to an inability to reach profitability, which precipitated the sale of assets from THI to Avant. See Note 3.

On May 11, 2016, the Company acquired Amarantus Diagnostics, Inc., a Delaware corporation (“ADI”), from Amarantus Bioscience Holdings, Inc. (the “Shareholder”). ADI owns an exclusive worldwide sub-license to the Lymphocyte Proliferation test (LymPro Test™) for Alzheimer’s disease, which was developed by Prof. Thomas Arendt, Ph.D., from the University of Leipzig. In addition, ADI holds an exclusive worldwide license to MSPreciseO, a proprietary next-generation DNA sequencing (NGS) assay for the identification of patients with relapsing-remitting multiple sclerosis (RRMS) at first clinical presentation. Additionally, ADI owns intellectual property for the diagnosis of Parkinson’s disease (NuroPro) and Breast Cancer (BC SeraPro). See Note 3.

The Company also owns an exclusive license and has distribution rights for OvaDx®, a noninvasive proteomics diagnostic screening test for the early detection of ovarian cancer. Prior to the acquisitions of assets from THI and ADI, the Company’s primary activities since inception had been focused on preparing sample specimens in order for OvaDx® to be further tested according to the guidelines outlined by the Food & Drug Administration for the commercial development of diagnostic tests. The Company intends to continue to conduct research & development activities to prepare OvaDx® for the market.

NOTE 2 – GOING CONCERN AND MANAGEMENT’S LIQUIDITY PLANS

Since inception, the Company has financed its operations primarily through equity and debt financings and advances from related parties. As of September 30, 2017 and 2016, the Company had an accumulated deficit of \$31.16 million and \$21.57 million, respectively. During the year ended September 30, 2017 and 2016, the Company incurred net losses of \$9.59 million and \$11.76 million, respectively, and earned cash in operating activities of \$322,171 and used (\$683,004), respectively. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

The Company recognizes it will need to raise additional capital in order to fund operations, meet its payment obligations and execute its business plan. There is no assurance that additional financing will be available when needed or that management will be able to obtain financing on terms acceptable to the Company and whether the Company will generate revenues, become profitable and generate positive operating cash flow.

If the Company is unable to raise sufficient additional funds on favorable terms, it will have to develop and implement a plan to further extend payables and to raise capital through the issuance of debt or equity on less favorable terms until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. If the Company is unable to obtain financing on a timely basis, the Company could be forced to sell its assets, discontinue its operations and/or pursue other strategic avenues to commercialize its technology, and its intellectual property could be impaired.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Avant Diagnostics Acquisition Corporation (ADAC). American Liberty Petroleum Corp. was dissolved. All intercompany transactions and balances have been eliminated in consolidation.

Acquisitions

Amarantus Diagnostics, Inc.

On May 11, 2016, the Company entered into a Share Exchange Agreement (the “Exchange Agreement”) with Shareholder to purchase 100% of the outstanding capital stock of ADI (the “ADI Acquisition”).

The Company paid an aggregate consideration of 80,000,000 shares of its common stock and a \$50,000 convertible promissory note for the ADI Acquisition, subject to the issuance of additional shares upon the occurrence of certain events set forth in the Share Exchange Agreement. Each share of Avant common stock issued in connection with the ADI Acquisition shall be subject to a lock-up beginning on the May 11, 2016 and ending on the earlier of (i) eighteen (18) months after such date or (ii) a Change in Control (as defined in the Exchange Agreement) or (iii) written consent of the parties that certain escrow agreement entered into between the Company, ADI, the Shareholder and certain creditors of the Shareholder.

The convertible promissory note issued bears interest at 12% per annum and matures one year from the date of issuance. The note will be convertible at the option of the Investor at any time into shares of common stock, at an initial conversion price equal to \$0.20, subject to adjustment.

On May 12, 2016, as part of the agreement with ADI, the Company has the right to offset the \$100,000 promissory note due to Shareholder, for the assumption of certain liabilities and expenses in connection with the transaction. The \$100,000 promissory note principal was paid down as of September 30, 2017.

A summary of consideration is as follows:

80,000,000 shares of the Company’s common stock	\$ 10,080,000
Total purchase price	10,080,000

The transaction was accounted for as an asset acquisition pursuant to ASU 2017-01, Business Combinations (Topic 805), Clarifying the Definition of a Business, as the majority of the fair value of the assets acquired was concentrated in a group of similar assets, and the acquired assets did not have outputs or employees. The assets acquired under the Exchange Agreement include exclusive worldwide sublicense to the Lymphocyte Proliferation test (LymPro Test™) for Alzheimer’s disease, which was developed by Prof. Thomas Arendt, Ph.D., from the University of Leipzig. In addition, ADI holds an exclusive worldwide license to MSPrecise®, a proprietary next-generation DNA sequencing (NGS) assay for the identification of patients with relapsing-remitting multiple sclerosis (RRMS) at first clinical presentation. Additionally, ADI owns intellectual property for the diagnosis of Parkinson’s disease (NuroPro) and Breast Cancer (BC SeraPro). The \$10.1 million purchase price paid to date for these assets has been expensed in the Company’s statement of operations for the period ended September 30, 2016.

Theranostics Health, Inc.

On May 11, 2016, the Company entered into an Asset Purchase Agreement (“THI Purchase Agreement”) with Theranostics Health, Inc. (“THI”). The Company purchased substantially all of the assets related to THI’s business and assumed certain liabilities (the “THI Acquisition”).

The Company paid an aggregate consideration of 25,000,000 shares of its common stock for the THI Acquisition. Each share of Avant common stock issued in connection with the THI Acquisition shall be subject to a lock-up beginning on May 11, 2016 and ending on the earlier of (i) eighteen (18) months after such date or (ii) a Change in Control (as defined in the Exchange Agreement) or (iii) written consent of the Company, at the Company’s sole discretion.

A summary of consideration is as follows:

The following summarizes the current estimates of fair value of assets acquired and liabilities assumed:

	Amount
Assets acquired:	
Cash	\$ 37,519
Accounts receivable	105,634
Intellectual property	4,120,687
Liabilities assumed:	
Accounts payable and accrued expenses	(705,498)
Derivative liability	(8,342)
Note payable, related party	(400,000)
Net assets acquired	\$ 3,150,000

The assets of the acquired consist primarily of intellectual property intangible assets. An analysis by the Company determined that substantially all the fair value of the assets on the date of acquisition is captured in the intellectual property intangible assets, as the cash and accounts receivable account for a relatively immaterial portion of the fair market value of the total assets received. The THI Acquisition was accounted for as an asset purchase in accordance with ASU 2017-01.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of expenses during the reporting period. The Company's significant estimates include the valuation of derivative liabilities, useful lives of long-lived assets, the valuation of debt and equity instruments, the valuation allowance relating to stock based compensation and the Company's deferred tax assets. Actual results could differ from those estimates.

Revenue Recognition

For revenue from product sales and services, the Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product or services has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

The Company derives its revenue from the performance under research and development contracts. These contracts require the Company to provide services directed towards specific objectives and include developmental milestones and deliverables. Up-front payments are recorded as deferred revenue and recognized when milestones are achieved. The Company may be reimbursed for certain costs incurred in performing the specific research and development activities and records the reimbursement as revenues. As of September 30, 2017, and 2016, deferred revenue was \$-0- and \$-0-.

Cost of Sales and Service

The cost of sales and service consists of the cost of labor, equipment depreciation, and supplies and materials.

Accounts Receivable

Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus, trade receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition.

Allowance for Doubtful Accounts

Any charges to the allowance for doubtful accounts on accounts receivable are charged to operations in amounts sufficient to maintain the allowance for uncollectible accounts at a level management believes is adequate to cover any probable losses. Management determines the adequacy of the allowance based on historical write-off percentages and the current status of accounts receivable. Accounts receivable are charged off against the allowance when collectability is determined to be permanently impaired. As of September 30, 2017, and 2016, allowance for doubtful accounts was \$-0-.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight line method over their estimated useful lives as follows:

Office equipment	5 years
Lab equipment	3 to 7 years

Net Loss per Share of Common Stock

The Company computes basic net loss per share by dividing net loss per share available to common stockholders by the weighted average number of common shares outstanding for the period, adjusted to give effect to the 17-for-1 reverse stock split, which was effective in the market in March 2015 (see Note 1), and excludes the effects of any potentially dilutive securities. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the “treasury stock” and/or “if converted” methods as applicable. The computation of basic and diluted loss per share for the years ended September 30, 2017 and 2016 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Shares issued upon conversion of convertible notes and accrued interest	-	1,776,549

Intangible Assets

The Company's intangible assets consists of the following:

Intellectual property for the technology transfer agreement and licensing payments for use of various patent for its worldwide exclusive licensed rights to OvaDx®, a diagnostic screening test for the early detection of ovarian cancer. As of September 30, 2016, the Company has not yet received FDA approval with respect to the clinical use of these intangible assets. The carrying value of September 30, 2017 and 2016 was \$1,334,000 and \$1,483,000 respectively.

Intellectual property acquired from the THI Acquisition leading to the development of proteomic technologies for measuring the activation status of key signaling pathways that are instrumental in the development of companion diagnostics for molecular-targeted therapies. The Company uses these proteomic technologies to support the drug development programs of most major pharmaceutical and biotechnology drug development companies. The carrying value of September 30, 2017 and 2016 was \$3,745,000 and 4,014,000, respectively.

Intangible assets with finite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually. The Company's intangible asset with a finite life included intellectual property acquired from THI Acquisition, capitalized website development costs and patent costs, which are being amortized over their economic or legal life, whichever is shorter. The gross carrying amounts and accumulated amortization related to acquired intangible assets as of September 30, 2017 are as follows (in thousands, except year amounts):

Description	Book Value as of September 30, 2016	Additions during the year	Total after Additions	Remaining life In years	Amortization Expense for the Year Ended September 30, 2017	Book Value as of September 30, 2017
License Rights to OvaDx	1,483	17	1,500	9	167	1,334
THI Acquisition on May 11, 2017	4,014	(2)	4,012	15	267	3,745
Website development cost	5	-	5	5	1	4
Patent costs	111	-	111	9	12	99
	<u>5,614</u>	<u>15</u>	<u>5,629</u>		<u>448</u>	<u>5,181</u>

The Company incurred amortization expense and amortization of licensing rights/acquisition associated with its finite-lived intangible assets of approximately \$448,000 for the year ended September 30, 2017.

Impairment of Long-Lived Assets

The Company reviews the carrying value of intangibles and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the asset or asset group to the undiscounted cash flows that the asset or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount of the property, if any, exceeds its fair market value. During the year ended September 30, 2017 and 2016, the Company management performed an evaluation of its acquired intangible assets as of September 30, 2017 and 2016 and no impairment was deemed to exist as of September 30, 2017 and 2016. Considerable management judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates.

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. Stock-based compensation expense is recorded by the Company in the same expense classifications in the condensed consolidated statements of operations and comprehensive loss, as if such amounts were paid in cash.

Convertible Instruments

U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under applicable ASC 480-10.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Derivative Financial Instruments

The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement).

The Company assesses classification of its common stock purchase warrants, if any, and other free standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

The Company's free standing derivatives consist of embedded conversion options with issued convertible notes. The Company evaluated these derivatives to assess their proper classification in the condensed consolidated balance sheets as of September 30, 2017 using the applicable classification criteria enumerated under ASC 815-Derivatives and Hedging. The Company determined that certain embedded conversion features do not contain fixed settlement provisions. The convertible notes contain a conversion feature such that the Company could not ensure it would have adequate authorized shares to meet all possible conversion demands.

