Consolidated Financial Statements

ENHANCE SKIN PRODUCTS INC.

April 30, 2017 (Unaudited)

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AMC Auditing
Certified Public Accountants
PCAOB Registered Auditors – www.amclasvegas.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Enhance Skin Products Inc.

We have reviewed the accompanying consolidated balance sheet of Enhance Skin Products Inc. as of April 30, 2017 and the related consolidated statements of operations and comprehensive gain (loss), stockholders' equity (deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of financial information consists principally of applying analytical procedures and making inquiries of persons responsible for the financials and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company has minimal revenues, has negative working capital at April 30, 2017, has incurred recurring losses and recurring negative cash flow from operating activities, and has an accumulated deficit which raises substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 4. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ AMC Auditing

AMC Auditing
Las Vegas, Nevada
September 6, 2017

ENHANCE SKIN PRODUCTS INC.
CONSOLIDATED BALANCE SHEETS
AS AT APRIL 30, 2017 (Unaudited) AND 2016
(Expressed in United States Dollars)

	2017	2016
	$	$
ASSETS		
Cash	18,492	2,847
Due from Integumen Inc.	25,352	—
Total current assets	43,844	2,847
Investment in Integumen *(Note 7)*	1	—
Goodwill *(Note 11)*	—	1
Total assets	43,845	2,848
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Liabilities		
Accounts payable and accrued liabilities	12,239	271,635
Accounts payable convertible into shares	51,346	—
Accounts payable to related parties *(Note 6)*	27,911	75,607
Accounts payable to related parties convertible into shares *(Note 6)*	70,798	248,600
Advances from a related party *(Note 6)*	—	96,489
Advances from a related party convertible into shares *(Note 6)*	—	305,540
Total current liabilities	162,294	997,871
Total liabilities	162,294	997,871
Stockholders' deficit		
Authorized:		
600,000,000 common shares par value $0.001 as of April 30, 2017 (April 30, 2016: 600,000,000 common shares) - *(Note 8)*		
Issued and outstanding 338,344,678 common shares as of April 30, 2017 (April 30, 2016: 113,951,705 common shares) - *(Note 8)*	338,345	113,951
Additional paid-in capital	2,538,331	1,971,548
Accumulated other comprehensive gain	7,670	8,809
Accumulated deficit	(3,002,795)	(3,089,331)
Total stockholders' deficit	(118,449)	(995,023)
Total liabilities and stockholders' deficit	43,845	2,848

See accompanying notes

ENHANCE SKIN PRODUCTS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE GAIN (LOSS)
FOR THE YEARS ENDED APRIL 30, 2017 (Unaudited) AND 2016
(Expressed in United States Dollars)

	2017 $	2016 $
SALES	443	613
EXPENSES		
General and administrative	11,451	21,664
Legal and professional fees	397,446	436,263
Marketing	—	14,000
Total operating expenses	408,897	471,927
Gain of sale of assets	(2,696,105)	—
Day one impairment of investment in Integumen	2,179,832	—
Impairment of goodwill *(Note 11)*	—	2,499
Exchange gain	(5,349)	—
Loss due to settlement of related party payables	18,811	—
Interest expense	7,821	138,937
Net gain (loss) for the year before income taxes	86,536	(612,750)
Income taxes	—	—
Net gain (loss) for the year	86,536	(612,750)
Foreign currency translation adjustment	(1,139)	9,733
Comprehensive gain (loss)	85,397	(603,017)
Gain (loss) per share, basic and diluted	0.0004	(0.0057)
Weighted average number of common shares outstanding	207,758,494	106,707,188

See accompanying notes

ENHANCE SKIN PRODUCTS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED APRIL 30, 2017 (Unaudited) and 2016
(Expressed in United States Dollars)