As such, the Company was required to record the debt derivatives which do not have fixed settlement provisions as liabilities and mark to market all such derivatives to fair value at the end of each reporting period.

Segment Reporting

The FASB accounting guidance regarding disclosures about segments of an enterprise and related information establishes standards for the manner in which public business enterprises report information about operating segments. The Company is managed as a single operating segment for internal reporting and for internal decision-making purposes. Therefore, we have concluded that we operate as a single segment.

Recent Accounting Pronouncements

Cash Flows

In August 2016, the FASB issued ASU No. 2016-15 Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments, which addresses specific cash flow classification issues where there is currently diversity in practice including debt prepayment and proceeds from the settlement of insurance claims. ASU 2016-15 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. The Company elected to early adopt ASU 2016-15 effective as of September 30, 2016. The adoption of ASU 2016-15 did not impact our results of operations or cash flows.

In November 2016, the FASB issued ASU No. 2016-18 Statement of Cash Flows - Restricted Cash, which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. The Company elected to early adopt ASU 2016-18 including retrospective adoption for all prior periods. The impact of the adoption of ASU 2016-18 is the addition of a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet and was not material to the results.

Cash

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. As of September 30, 2017 and 2016, the Company does not have any cash equivalents.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are carried at amortized cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Concentrations of Credit Risk

The Company maintains deposits in a financial institution which is insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times, the Company has deposits in this financial institution in excess of the amount insured by the FDIC.

Research and Development

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic ("ASC") 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. For the years ended September 30, 2017 and 2016, the Company's expenditures on research and product development were \$-0- and \$10,080,000 respectively.

Comprehensive Income (Loss)

The Company adopted ASC subtopic 220-10, Comprehensive Income ("ASC 220-10") which establishes standards for the reporting and displaying of comprehensive income and its components. Comprehensive income is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owners' sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. ASC 220-10 requires other comprehensive income (loss) to include unrealized gains and losses on available for sale securities adjustments.

Income Taxes

In March 2018, the FASB issued ASU 2018-05, Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. ASC Topic 740 provides accounting and disclosure guidance on accounting for income taxes under generally accepted accounting principles (“U.S. GAAP”). This guidance addresses the recognition of taxes payable or refundable for the current year and the recognition of deferred tax liabilities and deferred tax assets for the future tax consequences of events that have been recognized in an entity’s financial statements or tax returns. FN1 ASC Topic 740 also addresses the accounting for income taxes upon a change in tax laws or tax rates. FN2 The income tax accounting effect of a change in tax laws or tax rates includes, for example, adjusting (or re-measuring) deferred tax liabilities and deferred tax assets, as well as evaluating whether a valuation allowance is needed for deferred tax assets. FN3 The guidance in ASC Topic 740 does not, however, address certain circumstances that may arise for registrants in accounting for the income tax effects of the Act. The staff understands from outreach that registrants will potentially encounter a situation in which the accounting for certain income tax effects of the Act will be incomplete by the time financial statements are issued for the reporting period that includes the enactment date of December 22, 2017. Questions have arisen regarding different approaches to the application of the accounting and disclosure guidance in ASC Topic 740 to such a situation. Accordingly, the SEC staff believes clarification is appropriate to address any uncertainty or diversity of views in practice regarding the application of ASC Topic 740 in situations where a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting under ASC Topic 740 for certain income tax effects of the Act for the reporting period in which the Act was enacted.

The Tax Cuts and Jobs Act (the “Act”) changes existing United States tax law and includes numerous provisions that will affect businesses. The Act, for instance, introduces changes that impact U.S. corporate tax rates, business-related exclusions, and deductions and credits. The Act will also have international tax consequences for many companies that operate internationally. The Act has widespread applicability to registrants.

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in the financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts (“temporary differences”) at enacted tax rates in effect for the years in which the temporary differences are expected to reverse. The Company adopted the provisions of ASC Topic 740-10, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company’s consolidated financial statements as of September 30, 2017 and 2016. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date. The Company classifies interest expense and any related penalties related to income tax uncertainties as a component of income tax expense. The Company did not record any income taxes during September 30, 2017.

Advertising

The Company’s advertising costs are expensed as incurred. Advertising expense was \$12,127 and \$-0- for the years ended September 30, 2017 and 2016.

Stock-Based Compensation

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The amendment is to simplify several aspects of the accounting for share-based payment transactions including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, the amendments in ASU 2016-09 are effective for interim and annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the impact that ASU 2016-09 will have on its consolidated financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting, which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. It is effective prospectively for the annual period ending December 31, 2018 and interim periods within that annual period. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on the consolidated financial statements and disclosures, but does not expect it to have a significant impact.

Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The standard will be effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted upon issuance. The Company is currently evaluating the impact that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

Business Combinations

In January 2017, the FASB issued ASU No. 2017-01, “Business Combinations (Topic 805) Clarifying the Definition of a Business” The amendments in this ASU clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. Early adoption is permitted, including for interim or annual periods for which the financial statements have not been issued or made available for issuance. The Company adopted this guidance as of September 30, 2016. See Note 3 - *Acquisitions* regarding the adoption of ASU 2017-01.

In July 2017, the FASB issued ASU No. 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815). The amendments in Part I of this Update change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity’s own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) in accordance with Topic 260 to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS. Convertible instruments with embedded conversion options that have down round features are now subject to the specialized guidance for contingent beneficial conversion features (in Subtopic 470-20, Debt—Debt with Conversion and Other Options), including related EPS guidance (in Topic 260). The amendments in Part II of this Update recharacterize the indefinite deferral of certain provisions of Topic 480 that now are presented as pending content in the Codification, to a scope exception. Those amendments do not have an accounting effect. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments in Part I of this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted for all entities, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is currently evaluating the impact of adopting this standard on the consolidated financial statements and disclosures.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements, except as disclosed.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures the fair value of financial assets and liabilities based on the guidance of ASC 820 "Fair Value Measurements and Disclosures" which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1 — quoted prices in active markets for identical assets or liabilities
- Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable
- Level 3 — inputs that are unobservable based on an entity's own assumptions, as there is little, if any, related market activity (for example, cash flow modeling inputs based on assumptions)

Financial liabilities as of September 30, 2017 measured at fair value on a recurring basis are summarized below:

The Company determined that certain conversion option related to convertible notes issued did not have fixed settlement provisions and are deemed to be derivative financial instruments, since the exercise price was subject to adjustment based on certain subsequent equity transactions that would change the exercise price, the Company elected to use a lower reset provision. Accordingly, the Company was required to record such conversion option as a derivative liability and mark such derivative to fair value each reporting period. Such instrument was classified within Level 3 of the valuation hierarchy. For the purpose of calculating the potential embedded derivatives, the Company utilized an estimated conversion price of \$0.05 (or \$0.10 floor as is the case with one note) in estimating the fair value of the conversion option.

The fair value of the conversion option was calculated using a binomial lattice formula with the following range of assumptions during the year ended September 30, 2017:

In the opinion of management, there is not a sufficient viable market for the Company's common stock to determine its fair value, therefore management considers recent sales of its common stock to independent qualified investors and estimated fair value of net assets acquired through issuance of common stock. Since the valuation model inputs are not fixed, management has estimated the fair value to be utilizing a binomial lattice model. Considerable management judgment is necessary to estimate the fair value at each reporting period. Accordingly, actual results could vary significantly from management's estimates.

Conversion price per share and conversion shares are based on the lower of reset or floor price of the respective notes.

The risk-free interest rate is the United States Treasury rate on the measurement date having a term equal to the remaining contractual life of the instrument. Since the Company's stock has not been publicly traded with significant volume, the Company is utilizing an expected volatility based on a review of historical volatilities over a period of time equivalent to the expected life of the instrument being valued of similarly positioned public Companies within. The dividend yield is 0% as the Company has not made any dividend payment and has no plans to pay dividends in the foreseeable future.

Level 3 liabilities are valued using unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the derivative liabilities.

Level 3 financial liabilities consist of the derivative liabilities for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate.

Significant observable and unobservable inputs include stock price, exercise price, annual risk free rate, term, and expected volatility, and are classified within Level 3 of the valuation hierarchy. An increase or decrease in volatility or interest free rate, in isolation, can significantly increase or decrease the fair value of the derivative liabilities. Changes in the values of the derivative liabilities are recorded as a component of other income (expense) on the Company's condensed consolidated statements of operations and comprehensive loss.

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities that are measured at fair value on a recurring basis for the year ended September 30, 2017:

Balance - Beginning of period	\$	123,238
Aggregate fair value of derivative instruments issued		1,830,025
Transfers out upon payoff of notes payable		
Change in fair value of derivative liabilities		(26,463)
Balance - End of period	\$	<u>1,926,800</u>
	\$	<u>1,926,800</u>

NOTE 5 - INVESTMENT IN EQUITY SECURITIES

The fair values of the Company's marketable securities are based on quoted market prices and are included in the accompanying consolidated balance sheet under total current assets as available-for sale securities. The Company relied on guidance by the FASB ASC 320-10-25-1 regarding a classification of securities.

As of September 30, 2017, the Company's available-for-sale securities consisted of 10,000,000 shares of Arrayit.

(OTCB: ARYC) acquired in August 2014 in exchange for the issuance of 10,000,000 common shares of the Company. These shares were exchanged pursuant to a share exchange agreement with Arrayit in August 2014. The Company had previously determined that its investment was not classified as either trading securities or held to maturity. Furthermore, due to the liquidity profile of Arrayit shares as traded on the OTC Markets, the Company believed that it could liquidate such securities at any time; therefore these securities were classified as available-for-sale securities. These securities were recorded at fair market value with changes in value classified in the financial statements as unrealized gain/loss in other comprehensive income.

Other than Temporary Decline in Available-for-Sale Securities

In August 2015, new information came to the attention of Company management regarding its investment in Arrayit. The Arrayit shares went into a precipitous decline and had a de minimis market value. Management of the Company believes that such decline was not due to an underlying condition of the Arrayit operations or business strategy and determined that such decline was probably not temporary due to the uncertainty of recovery of Arrayit's share price in the short and long term. In reaching our conclusion, we relied on accounting guidance presented in ASC 320-10-35 regarding a subsequent measurement of available for sale securities and impairment and the temporary factors related thereto. Specifically, while the guidance could point to a decline that was temporary, management determined that the impact to the Arrayit shares had a minimal chance of recovery.

The Company determined that its investment in available-for-sale securities had an other than temporary decline in value and chose to fully impair the value in our consolidated balance sheet as of September 30, 2015. The Company recorded a realized loss in the amount of \$2,000,000 for the year ended September 30, 2015.

Total loss from other-than-temporary impairment	\$	2,000,000
Portion of loss previously recognized in other comprehensive income		(400,000)
Net impairment losses in the year ended September 30, 2015	\$	<u>1,600,000</u>

As of September 30, 2017, Arrayit was a significant stockholder of the Company. See Note 6.

NOTE 6 – LICENSE AND TECHNOLOGY AGREEMENTS

The Company's intangible assets consist of technology enhancements and licensing payments for its worldwide exclusive licensed rights to OvaDx ®, a noninvasive proteomics diagnostic screening test for the early detection of ovarian cancer.

Technology Assignment Agreement with Arrayit Corporation

On July 18, 2009, the Company entered into a Technology Assignment Agreement with Arrayit (the "Tech Transfer Agreement"), whereby Arrayit assigned to the Company, exclusively throughout the world, all right, title and interest in the technology behind the microarray-based test for the detection and monitoring of ovarian cancer (the "Intellectual Property"). The consideration under the Tech Transfer Agreement for the Intellectual Property was 80% of the Company's issued and outstanding shares of capital stock existing at the time of the agreement, or 19,350,000 shares of common stock. The term of the agreement is indefinite.

Licensing Agreement with Wayne State University

On December 7, 2009, the Company entered into a worldwide licensing agreement and sponsored research agreement with Arrayit and Wayne State University ("WSU") in Detroit, Michigan, for the continued research and development of a protein microarray-based diagnostic test for the early detection of ovarian cancer. WSU's research involving ovarian cancer has been focused on the specific expression of genes associated with ovarian cancer (the "License Agreement"). WSU has used Arrayit's microarray technology to help identify key biomarkers using a process that has allowed them to isolate biomarkers unique to ovarian cancer. As a result, Arrayit has been able to build on this approach and is now in the late stage development phase of a simple blood test for the early detection of ovarian cancer that uses approximately 100 unique proteomic biomarkers in a microarray-based serologic detection of ovarian cancer markers that accumulate in the bloodstream as a result of the body's natural immune response to developing ovarian tumors. WSU shall have the right to terminate the agreement if it reasonably determines that the Company is not diligently utilizing the licensed patents or the license agreement will expire as the patents expire.

Under the terms of the License Agreement, the Company is obligated to make a one-time payment of \$125,000 to WSU within 30 days after the approval of the first licensed product by the FDA or another comparable agency, and is obligated to make royalty payments of up to 5% of the net revenues of the licensed products on a quarterly basis, or minimum royalty payments as set forth below under the First Amendment.

On March 1, 2014, the Company and WSU entered into an amendment to the License Agreement in order to reflect the new name of the Company and to amend certain provisions (the "First Amendment") as follows:

- Update the list of licensed patents;
- Waive and update certain diligence milestones;
- Establish a payment schedule for certain past due patent costs due to WSU by the Company;
- Establish a payment schedule for certain accrued patent expenses incurred by WSU totaling \$118,586;
- Require the Company to pay ongoing patent expenses;
- Waive the minimum royalty of \$50,000 for each of 2011, 2012 and 2013 and adjust minimum annual royalties to \$25,000 for 2014 and 2015, \$50,000 for 2016 and 2017, \$150,000 for 2018 and 2019 and \$300,000 for 2020 and each year thereafter;
- Amend the list of material obligations;
- Waive certain interest and late fees; and
- Update addresses of record for both WSU and the Company.

As of September 30, 2017, the carrying value of the rights to OvaDx ® and payments to WSU under the License Agreement was \$1,334,000, consisting of enhancements to the original initial rights licensed assigned to the Company resulting from the Tech Transfer Agreement with Arrayit as well as licensing payments made to WSU. The Company paid for these enhancements by the issuance of 10,000,000 common shares to Arrayit in August 2014, as well as cash payments to WSU. In 2015, the Company paid its clinical research organization \$102,000 in conjunction with the commencement of the OvaDx to FDA trials. The Company will periodically assess the intellectual property status for changes in the valuation. The Company will be amortizing the license over the remaining term of the patent. As of September 30, 2017, the Company has not obtained final FDA approval and the asset has not been placed in service.

Exclusive Services Agreement between Arrayit Corporation and the Company

On September 10, 2009, the Company entered into an Exclusive Services Agreement with Arrayit (the "Services Agreement"), whereby the Company will utilize the services of Arrayit to manufacture and provide the Company with a commercial supply of a microarray-based test for the detection and monitoring of ovarian cancer. The term of the Services Agreement was for five (5) years, with election to extend by the Company for an additional five (5) year period. Thereafter, the Services Agreement shall renew automatically for successive two-year periods, unless either Arrayit or the Company notifies the other of its election not to renew at least twelve (12) months prior to the expiration of the term. The term has been extended through September 2019. On August 6, 2014, the Company and Arrayit agreed that, upon any sales of OvaDx® and if desired by the purchaser, that Arrayit would agree to include the manufacturing rights in the sale for no additional consideration.

NOTE 7 – CONVERTIBLE NOTES PAYABLE

January 2016 Convertible Note

On January 5, 2016, the Company issued an unsecured convertible promissory note, in the principal amount of \$112,500 which bears interest at 10% per annum and matures 9 months from the date of issuance. The total net proceeds the Company received from this note was \$100,000, net of fees and original interest discount ("OID") of \$12,500. The note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.35, subject to adjustment. In the event the market capitalization (as defined) falls below \$10,000,000 at any time, then in such event (a) the initial conversion price for all conversions occurring after the first date of such occurrence shall equal the lower of the initial conversion price and the market price (as defined below) as of any applicable date of conversion, and (b) the true-up provisions described below shall apply to all conversions that occur after the first date the market capitalization falls below \$10,000,000. The conversion price of the note is subject to full ratchet and anti-dilution adjustment for subsequent lower price issuances by the Company, as well as customary adjustments provisions for stock splits, stock dividends, recapitalizations and the like.

Beginning on the six-month anniversary of the closing date and continuing on the same day of each successive month thereafter, the Company must prepay \$28,750, plus all accrued interest thereon, either in cash or in common stock, at the option of the Company (each, an "Installment Amount"). If the Note is prepaid in shares of common stock, such shares shall be issued at a 40% discount of the lowest closing bid price for the 20 consecutive trading days immediately preceding the applicable redemption date, subject to a floor of \$0.10 (the "Market Price"). These certain conditions were deemed to be outside the Company's control.

The Company identified an embedded derivative related to a conversion option in the above described note. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivative as of the inception date of the notes and to fair value the derivative as of each subsequent reporting date.

At the inception of the notes, the Company determined the fair value of the embedded derivatives to be \$11,669. For the sole purpose of calculating the potential embedded derivatives, the Company elected to use a lower reset or floor conversion price of \$0.05 and \$0.10, respectively, to calculate the fair value. The Company booked such embedded derivatives as part of debt discount, and amortized through the term of the debt.

February 2016 Amarantus Note, (Related Party)

In connection with the acquisition of certain assets and assumption of certain liabilities of THI, the Company assumed and guaranteed a previously issued 8% convertible note (the "Note") for \$400,000 due February 28, 2017 to Shareholder. The Note is convertible at the option of the holder at any time into shares of THI's common stock at \$40.64 per share. The conversion price of the Note is subject to full ratchet and anti-dilution adjustment for subsequent lower price issuances by the Company, as well as customary adjustments provisions for stock splits, stock dividends, recapitalizations and the like.

The Note was not modified upon assumption by the Company, accordingly the Company has determined that since the conversion option is not available should any demands be made by the Note holder, the note should be considered a non-convertible note for presentation and accounting purposes.

The Company recorded \$50,720 interest expense related to the Note during the year ended September 30, 2017.

The Amarantus Note had \$-0- remaining debt discount as of September 30, 2017.

At the inception of the notes, the Company determined the aggregate fair value of the embedded derivatives to be \$87,037. For the sole purpose of calculating the potential embedded derivatives, the Company elected to use a lower reset or floor conversion price of \$.05 and \$0.10, respectively, to calculate the fair value. The Company booked such embedded derivatives as part of debt discount, and amortized through the term of the debt.

March 2016 Amarantus Note (Related Party)

On March 8, 2016, the Company issued a convertible promissory note (the “Amarantus Note”) with aggregate principal amount of \$100,000 for an aggregate purchase price of \$100,000. The Amarantus Note bears interest at 12% per annum and matures one year from the date of issuance. The Company recorded a total of \$14,189 of interest expense for the year ended September 30, 2017. The Amarantus Note will be convertible at the option of the Investor at any time into shares of common stock, at an initial conversion price equal to \$0.20, subject to certain anti-dilutive (reset) provisions. These anti-dilutive conditions were deemed to be outside the Company’s control.

The Company identified an embedded derivative related to a conversion option in the Amarantus Note. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivative as of the inception date of the notes and to fair value the derivative as of each subsequent reporting date.

At the inception of the notes, the Company determined the aggregate fair value of the embedded derivatives to be \$45,280. For the sole purpose of calculating the potential embedded derivatives, the Company elected to use a lower reset or floor conversion price of \$.05 and \$0.10, respectively, to calculate the fair value. The Company booked such embedded derivatives as part of debt discount, and amortized through the term of the debt.

The Amarantus Note had \$-0- remaining debt discount as of September 30, 2017.

The Company revalued the embedded derivatives associated with the Amarantus Note at \$36,201 as of September 30, 2016, and recorded \$19,290 gain from change in fair value of derivatives for the year ended September 30, 2016.

On May 12, 2016, as part of the agreement with ADI, the Company has the right to offset the \$100,000 promissory note due to Shareholder, for the assumption of certain liabilities and expenses in connection with the transaction.

The Company has issued debt for which total proceeds were allocated to individual instruments based on the fair value of each instrument at the time of issuance. Such value of the debt was recorded a discount on debt and is being amortized over the term of the respective debt. For the year ended September 30, 2017 and 2016 amortization of debt discount was \$-0- and \$22,012, respectively.

As of September 30, 2017 the principal of the \$100,000 AMBS Note has been paid off.

Between October 28, 2016 and November 7, 2016, the Company entered into a various convertible promissory notes (collectively, the “Oct 2016 Notes”) with accredited investors (the “October 2016 Investors”) pursuant to which the October 2016 Investors purchased an aggregate principal amount of \$65,000 of Convertible Promissory Notes for an aggregate purchase price of \$65,000. The Oct 2016 Notes bear interest at 12% per annum and mature on six months from the date of issuance. The Oct 2016 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to the lesser of (i) \$0.25 or (ii) the closing sales price of such common stock on the date of conversion, subject to adjustment.

Part of International Infusion, LP and Infusion 51a, LP (Related Party)

Between November 16, 2016 and December 31, 2016, the Company entered into various convertible promissory notes (collectively, the “Nov 2016 Notes”) with accredited investors (the “Nov 2016 Investors”) pursuant to which the Nov 2016 Investors purchased an aggregate principal amount of \$754,000 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$580,000. The Nov 2016 Notes bear interest at 8% and mature on January 15, 2018. The Nov 2016 Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

On November 16, 2016, the Company entered into a convertible promissory notes with an accredited investors (pursuant to which the Investor purchased an aggregate principal amount of \$292,500 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$380,2500. The Note bears interest at 8% and matures on January 15, 2018. The Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

On January 3, 2017, the Company entered into a convertible promissory note with an accredited investors (pursuant to which the Investor purchased an aggregate principal amount of \$32,500 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$25,000. The Note bears interest at 8% and matures on January 15, 2018. The Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

Infusion 51a, LP (Related Party)

On June 19, 2017, the Company entered into a securities purchase agreement (the "Agreement") with an accredited investor (the "June 2017 Investor") pursuant to which the June 2017 Investor purchased a Senior Secured Convertible Note for an aggregate purchase price of \$325,000 (the "June 2017 Note"). The June 2017 Notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.06 per share, subject to adjustment ("June 2017 Initial Conversion Price"). Upon an investment of an additional \$75,000 by the June 2017 Investor or another financier approved by the June 2017 Investor, bringing the total investment under the terms of the June 2017 Note to a minimum of \$400,000, the Preferred Stock issued pursuant to the Exchange Agreement described above shall be cancelled. In connection with the Agreement, the June 2017 Investor received an aggregate of 650,000 shares of common stock (the "June 2017 Commitment Shares"), a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price (the "June 2017 Warrant") and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price (the "June 2017 Right"). The June 2017 Note, June 2017 Commitment Shares, June 2017 Warrant and June 2017 Purchase Right are collectively referred to herein as the "June 2017 Investment". The June 2017 Warrant is exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The June 2017 Right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06. The securities purchase agreement entered into with the June 2017 Investor limited the size of the June 2017 Investment to a total of \$750,000.