	Common stock		Shares to be issued Amount	Additional paid-in capital	Accumulated other compreshensive gain (loss)	Accumulated deficit	Total
	Shares	Amount					
		$	$	$	$	$	$
As at April 30, 2015	101,017,881	101,017	—	1,797,671	(939)	(2,476,581)	(578,832)
Issuance of shares for services	5,875,000	5,875	—	32,344	—	—	38,219
Beneficial conversion feature on advances	—	—	—	107,143	—	—	107,143
Beneficial conversion feature on promissory note	—	—	—	29,449	—	—	29,449
Conversion of promissory note	7,058,824	7,059		4,941			12,000
Foreign currency translation	—	—	—	—	9,748	—	9,748
Net loss for the year	—	—	—	—	—	(612,750)	(612,750)
As at April 30, 2016	113,951,705	113,951	—	1,971,548	8,809	(3,089,331)	(995,023)
Issuance of shares for settlement of related party payables	222,455,472	222,456	—	498,632	—	—	721,088
Issuance of shares for services	1,937,500	1,938	—	12,594	—	—	14,532
Beneficial conversion feature on advances	—	—	—	7,821	—	—	7,821
Liabilities assumed by Integumen Inc.	—	—	—	28,288	—	—	28,288
Adjustment to APIC relating to AP to RP related liability	—	—	—	19,448	—	—	19,448
Foreign currency translation	—	—	—	—	(1,139)	—	(1,139)
Net gain for the year	—	—	—	—	—	86,536	86,536
As at April 30, 2017	**338,344,677**	**338,345**	**—**	**2,538,331**	**7,670**	**(3,002,795)**	**(118,449)**

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2017 (Unaudited) and 2016
(Expressed in United States Dollars)

	2017	2016
	$	$
OPERATING ACTIVITIES		
Net gain (loss) for the year	86,536	(612,750)
Other Income		
Beneficial conversion feature on advances from a related party	7,821	107,143
Gain of sale of assets	(2,696,105)	—
Day one impairment of investment in Integumen	2,179,832	—
Loss due to settlement of related party payables	18,811	—
Accretion expense on convertible promissory note	—	29,449
Impairment of goodwill	—	2,499
Net change in non-cash working capital balances:		
Shares issued against consulting expenses	14,532	38,218
Accounts payable to related parties	74,204	75,150
Accounts payable to related parties convertible into shares	104,648	175,350
Accounts payable and accrued liabilities	(46,664)	35,834
Accounts payable convertible into shares	51,346	—
Cash used in operating activities	(205,039)	(149,107)
FINANCING ACTIVITIES		
Proceeds from issuance of promissory convertible note	100,000	43,000
Repayment of promissory convertible note and interest	—	(33,500)
Advances from a related party convertible into shares	11,035	131,123
Advances from Integumen Inc.	110,788	—
Cash provided by financing activities	221,823	140,623
Net increase in cash during the year	16,784	(8,484)
Effect of foreign currency translation	(1,139)	9,749
Cash, beginning of the year	2,847	1,582
Cash, end of year	18,492	2,847
Supplemental disclosure with respect to cash flows:		
Cash paid for income taxes	—	—
Cash paid for interest	—	—

See accompanying notes

NOTE 1. ORGANIZATION AND OPERATIONS

We are a Delaware corporation, originally founded on November 14, 2006. We operated under the name Zeezoo Corporation until August 28, 2008 when we changed our name to Enhance Skin Products Inc. following an asset purchase agreement with Enhance Skin Products Inc., a private Ontario corporation.

On July 7, 2016, the Company and Integumen Limited (formerly Biosurface Limited) ("Integumen") entered into a non-binding term sheet in respect of a strategic collaboration and an option agreement (the "Option Agreement"). The Company also issued to Integumen a secured promissory note in the amount of $100,000 (the "Note"). Under the Note, Integumen agreed to loan the Company US$100,000 conditional upon the Company entering into the Option Agreement and entering into good faith negotiations with a view to entering into a strategic collaboration via an asset purchase agreement (the "APA"). On October 1, 2016, the Company and Integumen signed the APA under a plan of reorganization, liquidation and dissolution (the" Plan") involving the sale of substantially all of the Company's assets relating to its cosmeceutical products marketed under its "Visible Youth" trademark to Integumen.