On July 6, 2017, the Company entered into a satisfaction of note (the "Satisfaction of Note") with Black Mountain Equity Partners LLC, the holder of a promissory note in the aggregate principal amount of \$25,000 (the Black Mountain Note") Pursuant to the terms of the Satisfaction of Note, the Company agreed to pay off the Black Mountain Note for an aggregate principal amount of \$25,000 by August 1, 2017 (the Black Mountain Settlement") and 62,500 common stock. The parties have agreed to extend the payment of the Settlement Amount until October 31st, 2017.

On July 14, 2017, the Company entered into an Exchange Agreement (the "Coastal Exchange Agreement") with Coastal Investment Partners, LLC. Prior to the execution of the Coastal Exchange Agreement, the Company agreed to exchange the principal amount due under the convertible promissory note issued July 6, 2016 plus accrued but unpaid interest and default and other amounts due and payable under such notes (the "July 2016 Notes") in exchange for the issuance of new convertible promissory notes due January 15, 2018 in the aggregate principal amount of \$380,250.00, which new notes are on substantially similar terms to the Nov 2016 Notes (the "New Coastal51 Note"). Pursuant to the terms of the Coastal Exchange Agreement, the Company and Coastal agreed to exchange the New Coastal51 Notes for the issuance of new convertible promissory notes due July 14, 2019 in the aggregate principal amount of \$442,325.00, (the "New Coastal Note"). In connection with the Coastal Exchange Agreement, the Company and the investor agreed to a binding letter of intent whereby the Company agreed, to among other things, upon getting current and releasing the New Coastal Note from escrow to issue the investor 750,000 shares of the Company's common stock related to an adjustment that resulted under the July 2016 Notes because of the issuance of the Nov 2016 Notes and the Company agreed to get current in its ongoing reporting requirements with the Securities and Exchange Commission within 90 days of the execution of the Coastal Exchange Agreement. If the Company does not get current within the 90-day period, the New Coastal Notes are null and void and shall revert back to the Coastal51 Notes issued to the investors. The notes issued to Coastal are secured by a first priority security interest to Coastal in the Company's Equipment Assets (as defined in the pledge agreement) and a second prior security interest in the Company's Intellectual Property Assets (as defined in the pledge agreement), all which are currently owned by the Company pursuant to the terms of that certain pledge and security agreement, entered into in connection with the Coastal Exchange Agreement. New Coastal Notes were offered and sold pursuant to an exemption from the registration requirements provided by Section 3(a)(9) of the Securities Act.

On July 28, 2017, the Company entered into an Exchange Agreement (the “October 2016 Investors Exchange Agreement”) with the October 2016 Investors. Pursuant to the terms of the October 2016 Exchange Agreement, the Company agreed to exchange the principal amount due under the convertible promissory notes issued to the October 2016 Investors plus other amounts due and payable under such notes in exchange for the issuance of new convertible promissory notes due July 28, 2019 in the aggregate principal amount of \$51,200 (the “New October 2016 Notes”). In connection with the October 2016 Investors Exchange Agreement, the Company and the investors agreed to a binding letter of intent whereby the Company agreed, to among other things, the Company agreed to get current in its ongoing reporting requirements with the Securities and Exchange Commission within 120 days of the execution of the October 2016 Investors Exchange Agreement. If the Company does not get current within the 120-day period, the New October 2016 Notes are null and void and shall revert back to the original notes issued to the investors. In connection with the issuance of the New October 2016 Notes, the October 2016 Investors agreed to waive all accrued interest and penalties related to the October 2016 Notes, upon getting current and releasing from escrow to issue through the execution date of the exchange for the purchase an aggregate of 793,390 shares of the Company’s common stock, which shares shall be kept by the October 2016 Investors whether or not the Company meets its conditions under the letter of intent. The New October 2016 Notes were offered and sold pursuant to an exemption from the registration requirements provided by Section 3(a)(9) of the Securities Act.

On August 8, 2017, the Company entered into a securities purchase agreement with an accredited investor (the “August 2017 Investor”) pursuant to which the August 2017 Investor purchased \$75,000 of the June 2017 Investment for an aggregate purchase price of \$75,000 (the “August 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.06 per share, subject to adjustment (“June 2017 Initial Conversion Price”). In connection with the Agreement, the August 2017 Investor received an aggregate of 150,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The Purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

Infusion 51a, LP (Related Party)

On August 25, 2017, the Company entered into a securities purchase agreement with the June 2017 Investor pursuant to which the June 2017 Investor purchased \$50,000 of the June 2017 Investment for an aggregate purchase price of \$50,000 (the “August 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at the June 2017 Initial Conversion Price. In connection with the agreement, the June 2017 Investor received an aggregate of 100,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

On August 25, 2017 the Company entered into a binding letter of intent with the June 2017 Investor and the August 2017 Investor (the “Investors”) whereby the parties agreed that the offering documents would be amended to add an additional conversion feature wherein the June 2017 Investment could be exchanged and/or converted into a class of the Company’s preferred stock to be created (the “Preferred Stock”) that is convertible into the equivalent of 49.99% of the then outstanding common stock of the Company pro-rata on an as converted basis based upon a total investment of \$750,000 into the June 2017 Investment. The Preferred Stock shall also have the right to vote alongside the common stock on an as converted basis. The ability of the Investors to convert the June 2017 Investment into Preferred Stock is subject to the execution of definitive documentation between the parties. As of September 30, 2017, exactly \$525,000 has been invested into the June 2017 Investment.

On September 5, 2017, the Company entered into a securities purchase agreement with an accredited investor (the “September 2017 Investor”) pursuant to which the September 2017 Investor purchased \$75,000 of the June 2017 Investment for an aggregate purchase price of \$75,000 (the “September 2017 Investment”). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at the June 2017 Initial Conversion Price. In connection with the agreement, the September 2017 Investor received an aggregate of 150,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

NOTE 8 – STOCKHOLDERS’ EQUITY

Preferred Stock

Effective January 27, 2015, the Company adopted an amendment to the articles of incorporation to authorize the issuance of preferred stock with preferences, limitations, and relative rights designated by our board of directors (the “Preferred Shares”). The amendment to our articles of incorporation will authorize the issuance of up to 50 million Preferred Shares, with different series under the discretion of our board of directors, without any action on the part of the stockholders. As of September 30, 2017 and 2016, no Preferred Shares were outstanding.

On January 25, 2017, the Company entered into an Exchange Agreement (the “Exchange Agreement”) with Gregg Linn, the Company’s former chief executive officer (the “Executive”). Pursuant to the terms of the Exchange Agreement, the Company agreed to issue 3,000 shares of the Company’s series B preferred stock (the “Preferred Stock”) in exchange for the cancellation of \$98,000 in accrued but unpaid compensation owed to the Executive. The Preferred Stock was offered and sold pursuant to an exemption from the registration requirements provided by Section 3(a)(9) of the Securities Act of 1933, as amended.

On September 13, 2017, the Company filed a Certificate of Withdrawal of Certificate of Designations (the “Certificate of Withdrawal”) with the Nevada Secretary of State. The Certificate of Withdrawal eliminates the Company’s Series B Preferred Stock, par value \$0.001 per share, from the Company’s articles of incorporation, as amended. No shares of the Series B Preferred Stock were outstanding at the time of filing of the Certificate of Withdrawal.

Common Stock

On January 27, 2015, the Company filed an amendment to its Articles of Incorporation and effected a 17-for-1 reverse stock split of its issued and outstanding shares of common stock, whereby 109,939,000 outstanding shares of the Company's common stock were converted into 6,467,000 shares of the Company's common stock. The reverse stock split was effective in the market commencing on January 27, 2015. All per share amounts and number of shares in the consolidated financial statements, related notes and other items throughout have been retroactively restated to reflect the reverse stock split.

The board of directors authorized the following issuances of stock for services. The Company evaluated in accordance with ASC 505-50 "Equity-Based Payments to Non-Employees":

During the year ended September 30, 2016, the Company issued an aggregate of 3,190,000 shares of our common stock for consulting services valued at \$25,022.

During the year ended September 30, 2016, the Company sold an aggregate 6,200,000 shares of our common stock to certain investors for a total fair value of \$310,000.

During the year ended September 30, 2016, the Company issued an aggregate of 25,000,000 shares of our common stock for assets and certain liabilities of THI for a total fair value of \$3,150,000.

During the year ended September 30, 2016, the Company issued an aggregate of 80,000,000 shares of our common stock to purchase all the shares of ADI for a total fair value of \$10,080,000.

During the year ended September 30, 2016 the Company issued an aggregate of 8,569,800 shares of our common stock for extinguishment of certain liabilities due to our former CEO Gregg Linn for a total fair value of \$428,576.

On December 10, 2015, the Company sold an aggregate of 1,000,000 restricted shares of common stock to an accredited investor for a fair value of \$50,000.

On December 14, 2015, the Company sold and aggregate of 200,000 restricted shares of common stock to an accredited investor for a fair value of \$10,000.

On December 15, 2015 the Company issued an aggregate of 125,000 restricted shares of common stock to web designer for a fair value of \$18,750.

On December 18, 2015, the Company sold and aggregate of 400,000 restricted shares of common stock to an accredited investor for a fair value of \$20,000.

On December 24, 2015, the Company sold and aggregate of 240,000 restricted shares of common stock to an accredited investor for a fair value of \$12,000.

On December 30, 2015, the Company sold and aggregate of 300,000 restricted shares of common stock to an accredited investor for a fair value of \$15,000.

On February 24, 2016, the Company sold and aggregate of 2,200,000 restricted shares of common stock to two accredited investor for a fair value of \$110,000.

On February 26, 2016, the Company sold and aggregate of 200,000 restricted shares of common stock to an accredited investor for a fair value of \$10,000.

On February 26, 2016, the Company sold and aggregate of 60,000 restricted shares of common stock to a consultant for a fair value of \$3,000.

On March 24, 2016, the Company issued an aggregate of 8,569,800 restricted shares of our common stock for satisfaction of certain accrued liabilities and payroll due to an officer aggregating \$428,576.

On May 5, 2016, the Company issued 200,000 restricted shares of common stock for a finder's fee to a certain Director for a fair value of \$10,000.

On May 5, 2016 the Company sold 1,500,000 restricted shares of common stock to a certain Director for a fair value of \$75,000.

On May 11, 2016, the Company issued 25,000,000 restricted shares of common stock to acquire certain net assets of THI for a fair value of \$3,150,000.

On May 11, 2016, the Company issued 80,000,000 restricted shares of common stock to acquire ADI for a fair value of \$10,080,000.

On August 24, 2016, the Company issued an aggregate of 2,000,000 restricted shares of common stock to a related party for professional services rendered during the year.



During the year ended September 30, 2017, the Company issued an aggregate of 74,672,555 shares of our common stock for services valued at \$7,001,440.

During the year ended September 30, 2017, the Company sold an aggregate 10,000,000 shares of our common stock to a certain accredited investor for a total fair value of \$100.

On October 28, 2016, the Company issued an aggregate of 500,000 restricted shares of common stock for certain consulting services for a fair value of \$150,000.

On October 28, 2016, the Company issued an aggregate of 1,000,000 restricted shares of common stock for certain consulting services for a fair value of \$300,000.

On November 1, 2016, the Company issued an aggregate of 6,000,000 restricted shares of common stock for certain consulting services for a fair value of \$600.

On November 7, 2016, the Company issued an aggregate of 1,000,000 restricted shares of common stock for certain consulting services for a fair value of \$310,000.

On November 7, 2016, the Company issued an aggregate of 100,000 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$31,000.

On November 7, 2016, the Company issued an aggregate of 166,667 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$51,667.

On November 16, 2016, the Company issued an aggregate of 83,333 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$21,500.

On November 28, 2016, the Company issued an aggregate of 333,333 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$76,667.

On December 2, 2016, the Company issued an aggregate of 50,000 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$11,500.

On December 5, 2016, the Company issued an aggregate of 116,666 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$27,883.

On December 6, 2016, the Company issued an aggregate of 233,333 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$53,667.

On December 12, 2016, the Company issued an aggregate of 83,333 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$20,000.

On December 12, 2016, the Company issued an aggregate of 166,667 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$40,000.

On December 13, 2016, the Company issued an aggregate of 100,000 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$22,700.

On December 21, 2016, the Company issued an aggregate of 5,000,000 restricted shares of common stock to a certain director for services for a fair value of \$50.

On December 21, 2016, the Company issued an aggregate of 10,000,000 restricted shares of common stock to a certain director for services for a fair value of \$2,600,000.

On December 23, 2016, the Company issued an aggregate of 500,000 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$115,000.

On January 3, 2017, the Company issued an aggregate of 83,333 restricted shares of common stock to a certain investor for bonus equity on a note for a fair value of \$25,000.

On May 10, 2017, the Company issued an aggregate of 5,000,000 restricted shares of common stock for a settlement for a fair value of \$550,000.

On June 2, 2017, the Company issued an aggregate of 15,000,000 restricted shares of common stock to the former CEO and Board of Directors for a fair value of \$1,800,000. These shares vest over a three-year period.

On June 2, 2017, the Company issued an aggregate of 4,000,000 restricted shares of common stock to a former consultant for a fair value of \$40.

On June 2, 2017, the Company issued an aggregate of 500,000 restricted shares to a former Board of Directors for a fair value of \$60,000.

On June 2, 2017, the Company issued an aggregate of 500,000 restricted shares of common stock to a former consultant for a fair value of \$60,000.

On June 19, 2017, the Company issued an aggregate of 650,000 restricted shares of common stock for bonus shares to a note for a fair value of \$45,500.

On June 20, 2017 the Company sold an aggregate of 10,000,000 restricted shares of common stock to an investor for waiving certain closing conditions for a fair value of \$100.

On July 7, 2017, the Company issued an aggregate of 62,500 restricted shares of common stock for waiving default language in a note for a fair value of \$2,500.

On July 14, 2017, the Company issued an aggregate of 750,000 restricted shares of common stock for waiving default language in a note for a fair value of \$30,000.

On July 14, 2017, the Company exchanged contingent liabilities owed to AMBS in exchange for 6,500,000 shares of the Company's common stock. On July 20, 2017, 1,500,000 shares were issued for a settlement for a fair value of \$75,000. On September 15, 2017 5,000,000 shares were issued for a settlement for a fair value of \$500,000.

On July 28, 2017, the Company issued an aggregate of 793,390 restricted shares of common stock to two investors for waiving default language in their notes for a fair value of \$7.94.

On August 8, 2017, the Company issued an aggregate of 150,000 restricted shares of common stock for bonus shares to a note for a fair value of \$7,500.

On August 25, 2017, the Company issued an aggregate of 15,000,000 restricted shares of common stock to a certain director for services for a fair value of \$150. These shares vest over a three-year period.

On August 25, 2017, the Company issued an aggregate of 100,000 restricted shares of common stock for bonus shares to a note for a fair value of \$3,000.

On September 5, 2017, the Company issued an aggregate of 150,000 restricted shares of common stock for bonus shares to a note for a fair value of \$10,500.

Stock Options and Warrants

Warrants

As of September 30, 2017, the Company had no warrants issued and outstanding.

The following table reflects a summary of common stock warrants outstanding and warrant activity during the periods:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Term (Years)	Aggregate Intrinsic Value
Warrants outstanding at September 30, 2015	-	\$ -		\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Warrants outstanding and exercisable at September 30, 2016	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Warrants outstanding and exercisable at September 30, 2017	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses classification of its common stock purchase warrants and other free standing derivatives at each reporting date to determine whether a change in classification between equity and liabilities is required.

Stock Options

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from an index of historical stock prices of comparable entities until sufficient data exists to estimate the volatility using the Company's own historical stock prices. Management determined this assumption to be a more accurate indicator of value. The Company accounts for the expected life of options based on the contractual life of options for non-employees. For employees, the Company accounts for the expected life of options in accordance with the "simplified" method, which is used for "plain-vanilla" options, as defined in the ASC.

The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options. The fair value of stock-based payment awards during the years ended September 30, 2017 and 2016 was estimated using the Black-Scholes pricing model. The dividend rate is zero because the Company does not anticipate issuing dividends.

In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company's forfeiture rate, the Company analyzed its historical forfeiture rate, the remaining lives of unvested options, and the number of vested options as a percentage of total options outstanding. If the Company's actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

The Company estimated forfeitures related to option grants at a weighted average annual rate of 0% per year, as the Company does not yet have adequate historical data, for options granted during the years September 30, 2017 and 2016.

As of September 30, 2017, the Company had no options issued and outstanding.

Stock option activity summary covering options is presented in the table below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Term (Years)	Aggregate Intrinsic Value
Options outstanding at September 30, 2015	-	\$ -	-	\$ -
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Options outstanding and exercisable at September 30, 2016	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Options outstanding and exercisable at September 30, 2017	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Legal

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. There are no such matters that are deemed material to the condensed consolidated financial statements as of September 30, 2016, except as discussed below.

On January 13, 2014, Plaintiff Tamarin Lindenberg sued Arrayit, the Company, John Howell, Steven Scott and Gregg Linn in Civil Action No. L7698-13. Plaintiff alleged violations of the New Jersey Conscientious Employee Protection Act NJSA 34:19-1 to NJSA 34:19-8 (“CEPA”), breach of contract, breach of covenant of good faith and fair dealing, economic duress and intentional infliction of emotional distress. On August 6, 2014, the District Court dismissed Plaintiff’s complaint against Arrayit for failure to state a claim upon which relief may be granted and against John Howell for lack of jurisdiction. The Company and its officers remain as defendants in the action. The Company and its officers have mounted a vigorous defense against these claims and believe they are without legal merit. As of the date of this filing, a range of potential loss is not estimable.

On or about September 16, 2016, Memory DX, LLC (“MDX”) filed a lawsuit against Amarantus Biosciences Holdings, Inc. (“AMBS”), Amarantus Bioscience Holdings, Inc., Amarantus Diagnostics, Inc., the Company and Avant Diagnostics Acquisition Corporation, et al (collectively the “Defendants”) in the Superior Court of the State of Arizona, County of Maricopa (Case Number CV2016-015026) (the “AZ Court”). On or about December 14, 2016, a default judgment (the “Default Judgment”) was rendered in the Court against the Defendants. On or about February 15, 2017, MDX and the Defendants entered into a settlement agreement related to the satisfaction of the Default Judgment. On May 25, 2017, the parties entered into an amended and restated settlement agreement pursuant to which in consideration for fully satisfying the Default Judgment, the Company paid MDX \$30,000, (the “Initial Cash Amount”). In addition, the Company agreed to pay MDX an aggregate of \$175,000 by July 30, 2017 (the “Additional Cash Amount” and together with the Initial Cash Amount, the “Cash Consideration”). If the Additional Cash Amount was not paid by July 30, 2017, the Company agreed to pay MDX \$20,000 per month beginning August 30, 2017 in full satisfaction of the Additional Cash Amount. On September 19, 2017, the parties entered into a second amended and restated settlement agreement pursuant to which in consideration for fully satisfying the Default Judgment, the Company agreed to provide MDX the following: (i) an aggregate of \$250,000 (the “Cash Consideration”) payable as follows: (i) \$35,000 which has been previously paid, (ii) \$3,500 which was paid upon execution of the agreement (iii) \$2,000 which will be payable on the last calendar day of each month for October and November 2017, (iv) \$5,000 which will be payable on the last calendar day for December 2017 and each of January and February 2018 and (v) \$10,000 which will be payable on the last calendar day of each month until the full consideration is paid. Notwithstanding the foregoing, upon the sale by the Company of its equity securities in a single offering for aggregate gross proceeds of at least \$7,500,000 (the “Qualified Offering”) after the date of the agreement, the Company will pay any remaining amount of the Cash Consideration then outstanding upon the final closing of such Qualified Offering. The Company previously issued to MDX 5,000,000 restricted shares of common stock (the “Initial Shares”) on or prior to the date of the amended agreement as partial consideration for the Default Judgment. In addition, the Company agreed to issue MDX an additional 5,000,000 restricted shares of common stock (the “Additional Shares”). Within three (3) business days of the issuance of the Additional Shares, MDX shall take all necessary action to withdraw the recorded Default Judgment. The Default Judgment shall be set aside without prejudice. Upon a default of the obligations to timely pay the Cash Consideration, after written notice and five (5) business days to cure, MDX will be entitled to reinstate the Default Judgment. MDX shall assign the License Agreement between MDX and University of Leipzig dated May 22, 2013, as amended, to the Company, as well as assign the Asset Purchase Agreement between MDX and AMBS to the Company upon final settlement of this matter.

On September 19, 2017, the Company and Memory Dx, LLC entered into a second amended and restated settlement agreement pursuant to which in consideration for fully satisfying the Default Judgment, the Company agreed to provide MDX the following: (i) an aggregate of \$250,000 (the “Cash Consideration”) payable as follows: (i) \$35,000 which has been previously paid, (ii) \$3,500 which was paid upon execution of the agreement (iii) \$2,000 which will be payable on the last calendar day of each month for October and November 2017, (iv) \$5,000 which will be payable on the last calendar day for December 2017 and each of January and February 2018 and (v) \$10,000 which will be payable on the last calendar day of each month until the full consideration is paid. Notwithstanding the foregoing, upon the sale by the Company of its equity securities in a single offering for aggregate gross proceeds of at least \$7,500,000 (the “Qualified Offering”) after the date of the agreement, the Company will pay any remaining amount of the Cash Consideration then outstanding upon the final closing of such Qualified Offering. The Company previously issued to MDX 5,000,000 restricted shares of common stock (the “Initial Shares”) on or prior to the date of the amended agreement as partial consideration for the Default Judgment. In addition, the Company agreed to issue MDX an additional 5,000,000 restricted shares of common stock (the “Additional Shares”). Within three (3) business days of the issuance of the Additional Shares, MDX shall take all necessary action to withdraw the recorded Default Judgment. The Default Judgment shall be set aside without prejudice. Upon a default of the obligations to timely pay the Cash Consideration, after written notice and five (5) business days to cure, MDX will be entitled to reinstate the Default Judgment. MDX shall assign the License Agreement between MDX and University of Leipzig dated May 22, 2013, as amended, to the Company, as well as assign the Asset Purchase Agreement between MDX and AMBS to the Company upon final settlement of this matter.