On October 31, 2016 the Company filed a Definitive Information Statement on Form 14C in respect of the Plan and APA, a copy of which was mailed to shareholders on November 7, 2016. The transaction was completed on December 2, 2016 and the Company received 2,632,868 ordinary shares of Integumen at a price of £1 per share, the nominal value. This comprised the total Consideration of £3,030,000 ($3,840,525) less assumed liabilities of £ 320,209 ($416,272) and the prepayment of the Note in the amount of £76,923 ($100,000).

The APA provided that 80 per cent of the Consideration Shares should be issued on completion of the APA and the remaining 20 per cent (subject to an adjustment depending on the value of the assumed liabilities) should be issued within 30 days of Admission of Integumen to AIM. The AIM is the London Stock Exchange's international market for smaller growing companies. However, prior to completion of the APA, the parties to the APA agreed upon the adjustment to the number of Consideration Shares to be issued to the Company by Integumen and, consequently at completion, the Company was issued with 2,632,868 Ordinary Shares in full and final satisfaction of the obligations of Integumen Limited and Integumen, Inc. to provide consideration to the Company for the acquisition of the business assets.

On March 24, 2017 the Company received an additional 2 ordinary shares of Integumen bringing the total number of shares held to 2,632,870 ordinary shares. Integumen then undertook a capital reorganization under which the Company received 56 shares for every 5 shares held resulting in a revised holding post reorganization of 29,488,144 ordinary shares.

On April 5, 2017, Integumen raised £2.25 million ($2.8 million) through the sale of 45,000,000 ordinary shares at a price of 5 pence per share and obtained admission of its ordinary shares to trading on AIM ("Admission"). Dealings commenced on AIM on 5 April 2017 and the total market capitalization of Integumen at Admission was approximately £8.25 million ($10.26 million). At Admission the Company held 29,488,144 fully paid ordinary shares of one pence each of Integumen pre-admission or 24.56% of the issued and outstanding shares of Integumen. Following the capital raise and Admission, Enhance continues to hold 29,488,144 fully paid ordinary shares of one pence each of Integumen representing 17.87% of the issued and outstanding shares of Integumen.

The Company intends to hold the shares in Integumen as an investment for a minimum of 12 months after Completion to allow for an orderly transition of the technology and products. After the Completion Date, the Company did not engage in any business activities except to the extent necessary to preserve the value of its assets, transfer its assets and knowhow, and in due course wind up its business affairs and give effect to the dissolution of the Company in accordance with the Plan.

There can be no certainty that there will be a liquid market in the shares of Integumen or that it will be able to meet its obligations to the Company in respect of funding the Company's ongoing activities to dissolution.

Prior the sale of substantially all of its assets to Integumen Inc, the Company was a developer of premium cosmetics and cosmeceutical products marketed under its "Visible Youth trademark. Cosmeceuticals are topically applied products containing ingredients that influence the biological function of skin and can be described as a marriage between cosmetics and pharmaceuticals. These products may improve the appearance and condition of the skin by delivering nutrients or protectants necessary for healthy skin.

NOTE 1. ORGANIZATION AND OPERATIONS (Continued)

These consolidated financial statements contain the consolidated accounts of the Company and its wholly owned subsidiary Enhance Skin Products (Canada) Limited. All material inter-company accounts and transactions have been eliminated on consolidation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company maintains its accounts on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations have been reflected herein below:

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash and all highly liquid financial instruments with original purchased maturities of three months or less. At April 30, 2017 the Company had a cash balance of $18,492 compared to a cash balance of $2,847 at April 30, 2016.

FAIR VALUE OF FINANCIAL INSTRUMENTS
The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability including certain market assumptions and pertinent information available to management.