On or about April 24, 2017, John G. Hartwell (“Hartwell”) and Corrine Ramos (“Ramos” and collectively with Hartwell, the “Plaintiffs”) filed a lawsuit against the Company, Avant Diagnostics Acquisition Corp. and Gregg Linn (collectively the “Defendants”) in the Circuit Court for Montgomery County, Maryland (Case Number 432180-V) (the “MD Court”), On or about June 8, 2017, the parties entered into a settlement agreement pursuant to which the Company agreed to pay Defendants an aggregate of approximately \$154,000 in installments as set forth in the agreement. The first payment of \$29,819.99 was made by the Defendants to Plaintiffs on or about July 10, 2017. As a result of the first payment being made pursuant to the agreement, Plaintiffs dismissed the action against the Defendants without prejudice on or about July 13, 2017.

Employment Agreements

On October 1, 2014, we entered into an employment agreement with Gregg Linn, our Chief Executive Officer. The employment agreement provide that Mr. Linn will receive an annual base salary of \$240,000 per year. In addition, Mr. Linn is entitled to monthly car allowance of \$1,500 and the Company has agreed to pay to Mr. Linn the greater of 100% of all health care premiums of \$3,000 per month.

Mr. Linn was entitled to participate in any and all benefit plans, from time to time, in effect for senior management, along with vacation, sick and holiday pay in accordance with the Company's policies established and in effect from time to time. The employment agreement provides for termination of Mr. Linn's employment without any further obligation on our part upon the death or disability of the executive or for cause. In the event that an executive's employment is terminated for good reason, we are obligated to pay Mr. Linn his base salary for a twelve-month period beginning on the date of termination and any pro-rated portion of any bonus payable to Mr. Linn, which shall be assumed to be 30% of his base compensation unless otherwise provided for by the board of directors.

The employment agreements also contain covenants (a) restricting the executive from engaging in any activity competitive with our business during the term of the employment agreement and in the event of termination for cause or without good reason, for a period of eighteen months thereafter, (b) prohibiting the executive from disclosing confidential information regarding us, and (c) soliciting our employees, customers and prospective customers during the term of the employment agreement and for a period of eighteen months thereafter.

Effective on June 2, 2017 Mr. Linn resigned from the Company as Chief Executive Officer and the Board of Directors.

On June 20, 2017, the board of directors of the Company added Philippe Goix, PhD, MBA as chief executive officer of the Company, effective immediately. The Company entered into an offer letter dated June 20, 2017 (the "Offer Letter") with Dr. Goix. The Offer Letter has no specified term, and Dr. Goix's employment with the Company will be on an at-will basis. Dr. Goix's employment with the Company will commence on June 20, 2017 (the "Start Date").

Base Salary and Bonus. Dr. Goix will receive an annual base salary of \$120,000. Upon the Company raising at least an additional \$1,750,000 through the sale of its equity and/or debt securities (the "Initial Financing"), Dr. Goix's salary will increase to \$240,000 per year. In addition, upon the Company listing its shares on a national securities exchange and completing an additional capital raise for aggregate gross proceeds of an additional \$5,000,000 beyond the Initial Financing, Dr. Goix's salary will increase to \$360,000 per year.

Sign-on Bonus. Dr. Goix will receive a one-time sign-on bonus of \$15,000 and reimbursement for accrued travel expenses incurred during the recruitment process of \$4,500.

Performance Bonus. Upon the Company raising an additional \$1,500,000 through the sale of its equity and/or debt securities (excluding any securities sold in the Company's financing disclosed on a Current Report on Form 8-K filed with the Commission on June 20, 2017) (the "Financing"), Dr. Goix shall be entitled to a cash bonus equal to the following: (i) \$50,000 if the Financing is completed within 3 months of the date of the Offer Letter, (ii) \$40,000 if the Financing is completed within 5 months of the date of the Offer Letter, and (iii) \$30,000 if the Financing is completed within 7 months of the date of the Offer Letter.

Equity Compensation. Subject to further approval of the Company's board of directors, Dr. Goix will be granted an option to purchase up to 22 million shares of the Company's common stock, subject to mutually agreed upon time milestones and success-based milestones. The exercise price per share will be equal to the fair market value per share on the date the option is granted. The options will be granted upon the Company raising aggregate gross proceeds of \$500,000 from the sale of its equity and/or debt securities.

Other Benefits and Terms. Dr. Goix will be eligible to participate in the group benefit programs generally available to senior executives of the Company.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Company leased corporate office space under a month-to-month operating lease of \$200 per month from an entity controlled by the Company's former Chief Executive Officer and leased by THI. For the year ended September 30, 2017 and September 30, 2016, total rent expense was \$61,238 and \$42,000, respectively.

The Company had accrued expenses due to current and former officers, consisting mainly of salary. As of September 30, 2017 and September 30, 2016, accrued payroll and benefits due to officers were \$277,175 and \$256,480, respectively.

The following selling, general and administrative expenses for the year ended September 30, 2017 were incurred by Greg Linn, the Company's former CEO:

	For the year ended September 30, 2017
Auto Allowances	\$ 12,000
Salaries and wages	240,000
Insurance Expense	38,391
Payroll Expenses	7,867
Travel Expenses	5,290
Total	<u>\$ 303,548</u>

The following selling, general and administrative expenses for the year ended September 30, 2017 were incurred by Philippe Goix, the Company's former CEO:

	For the year ended September 30, 2017
Signing Bonus	\$ 15,000
Salaries and wages	30,000
Insurance Expense	-
Payroll Expenses	-
Travel Expenses	4,500
Total	<u>\$ 49,500</u>

During the year ended September 30, 2016, Steve Scott, former CEO, incurred \$17,500 of consulting and settlement expenses.

During the year ended September 30, 2016, Michael Linn, former consultant, incurred \$14,250 of salary and professional fees.

During the year ended September 30, 2016, certain former Directors incurred Directors Fees in the sum of \$10,000.

During the year ended September 30, 2017, certain former Director incurred a finder's fee in the sum of \$10,000.

During the year ended September 30, 2017, certain former Directors incurred Directors Fees in the sum of \$60,200.

During the year ended September 30, 2017, Michael Linn, former consultant, incurred \$28,000 of consulting fees – related party.

During the year ended September 30, 2017, Scott VanderMeer, interim consultant, incurred \$22,000 of consultant fees – related party.

International Infusion LP and Infusion 51a LP (Related Party)

Between November 16, 2016 and December 31, 2016, the Company entered into various convertible promissory notes (collectively, the “Nov 2016 Notes”) with accredited investors (the “Nov 2016 Investors”) pursuant to which the Nov 2016 Investors purchased an aggregate principal amount of \$481,000 of Original Issue Discount Senior Secured Convertible Notes for an aggregate purchase price of \$370,000. The Nov 2016 Notes bear interest at 8% and mature on January 15, 2018. The Nov 2016 Note will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.15, subject to adjustment.

Infusion 51a LP (Related Party)

Between June 19, 2017 and August 25 2017, the Company entered into a securities purchase agreement (the “Agreement”) with an accredited investor (the “June 2017 Investor”) pursuant to which the June 2017 Investor purchased a Senior Secured Convertible Note for an aggregate purchase price of \$375,000 (the “June 2017 Note”). The June 2017 Notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at an initial conversion price equal to \$0.06 per share, subject to adjustment (“June 2017 Initial Conversion Price”). Upon an investment of an additional \$25,000 by the June 2017 Investor or another financier approved by the June 2017 Investor, bringing the total investment under the terms of the June 2017 Note to a minimum of \$400,000, the Preferred Stock issued pursuant to the Exchange Agreement described above shall be cancelled. In connection with the Agreement, the June 2017 Investor received an aggregate of 750,000 shares of common stock (the “June 2017 Commitment Shares”), a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price (the “June 2017 Warrant”) and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price (the “June 2017 Right”). The June 2017 Note, June 2017 Commitment Shares, June 2017 Warrant and June 2017 Purchase Right are collectively referred to herein as the “June 2017 Investment”. The June 2017 Warrant is exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The June 2017 Right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06. The securities purchase agreement entered into with the June 2017 Investor limited the size of the June 2017 Investment to a total of \$750,000.

On August 25, 2017 the Company entered into a binding letter of intent with the June 2017 Investor and the August 2017 Investor (the “Investors”) whereby the parties agreed that the offering documents would be amended to add an additional conversion feature wherein the June 2017 Investment could be exchanged and/or converted into a class of the Company’s preferred stock to be created (the “Preferred Stock”) that is convertible into the equivalent of 49.99% of the then outstanding common stock of the Company pro-rata on an as converted basis based upon a total investment of \$750,000 into the June 2017 Investment. The Preferred Stock shall also have the right to vote alongside the common stock on an as converted basis. The ability of the Investors to convert the June 2017 Investment into Preferred Stock is subject to the execution of definitive documentation between the parties. As of September 30, 2017, exactly \$525,000 has been invested into the June 2017 Investment.

NOTE 11 – INCOME TAXES

The tax effects of temporary differences that give rise to deferred tax assets are presented below:

	For The Years Ended September 30,	
	2017	2016
Deferred Tax Assets:		
Net operating loss carryforward	\$ 9,170,789	\$ 5,412,924
Stock-based compensation	2,758,567	497,325
Marketable Securities	-	-
Total deferred tax assets	<u>11,929,356</u>	<u>5,910,249</u>
Valuation allowance	<u>(11,929,356)</u>	<u>(5,910,249)</u>
Deferred tax asset, net of valuation allowance	\$ -	\$ -
Changes in valuation allowance	<u>\$ (6,019,107)</u>	<u>\$ (4,322,689)</u>

	For The Years Ended September 30,	
	2017	2016
Federal:		
Current	\$ -	\$ -
Deferred	5,193,887	3,730,054
State and local:		
Current	-	-
Deferred	825,220	592,632
	<u>6,019,107</u>	<u>4,322,689</u>
Change in valuation allowance	<u>(6,019,107)</u>	<u>(4,322,689)</u>
Income tax provision (benefit)	<u>\$ -</u>	<u>\$ -</u>

The income tax provision (benefit) consists of the following:

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	For The Years Ended September 30,	
	2017	2016
Tax benefit at federal statutory rate	(34.0)%	(34.0)%
State tax, net of federal benefit	-%	-%
Permanent differences	-%	-%
True up of deferred tax asset	-%	-%
Change in valuation allowance	<u>34.0%</u>	<u>34.0%</u>
Effective income tax rate	<u>0%</u>	<u>0%</u>

The Company assesses the likelihood that deferred tax assets will be realized. To the extent that realization is not likely, a valuation allowance is established. Based upon the Company's history of losses since inception, management believes that it is more likely than not that future benefits of deferred tax assets will not be realized.

At September 30, 2017 and 2016, the Company had \$9,170,789 and \$5,412,924, respectively, of both federal and state net operating losses that may be available to offset future taxable income. The net operating loss carry forwards, if not utilized, will expire 20 years from the filing of the Company's federal returns. In accordance with Section 382 of the Internal Revenue Code, the usage of the Company's net operating loss carry forwards are subject to annual limitations in the event of a greater than 50% ownership change.

The Company anticipates filing income tax returns in the U.S. federal and Arizona jurisdictions and such returns will be subject to examination by taxing authorities, when filed. The Company has not filed any income taxes to date.

NOTE 12 – SUBSEQUENT EVENTS

On October 6, 2017, the Company entered into a securities purchase agreement with the June 2017 Investor pursuant to which the June 2017 Investor purchased \$20,000 of the June 2017 Investment for an aggregate purchase price of \$20,000 (the "October 2017 Investment"). The June 2017 notes bear interest at 8% and mature thirty-six months from the date of issuance. The June 2017 Notes will be convertible at the option of the holder at any time into shares of common stock, at the June 2017 Initial Conversion Price. In connection with the agreement, the June 2017 Investor received an aggregate of 40,000 shares of common stock as commitment shares, a warrant to purchase such number of shares of common stock equal to 200% of their subscription amount divided by the June 2017 Initial Conversion Price and a purchase right to purchase such number of shares of common stock equal to 800% of their subscription amount divided by the June 2017 Initial Conversion Price. The warrants are exercisable for a period of five years from the date of issuance at an initial exercise price of \$0.06. The purchase right is exercisable beginning on the eighteen (18) month anniversary of the date of issuance until the five-year anniversary of the date of issuance at an initial exercise price of \$0.06.

On December 4, 2017, the Company accepted the resignation of Philippe Goix as the Company's chief executive officer and director, effective immediately. On December 15, 2017, the Company entered into a Separation and Release Agreement (the "Goix Separation Agreement") with Philippe Goix, the Company's former Chief Executive Officer, pursuant to which Dr. Goix's status as chief executive officer and director of the Company ended effective December 4, 2017. Pursuant to the Goix Separation Agreement, upon the occurrence of a Triggering Event (as defined in the Goix Separation Agreement), the Company shall pay Dr. Goix a lump sum cash payment of \$27,346.84 within three (3) business days of the date such Triggering Event occurs.

On March 30, 2018, the Company entered into an Asset Purchase Agreement (the "Purchase Agreement") with Amaranthus Bioscience Holdings, Inc., a Nevada corporation ("AMBS") pursuant to which the Company sold all intellectual property related to its MSPrecise®, Lympro®, and NuroPro® assets to AMBS in exchange for, among other things, the following: (i) cancellation of all principal, interest and other amounts owed to AMBS pursuant to those certain promissory notes issued on February 28, 2016 (which was assumed by the Company in connection with that certain asset purchase agreement, dated May 11, 2016, by and between the Company and Theranostics Health, Inc.) and March 7, 2016 (of which \$100,000 has been paid to date), (ii) assumption by AMBS of \$322,500 of contingent liabilities assumed by the Company pursuant to the terms of that certain share exchange agreement, dated May 11, 2016, by and between the Company and AMBS (the "Exchange Agreement"), (iii) the issuance by AMBS of 1,000,000 shares of its common stock to the Company, subject to a lock-up period substantially similar to the lock-up period described below and (iv) the issuance of approximately 30,092,743 shares by the Company to AMBS in satisfaction of all remaining amounts owed to AMBS pursuant to the terms of the Exchange Agreement, subject to the lockup period described below (the "Transaction"). The Transaction closed upon the execution of the Purchase Agreement. The Company issued an aggregate consideration of 30,092,743 shares of its common stock for the Transaction (the "Consideration"). Each share of Company common stock received in connection with the Transaction shall be subject to a lock-up beginning on the Effective Date and ending on the earlier of (i) eighteen (18) months after such date or (ii) a Change in Control (as defined in the Purchase Agreement) or (iii) written consent of the Company, at the Company's sole discretion.

On May 25, 2018 (the “Effective Date”), Avant Diagnostics, Inc. (the “Company”) entered into securities purchase agreements (collectively, the “Purchase Agreement”) with accredited investors (the “Investors”) pursuant to which the Company sold an aggregate of six hundred and fifty thousand (650,000) shares of its series A convertible preferred stock for aggregate gross proceeds of \$650,000 (the “Series A Preferred Stock”). In addition, existing debtholders of the Company exchanged an aggregate of \$516,155 (currently due and payable under existing indebtedness) for an aggregate of 516,155 shares of Series A Preferred Stock pursuant to exchange agreements described below. The terms of the Series A Preferred Stock are set forth under Item 3.02 below.

For a period of one year from the date of final closing of the offering, Investors holding at least a majority of the Series A Preferred Stock outstanding from time to time shall have the right to cause the Company to sell for cash to such Investors on a *pro rata* basis up to an aggregate of \$1,000,000 of common stock in one or more transactions at a 10% discount to the average closing price of the common stock (as reported for consolidated transactions with respect to securities listed on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, then in the over-the-counter market, as reported on any tier maintained by the OTC Markets Group, Inc.) for the thirty (30) consecutive trading days immediately prior to (and including) the Friday preceding the date of such purchase or purchases.

At any time on or after the Effective Date and until the Company’s 2019 annual meeting of stockholders, the Investors, jointly and severally, shall have the exclusive right, voting separately as a class, to elect up to six (6) directors (each director, an “Investor Director”). A Preferred Director so elected shall serve for a term of one year and until his successor is elected and qualified. An Investor Director may, during his or her term of office, be removed at any time, with or without cause, by and only by the affirmative vote, at a special meeting of holders of Series A Preferred Stock called for such purpose. Any vacancy created by such removal may also be filled at such meeting or by such consent for the remainder of such initial one-year term. At any time on or after the Effective Date and until the Company’s 2019 annual meeting of stockholders, Infusion 51a, LP (“Infusion”) shall have the right to elect up to three (3) directors (each director, an “Infusion Director”). An Infusion Director so initially elected shall serve for a term of one year and until his successor is elected and qualified. Any vacancy in the position of an Infusion Director may be filled only by the affirmative vote of Infusion. An Infusion Director may, during his or her term of office, be removed at any time, with or without cause. Any vacancy created by such removal may also be filled by Infusion for the remainder of such initial one-year term.

As soon as practicable after the final closing of the offering, the Company shall use commercially reasonable efforts to take all necessary actions and to obtain such approvals of the Company’s stockholders as may be required to increase the Company’s authorized shares of Common Stock such that the Company can issue all of the shares of Common Stock issuable upon completion of the restructuring and undertake a reverse stock split at such ratio where the number of shares of Common Stock outstanding after consummation of such reverse stock split shall be approximately 15,000,000 shares (the “Reverse Split”) before the exchange of the Series A Preferred Stock into shares of common stock (the “Stockholder Approval”). Until the consummation of the Reverse Split (as defined herein), the Investors appointed AVDX Investors Group LLC (the “Investor Representative”) as its attorney-in-fact for the purpose of carrying out the Stockholder Approval.

On the Effective Date, the Company entered into a Consulting Agreement (the “Agreement”) with Investor Representative. Under the Agreement, the Investor Representative shall perform such consulting and advisory services, within Investor Representative’s area of expertise, as the Company or any of its subsidiaries may reasonably require from time to time. During the six-month term of the Agreement, Jeff Busch shall perform the services on behalf of Investor Representative (“Designated Person”). The Agreement has an initial term of six months from the date of execution and shall automatically renew on a monthly basis unless either party gives notice of non-renewal to the other party at least fifteen days prior to the date of the Agreement, provided this agreement shall not extend beyond 12 months from the date of the Agreement. Pursuant to the Agreement, the Company shall pay Investor Representative an annual amount of \$160,000, payable either in cash or Series A Preferred Stock (or Common Stock upon filing of the Charter Amendment and consummation of the Reverse Split) during the term of the Agreement (the “Base Compensation”). The Company shall promptly reimburse Investor Representative for all travel, meals, entertainment and other ordinary and necessary expenses incurred by Investor Representative in the performance of its duties to the Company. Investor Representative’s and Designated Person’s position with the Company may be terminated at any time, with or without cause or good reason, upon at least 30 days prior written notice. During the term of the Agreement and for a period of twelve months thereafter, Investor Representative and Designated Person will be subject to non-competition and non-solicitation provisions, subject to standard exceptions. Investors will also provide Investor Representative an irrevocable proxy to vote their shares on all corporate matters until completion of the Reverse Split.

From the Effective Date until the consummation of the Reverse Split, upon any issuance by the Company of common stock or Common Stock Equivalents (as defined in the Series A Certificate of Designations (as defined below)) for cash consideration, indebtedness or a combination of units thereof (a “Subsequent Financing”), each Qualifying Purchaser (as defined below) shall have the right to participate in up to an amount of the Subsequent Financing equal to 50% of the Subsequent Financing on the same terms, conditions and price provided for in the Subsequent Financing. For purposes herein, “Qualifying Purchaser” means an Investor with a subscription amount of at least \$150,000.

Beginning on the six month anniversary of the final closing of the offering, on or prior to the sixtieth (60th) calendar day after the date of receipt of written demand from Investors holding at least 51% of Registrable Securities (as defined in the Purchase Agreement), the Company shall prepare and file with the Securities and Exchange Commission (the “SEC”) a registration statement covering the resale of all of the Registrable Securities that are not then registered on an effective registration statement.

In connection with the offering, we agreed to pay our placement agent, a registered broker-dealer, or the Placement Agent, (i) a cash commission of 8% of the gross proceeds raised from investors in the offering, and to issue to the Placement Agent warrants to purchase a number of shares of common stock equal to 4% of the gross proceeds divided by the respective offering price, with a term of seven years from the date of issuance.

On the Effective Date, the Company entered into an exchange agreement (collectively, the “2017 Investors Exchange Agreement”) with the investors who purchased convertible promissory notes between June 2017 and October 2017 (the “2017 Notes”) for an aggregate principal amount of \$545,000 (the “2017 Investors”). Pursuant to the terms of the 2017 Investors Exchange Agreement, the Company agreed to exchange (i) the principal amount due under the 2017 Notes (ii) warrants to purchase 18,166,667 shares of common stock and (iii) purchase rights to purchase shares of common stock for an aggregate of 72,666,667 shares of common stock, in exchange for an aggregate approximately 22,290,800 shares of series B convertible preferred stock having an aggregate value of \$545,000 (the “Series B Preferred Stock”). The 2017 Investors have agreed to waive the defaults and breaches that have resulted on or prior to the Effective Date as well as any penalties, interest or other amounts that may have accrued under the 2017 Notes after March 31, 2018. The terms of the Series B Preferred Stock are set forth under Item 3.02 below. In addition, each 2017 Investor entered into a termination agreement with the Company (collectively, the “2017 Investors Termination Agreement”) pursuant to which as of the Effective Date, (i) the securities purchase agreements and pledge agreements entered into with the 2017 Investors (the “2017 Investors Prior Agreements”) were terminated in their entirety and shall have no further force or effect, (ii) the security interests granted by the pledge agreements were terminated and shall have no further force or effect and (iii) neither party shall have any further rights or obligations under the Prior Agreements. The 2017 Investors also authorized the Company or his/her/its representatives to take all actions as they determine in their sole discretion to discharge and release any and all security interests, pledges, liens, and other encumbrances held by such 2017 Investor on the Company’s assets.

In connection with the 2017 Investors Exchange Agreement, the 2017 Investors have agreed to a lock-up agreement with respect to any shares of common stock it may receive beginning on May 25, 2018 and ending on the nine (9) month anniversary of the date the Company’s laboratory is open for business (the “Lockup Period”). For the first one hundred and eighty (180) days after termination of the Lockup Period, the 2017 Investors shall be subject to a daily liquidation limit for any sales of common stock equal to two and a half percent (2.5%) of the average trading volume of the Company’s common stock for the prior five (5) trading days, but excluding the date of sale (the “Leakout Limitation”). For any sale proposed by the 2017 Investors in excess of the Leakout Limitation, the Company will have (a) a right of first refusal for a period of 15 business days after receipt of written notice of such sale from the 2017 Investor, to purchase such shares of common stock subject to the Leakout Limitation at a price equal to the average closing price per share of the Company’s common stock for the prior five (5) trading days prior to such notice, and (b) if not purchased by the Company, the Company will have approval rights of the counter party proposed by a 2017 Investor for the sale of any such securities, such approval in the Company’s sole and absolute discretion.