The carrying amount of the Company’s financial assets and liabilities, such as cash, receivables, amounts due from Integumen Inc. and accrued liabilities approximate their fair value because of the short maturity of those instruments.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Areas involving significant estimates and assumptions include: deferred income tax assets and related valuation allowance, accruals, and assumptions used in the going concern assessment. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

REVENUE RECOGNITION
The Company's revenue is generated primarily from the sale of its line of skin care products up to the date of Completion of the sale of its assets. The Company recognizes product sales generally at the time the product is shipped. In certain instances the Company recognizes revenue on a C.O.D. basis. Concurrent with the recognition of revenue, the Company is determining a suitable provision for the estimated cost of product returns. Once this provision is determined revenue will be reduced for estimated product returns. However, as of April 30, 2017 there have been no product returns. Sales incentives are classified as a reduction of revenue and are recognized when revenue is recognized. Shipping and handling charges to the customer are included in revenue and the associated costs are included in cost of goods sold. Although the Company has written down the inventory to nil as the value of the inventory is considered to be impaired due to lack of significant sales the products are still available for sale on the Company's web site for and on behalf of Integumen Inc. from the date of Completion pending the transfer of the website to Integumen.

SALES RETURN POLICY
The Company will accept returns for damaged goods only, the goods must be returned unused and in the original packaging. To date there have been no returns. The Company is presently determining an appropriate provision for returns and allowances which will be applied on future sales. Although the Company has written down the inventory to nil as the value of the inventory is considered to be impaired due to lack of significant sales the products are still available for sale on the Company's web site for and on behalf of Integumen Inc. from the date of Completion pending the transfer of the website to Integumen.

ADVERTISING EXPENSE
The Company's policy regarding advertising is to expense advertising when incurred.

BASIC AND DILUTED LOSS PER SHARE
The Company reports basic loss per share in accordance with the FASB ASC 260, "Earnings Per Share". Basic loss per share is computed using the weighted average number of shares outstanding during the period. Diluted loss per share has not been provided as it would be anti-dilutive. Dilution is computed by applying the treasury stock method.

PRODUCT DEVELOPMENT COSTS
Product development costs are expensed as incurred.

INCOME TAXES
The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management makes judgments as to the interpretation of the tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In management's opinion, adequate provisions for income taxes have been made for all years. If actual taxable income by tax jurisdiction varies from estimates, additional allowances or reversals of reserves may be necessary.

RELATED PARTIES

The Company follows subtopic 850-10 of the FASB Accounting Standards Codification for the identification of related parties and disclosure of related party transactions.

FOREIGN CURRENCY TRANSACTIONS

The Company's functional currency is the Canadian dollar ("CDN"). The Company translates from the functional currency to U.S. dollars using the current rate method in accordance with FASB ASC 830. The Company uses the U.S. dollar as its reporting currency in accordance with FASB ASC 830.

Transactions undertaken in currencies other than the functional currency of the entity are translated using the exchange rate in effect as of the transaction date. Any exchange gains and losses would be included in other income (expenses) on the Statement of Operations.

NOTE 3. RECENT ACCOUNTING PRONOUNCEMENTS

In January 2017, an accounting pronouncement was issued by the Financial Accounting Standards Board ("FASB") to simplify the accounting for goodwill impairment. This guidance eliminates the requirement that an entity calculates the implied fair value of goodwill when measuring an impairment charge. Instead, an entity would record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. This pronouncement is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption is required to be applied on a prospective basis. The adoption of this pronouncement did not have a material impact on the financial position and/or results of operations.

In March 2016, the Company adopted the accounting pronouncement issued by the FASB to update guidance on how companies account for certain aspects of share-based payments to employees. This pronouncement is effective for fiscal years beginning after December 15, 2016, and interim periods within those years, with early adoption permitted. This guidance requires all income tax effects of awards to be recognized in the statements of operations when the awards vest or are settled and changes the presentation of excess tax benefits on the statement of cash flows. The Company adopted these provisions on a prospective basis. In addition, this pronouncement changes guidance on: (a) accounting for forfeitures of share-based awards and (b) employers' accounting for an employee's use of shares to satisfy the employer's statutory income tax withholding obligation. The adoption of this pronouncement did not have a material impact on the Company's financial position and/or results of operations.