On the Effective Date, the Company entered into an exchange agreement (collectively, the “2016 Investors Exchange Agreement”) with the investors who purchased convertible promissory notes between November 2016 and January 2017 (the “2016 Notes”) for an aggregate principal amount of \$786,500 (the “2016 Investors”). Pursuant to the terms of the 2016 Investors Exchange Agreement, the Company agreed to exchange (i) the principal amount due under the 2016 Notes in exchange for an aggregate of (i) 323,323 shares of Series A Preferred Stock having an aggregate value of \$323,323 and (ii) approximately 3,324,065 shares of series B convertible preferred stock having an aggregate value of approximately \$498,610 (the “Series B Preferred Stock”) and (iii) exchange for the issuance of new promissory note due twenty-four (24) months from the Effective Date in the aggregate principal amount of \$47,259 (the “New 2016 Investor Note”). The New 2016 Investor Note shall bear interest at 12% per annum and has mandatory payments of \$2,000 every 30 days until paid in full starting June 25, 2018. In connection with the 2016 Investors Exchange Agreement, the 2016 Investors have agreed to waive the defaults and breaches that have resulted on or prior to the Effective Date as well as any penalties, interest or other amounts that may have accrued under the 2016 Notes after March 31, 2018.

On the Effective Date, the Company entered into an exchange Agreement (the “Coastal Exchange Agreement”) with Coastal Investment Partners, LLC (“Coastal”). Pursuant to the terms of the Coastal Exchange Agreement, the Company agreed to exchange the principal amount due under the convertible promissory note dated July 6, 2016 plus accrued but unpaid interest and default and other amounts due and payable under such notes, which was \$305,664 as of the Effective Date (the “Coastal Notes”) in exchange for (i) 192,832 shares of Series A Preferred Stock having an aggregate value of \$192,832 and (ii) the issuance of new convertible promissory notes due eighteen (18) months from the Effective Date in the aggregate principal amount of \$192,832 (the “New Coastal Note”). The New Coastal Note shall bear interest at 8% per annum and is convertible into shares of the Company’s common stock at \$0.015 per share, subject to adjustment. Coastal has contractually agreed to restrict their ability to convert the New Coastal Note such that the number of shares of the Company common stock held by them and their affiliates after such conversion does not exceed 9.99% of the Company’s then issued and outstanding shares of common stock. In connection with the Coastal Exchange Agreement, Coastal agreed to waive the defaults and breaches that have resulted on or prior to the Effective Date as well as any penalties, interest or other amounts that may have accrued under the Coastal Notes after March 31, 2018. In addition, Coastal entered into a termination agreement with the Company pursuant to which as of the Effective Date, (i) the securities purchase agreements and pledge agreements entered into with Coastal (the “Coastal Prior Agreements”) were terminated in their entirety and shall have no further force or effect, (ii) the security interests granted by the pledge agreement were terminated and shall have no further force or effect and (iii) neither party shall have any further rights or obligations under the Coastal Prior Agreements. Coastal also authorized the Company or its representatives to take all actions as they determine in their sole discretion to discharge and release any and all security interests, pledges, liens, and other encumbrances held by it on the Company’s assets.

On the Effective Date, the Company entered into an exchange agreement (the “Black Mountain Exchange Agreement”) with Black Mountain Equity Partners LLC (“Black Mountain”). Pursuant to the terms of the Black Mountain Exchange Agreement, the Company agreed to exchange the principal amount due under the convertible promissory note dated November 11, 2016 (the “Black Mountain Note”) in exchange for the issuance of new promissory note due twelve (12) months from the Effective Date in the aggregate principal amount of \$20,000 (which includes a prepayment amount of \$5,000 made on the Effective Date) (the “New Black Mountain Note”). The New Black Mountain Note shall bear interest at 12% per annum and has mandatory payments of \$5,000 every 90 days until paid in full. In connection with the Black Mountain Exchange Agreement, Black Mountain agreed to waive the defaults and breaches that have resulted on or prior to the Effective Date as well as any penalties, interest or other amounts that may have accrued under the Black Mountain Note after March 31, 2018.

On May 25, 2018, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of the Series A Preferred Stock with the Secretary of State of the State of Nevada (the “Series A Certificate of Designation”).

On May 25, 2018, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of the Series B Preferred Stock with the Secretary of State of the State of Nevada (the “Series B Certificate of Designation”).

On May 25, 2018, the Company entered into an employment agreement (the “Ruxin Agreement”) with Dr. Ruxin under which he will serve as Chief Executive Officer of the Company. The term of the Ruxin Agreement was effective as of May 25, 2018, continues until May 25, 2023 and automatically renews for successive one year periods at the end of each term until either party delivers written notice of their intent not to renew at least 60 days prior to the expiration of the then effective term. Under the terms of the Ruxin Agreement, Dr. Ruxin will receive an annual salary of \$250,000. He is eligible to receive a cash bonus of up to 100% of his base salary. The bonus shall be earned upon the Company’s achievement of performance targets for a fiscal year to be mutually agreed upon by Dr. Ruxin and the board or a committee thereof. Additionally, following the adoption by the Company of an equity compensation plan and subject to approval of the board or a committee thereof, Dr. Ruxin shall receive (i) a one-time restricted stock unit award having a fair value of approximately \$100,000 and which shall vest over a five year period following the date of grant and (ii) an option to purchase ten percent (10%) of the outstanding shares of the Company (calculated on the date of grant), which shall vest over a five-year period following the date of grant and expire on the tenth anniversary of the date of grant. Dr. Ruxin is entitled to participate in any and all benefit plans, from time to time, in effect for senior management, along with vacation, sick and holiday pay in accordance with the Company’s policies established and in effect from time to time.

Dr. Ruxin is an “at-will” employee and his employment may be terminated by the Company at any time, with or without cause. In the event Dr. Ruxin’s termination of employment is the result of termination by the Company without Cause (as defined in the Ruxin Agreement) with Good Reason (as defined in the Ruxin Agreement) or as a result of a non-renewal of the term of employment under the Ruxin Agreement, Dr. Ruxin shall be entitled to receive the sum of (I) the Severance Multiple (as defined below), *multiplied by* his base salary immediately prior to such termination and (II) a pro-rata portion of his bonus for the year in which such termination occurs equal to (a) his bonus for the most recently completed calendar year (if any), *multiplied by* (b) a fraction, the numerator of which is the number of days that have elapsed from the beginning of such calendar year through the date of termination and the denominator of which is the total number of days in such calendar year. “Severance Multiple” shall mean 2.0; *provided, however*, that if the date of termination occurs on or at any time during the twelve (12)-month period following a Change in Control (as defined in the Ruxin Agreement), the Severance Multiple shall mean 3.0. In addition, the Company shall accelerate the vesting of any outstanding, unvested equity awards granted to Dr. Ruxin prior to the date of termination and he shall be entitled to reimbursement of any COBRA payment made during the 18 month period following the date of termination.

The Ruxin Agreement also contains covenants (a) restricting the executive from engaging in any activity competitive with our business during the term of the employment agreement and in the event of termination, for a period of one year thereafter, (b) prohibiting the executive from disclosing confidential information regarding us, and (c) soliciting our employees, customers and prospective customers during the term of the employment agreement and for a period of one year thereafter.

On May 25, 2018, the Company entered into an employment agreement (the “Busch Agreement”) with Mr. Busch under which he will serve as Executive Chairman of the Company. The term of the Busch Agreement was effective as of May 25, 2018, continues until May 25, 2023 and automatically renews for successive one year periods at the end of each term until either party delivers written notice of their intent not to renew at least 60 days prior to the expiration of the then effective term. Under the terms of the Busch Agreement, Mr. Busch will receive an annual salary of \$30,000, which amount shall be automatically increased to \$120,000 on the first anniversary of the date of the Busch Agreement. He is eligible to receive a discretionary cash bonus at the option of the board based on their evaluation of his performance of duties and responsibility. Additionally, following the adoption by the Company of an equity compensation plan and subject to approval of the board or a committee thereof, Mr. Busch shall receive (i) a one-time restricted stock unit award having a fair value of approximately \$100,000 and which shall vest over a five year period following the date of grant and (ii) an option to purchase ten percent (10%) of the outstanding shares of the Company (calculated on the date of grant), which shall vest over a five-year period following the date of grant and expire on the tenth anniversary of the date of grant. Mr. Busch is entitled to participate in any and all benefit plans, from time to time, in effect for senior management, along with vacation, sick and holiday pay in accordance with the Company’s policies established and in effect from time to time.

Mr. Busch is an “at-will” employee and his employment may be terminated by the Company at any time, with or without cause. In the event Mr. Busch’s termination of employment is the result of termination by the Company without Cause (as defined in the Busch Agreement) with Good Reason (as defined in the Busch Agreement) or as a result of a non-renewal of the term of employment under the Busch Agreement, Mr. Busch shall be entitled to receive the sum of (I) the Severance Multiple (as defined below), *multiplied by* his base salary immediately prior to such termination and (II) a pro-rata portion of his bonus for the year in which such termination occurs equal to (a) his bonus for the most recently completed calendar year (if any), *multiplied by* (b) a fraction, the numerator of which is the number of days that have elapsed from the beginning of such calendar year through the date of termination and the denominator of which is the total number of days in such calendar year. “Severance Multiple” shall mean 2.0; *provided, however*, that if the date of termination occurs on or at any time during the twelve (12)-month period following a Change in Control (as defined in the Busch Agreement), the Severance Multiple shall mean 3.0. In addition, the Company shall accelerate the vesting of any outstanding, unvested equity awards granted to Mr. Busch prior to the date of termination and he shall be entitled to reimbursement of any COBRA payment made during the 18 month period following the date of termination.

The Busch Agreement also contains covenants (a) restricting the executive from engaging in any activity competitive with our business during the term of the employment agreement and in the event of termination, for a period of one year thereafter, (b) prohibiting the executive from disclosing confidential information regarding us, and (c) soliciting our employees, customers and prospective customers during the term of the employment agreement and for a period of one year thereafter.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Michael Ruxin, certify that:

1. I have reviewed this annual report on Form 10-K of Avant Diagnostics, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 controls 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 quarterly report is being prepared;
 - 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;
 - d) disclosed in this 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 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 controls 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.

Dated: December 4, 2018

By: /s/ Michael Ruxin

Michael Ruxin
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Scott VanderMeer, certify that:

1. I have reviewed this annual report on Form 10-K of Avant Diagnostics, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly report is being prepared;
 - 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;
 - d) disclosed in this 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 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 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 controls which a 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 controls over financial reporting.

Dated: December 4, 2018

By: /s/ Scott VanderMeer

Scott VanderMeer
Interim Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Avant Diagnostics, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael Ruxin, chief executive officer of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 4, 2018

By: */s/ Michael Ruxin*

Michael Ruxin
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Avant Diagnostics, Inc. (the "Company") on Form 10-K for the fiscal year ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott VanderMeer, chief financial officer of the Company, certifies, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 4, 2018

By: */s/ Scott VanderMeer*

Scott VanderMeer
Interim Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