All other recent pronouncements issued by the FASB or other authoritative standards groups with future effective dates are either not applicable or are not expected to be significant to the condensed consolidated financial statements of the Company.

NOTE 4. GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As at April 30, 2017 the Company has a working capital deficit of $118,450 (2016: $995,024) and accumulated deficit of $3,002,795 (2016: $3,089,331). The Company's primary assets as at April 30, 2017 is 29,488,144 Ordinary Shares in Integumen Limited. A day one impairment loss of $2,179,832 had been recognized for accounting and financial reporting purposes due to the fact that Integument Ltd was a newly established entity, was in the process of listing on the AIM market , did not have any history of any private placement and consequently no valuation could have readily been ascertained. As at April 5, 2017, Integumen Ltd was established in the AIM market. As of April 30, 2017, the fair value of the 29,488,144 Integumen Ltd Ordinary Share was $1,295,132 based on the share price of 3.3918 pence ($0.04392) per share in the AIM market. See Note 5 – Due from Integumen Inc., for further details. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 5. DUE FROM INTEGUMEN INC.

Prior to July 7, 2016 the Company has relied on advances from its former CEO, director, Mercuriali Ltd and a related party to meet the working capital requirements. On June 19, 2015, the Company issued a convertible promissory note in the amount of $43,000 to Vis Vires Group Inc. On December 28, 2015, Vis Vires Group Inc. issued a notice of conversion and elected to convert $12,000 of the principal amount at an applicable conversion price of $0.0017 per share of common stock. Resultantly, the Company issued 7,058,824 shares of common stock. The principal amount and interest in total of $33,500 was paid on March 23, 2016. On September 29, 2015, as amended January 22, 2016, Mercuriali Ltd agreed to advance the Company an additional $90,000. Effective March 21, 2016, the Company entered into a Loan Agreement (Amendment 5) with Mercuriali Ltd. and Samuel Asculai providing for an increase in the loan amounts by Mercuriali Ltd. and Samuel Asculai in the event no additional third party monies are received by the Company from US$90,000 to US$150,000.

On July 7, 2016, the Company and Integumen Limited (formerly Biosurface Limited) ("Integumen") entered into a non-binding term sheet in respect of a strategic collaboration and an option agreement (the "Option Agreement"). The Company also issued to Integumen a secured promissory note in the amount of $100,000 (the "Note"). Under the Note, Integumen agreed to loan the Company US$100,000 conditional upon the Company entering into the Option Agreement and entering into good faith negotiations with a view to entering into a strategic collaboration via an asset purchase agreement (the "APA"). On October 1, 2016, the Company and Integumen signed the APA under a plan of reorganization, liquidation and dissolution (the" Plan") involving the sale of substantially all of the Company's assets relating to its cosmeceutical products marketed under its "Visible Youth" trademark to Integumen.

The Company received $25,000 on October 14, 2016, $30,000 on November 16, 2016, and $55,788 on March 24, 2017 from Integumen in respect of its obligations to meet the Interim Costs and the payment of certain Assumed Liabilities.

On October 31, 2016 the Company filed a Definitive Information Statement on Form 14C in respect of the Plan and APA, a copy of which was mailed to shareholders on November 7, 2016. The Transaction was completed on December 2, 2016 and the Company received 2,632,868 ordinary shares in Integumen at a price of £1 per share, the nominal value. This comprised the total Consideration of £3,030,000 ($3,840,525) less assumed liabilities of £ 320,209 ($416,272) and the prepayment of the Note in the amount of £76,923 ($100,000).

The APA provided that 80 per cent. of the Consideration Shares should be issued on completion of the APA and the remaining 20 per cent. (subject to an adjustment depending on the value of the assumed liabilities) should be issued within 30 days of Admission of Integumen to AIM. However, prior to completion of the APA, the parties to the APA agreed upon the adjustment to the number of Consideration Shares to be issued to the Company by Integumen and, consequently at completion, the Company was issued with 2,632,868 Ordinary Shares in full and final satisfaction of the obligations of Integumen Limited and Integumen, Inc. to provide consideration to the Company for the acquisition of the business assets.

NOTE 5. DUE FROM INTEGUMEN INC. (Continued)

On March 24, 2017 the Company received an additional 2 ordinary shares of Integumen bringing the total number of shares held to 2,632,870 ordinary shares. Integumen then undertook a capital reorganization under which the Company received 56 shares for every 5 shares held resulting in a revised holding post reorganization of 29,488,144 ordinary shares.

On April 5, 2017, Integumen raised £2.25 million ($2.8 million) through the sale of 45,000,000 ordinary shares at a price of 5 pence per share and obtained admission of its ordinary shares to trading on AIM ("Admission").The AIM is the London Stock Exchange's international market for smaller growing companies. As of April 30, 2017, the fair value of the 29,488,144 Integumen Ltd Ordinary Share was $1,294,832 based on the share price of 3.3918 pence ($0.04392) per share in the AIM market.

The Company intends to hold the shares in Integumen as an investment for a minimum of 12 months after Completion to allow for an orderly transition of the technology and products. After the Completion Date, the Company did not engage in any business activities except to the extent necessary to preserve the value of its assets, transfer its assets and knowhow, and in due course wind up its business affairs and give effect to the dissolution of the Company in accordance with the Plan.

As April 30, 2017 $25,352 are due from Integumen.

Given the outstanding amounts due from Integumen, the early stage of development of Integumen, restrictions on the company's ability to sell its shares under the APA, uncertainties around the liquidity of Integumen shares, its share price and potential future funding requirements it is difficult for the Company to value its investment in Integumen. In addition, there can be no certainty that there will be a liquid market in the shares of Integumen and whether it will be able to meet its obligations to the Company in respect of funding the Company's ongoing activities to dissolution.

The foregoing, and any subsequent, description of the Option Agreement, Note and the APA does not purport to be complete and is qualified in its entirety by reference to the complete text of the documents, which are filed as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5 to the Company's Current Report on Form 8-K filed on October 5, 2016 and Schedule 14C Information Statement filed October 31, 2016.

(Expressed in United States Dollars)

NOTE 6. RELATED PARTY TRANSACTIONS AND BALANCES

The details of balances due to related parties are as follows:

	April 30 2017 $	April 30 2016 $
Unpaid remuneration	27,454	75,150
Unreimbursed expenses	457	457
Accounts payable to related parties	27,911	75,607
Unpaid remuneration	70,798	215,412
Balances owing to Mercuriali Ltd.	—	33,188
Accounts payable to related parties convertible into shares	70,798	248,600
Advances from a related party	—	96,489
Advances from a related party convertible into shares	—	305,540

Unpaid remuneration

The outstanding balance of $27,454 as at April 30, 2017 represents the cash element of amounts due to related parties in connection with the consulting and employment amendment agreements effective August 1, 2015 and signed on November 19 and November 25, 2015. While these amounts are a contractual liability of the Company this cash element is due from Integumen and is included within amounts Due from Integumen Inc. of $25,352.

On February 13, 2013 Mr. Donald Nicholson was appointed to the roles of President, CEO and CFO of the Company. On March 5, 2013 the Company entered into a consulting agreement with Mercuriali for the services of Mr. Nicholson as the Company's President, CEO and CFO (the "Mercuriali Consulting Agreement"), as amended by agreements entered effective March 3, 2014, August 1, 2015 and March 21, 2016 (the "Mercuriali Amendment Agreements").

On August 14, 2008, we entered into an employment agreement with Samuel Asculai, our former President and Chief Executive Officer. That employment agreement had an initial term of ten (10) years and a base salary of $150,000 per annum. Pursuant to that employment agreement, Dr. Asculai received a base salary and an annual bonus equal to at least two percent (2%) of the Company's pretax earnings, as defined, for each fiscal year. If Dr. Asculai's employment were to be terminated without "cause", as defined in that employment agreement, then Dr. Asculai would be entitled to receive all accrued by unpaid salary and bonus plus a payment equal to two (2) times Dr. Asculai's highest base salary (but not less than $300,000) plus two (2) times his highest bonus. This payment would be received, at Dr. Asculai's option, in one lump sum or in equal monthly installments over a 24 month period.

On March 5, 2013, as amended March 3, 2014 Dr. Asculai, and Biostrategies (a company wholly owned by Dr. Asculai) entered a termination agreement with the Company terminating the employment agreement with Dr. Asculai as President and CEO. Pursuant to this termination agreement upon the Company substantially completing the Restructuring Plan, Biostrategies and Dr. Asculai forgive all of the unpaid fees under Dr. Asculai except for $20,031 which amount will be converted into five million three hundred twenty seven thousand four hundred and sixty (5,327,460) common shares of the Company's stock upon the Company receiving cumulative Transaction Monies (as such term is defined in the relevant agreements) of at least one hundred and fifty thousand United States dollars ($150,000). During the year ended April 30, 2013 the Company substantially completed the Restructuring Plan. Resultantly, Dr. Asculai forgave all of the unpaid fees except for $20,031 which was transferred, together with the associated share conversion, to the balance of Mr. Puseljic.

On March 5, 2013 Biostrategies entered into a new consulting agreement with the Company for the services of Dr. Asculai as the Company's CSO (the "Asculai Consulting Agreement") "), as amended by agreements entered effective March 3, 2014, August 1, 2015 and March 21, 2016 (the "Asculai Amendment Agreements").

NOTE 6. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Mr. Puseljic had a 10-year service agreement with the Company to assist in business development, contract administration and co-ordination of SEC filings with management and the Company's SEC counsel with base fees of $150,000 per annum. At March 5, 2013 Mr. Puseljic was owed $400,625 in unpaid fees. On March 5, 2013 Mr. Puseljic entered a termination agreement with the company as amended March 3, 2014 (the "Puseljic Termination Agreement") terminating the service agreement and pursuant to which upon the Company substantially completing the Restructuring Plan, Mr. Puseljic forgives all of the unpaid fees except for $20,031.25 which amount will be converted into five million three hundred twenty seven thousand four hundred and sixty (5,327,460) common shares of the Company's stock upon the Company receiving cumulative Transaction Monies (as such term is defined in the relevant agreements) of at least one hundred and fifty thousand United States dollars ($150,000).

On March 5, 2013 Mr. Puseljic entered into a new employment agreement with the Company (the "Puseljic Employment Agreement"), as amended by agreements entered effective March 3, 2014, August 1, 2015 and March 21, 2016 (the "Puseljic Amendment Agreements").

Under the Mercuriali Amendment Agreements, the Asculai Amendment Agreements and the Puseljic Amendment Agreements, the Corporation may be liable to pay $21,000 to each of Mr. Asculai and Mr. Puseljic and $35,500 to Mercuriali for the period August 1, 2015 to October 31, 2015 to be satisfied seventy percent (70%) in common shares of Corporation at $0.0018 and thirty percent (30%) in cash, all such payments conditional on the receipt of Transaction Monies (as such term is defined in the relevant agreements) of $1,000,000 on or prior to April 30, 2017. For the period November 1, 2015 to January 31, 2016, service fee obligations under the Mercuriali Amendment Agreement, Asculai Amendment Agreement and Puseljic Amendment Agreement each comprise a monthly retainer of seven thousand United States dollars (US$7,000) for up to fourteen (14) hours of Services per week, plus one hundred United States dollars ($100) per hour of Services provided in excess of fourteen (14) hours per week based on the level of services provided and invoiced as further set out in the agreements to be satisfied seventy percent (70%) in common shares of Corporation at $0.0018 and thirty percent (30%) in cash, all such payments conditional on the receipt of Transaction Monies (as such term is defined in the relevant agreements) of $1,000,000 on or prior to April 30, 2017. For the period from February 1, 2016, service fee obligations under the Mercuriali Amendment Agreement, Asculai Amendment Agreement and Puseljic Amendment Agreement each comprise a monthly retainer of seven thousand United States dollars (US$7,000) for up to fourteen (14) hours of Services per week, plus one hundred United States dollars ($100) per hour of Services provided in excess of fourteen (14) hours per week based on the level of services provided and invoiced as further set out in the agreements to be satisfied seventy percent (70%) in common shares of Corporation at the weighted average price of the new shares issued to non-related third parties after the March 21, 2016 (excluding shares issued under the VVG Note) and thirty percent (30%) in cash, all such payments conditional on the receipt of Transaction Monies (as such term is defined in the relevant agreements) of $1,000,000 on or prior to April 30, 2017.

The foregoing information regarding the Mercuriali Consulting Agreement and the Mercurial Amendment Agreements are not intended to be complete and are qualified in their entirety by reference to the complete text of the Mercuriali Consulting Agreement, which is attached as Exhibit 99.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2013 and filed on March 19, 2013 and the complete text of the Mercurial Amendment Agreements which were attached as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2014 and filed on March 5, 2014, as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 25, 2015 and as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 24, 2016.

NOTE 6. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The foregoing information regarding the Asculai Consulting Agreement and the Asculai Amendment Agreement are not intended to be complete and are qualified in their entirety by reference to the complete text of the Asculai Consulting Agreement, which was attached as Exhibit 99.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2013 and filed on March 19, 2013 and the complete text of the Asculai Amendment Agreements which were attached as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2014 and filed on March 5, 2014 as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 25, 2015 and as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 24, 2016.

The foregoing information regarding the Puseljic Employment Agreement and the Puseljic Amendment Agreement are not intended to be complete and are qualified in their entirety by reference to the complete text of the Puseljic Employment Agreement, which was attached as Exhibit 99.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2013 and filed on March 19, 2013 and the complete text of the Puseljic Amendment Agreements which were attached as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2014 and filed on March 5, 2014, as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on November 25, 2015 and as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on March 24, 2016.

On November 25, 2015, the Company and Mr. Frode Botnevik entered into a Director's Services Agreement effective August 1, 2015 relating to Mr. Botnevik's services as a Director of the Company (the "Botnevik Services Agreement") as amended by an agreement effective March 21, 2016 (the "Botnevik Services Amendment"). Under the Botnevik Services Agreement and the Botnevik Services Amendment, the Corporation may be liable to pay $2,500 to Mr. Botnevik for the period August 1, 2015 to October 31, 2015 to be satisfied seventy percent (70%) in common shares of Corporation $0.0018 and thirty percent (30%) in cash, all such payments conditional on the receipt of Transaction Monies (as such term is defined in the relevant agreements) of $1,000,000 on or prior to April 30, 2017.

For the period November 1, 2015 to January 31, 2016, service fee obligations under the Botnevik Services Agreement and Botnevik Services Amendment comprises a quarterly retainer of two thousand five ($2,500) United States dollars for up to twenty five (25) hours of Services per quarter, plus one hundred United States dollars ($100) per hour of Services provided in excess of twenty five (25) hours per quarter based on the level of services provided and invoiced as further set out in the agreements to be satisfied seventy percent (70%) in common shares of Corporation at $0.0018 and thirty percent (30%) in cash, all such payments conditional on the receipt of Transaction Monies (as such term is defined in the relevant agreements) of $1,000,000 on or prior to April 30, 2017.

For the period from February 1, 2016, service fee obligations under the Botnevik Services Agreement and Botnevik Services Amendment comprises a quarterly retainer of two thousand five ($2,500) United States dollars for up to twenty five (25) hours of Services per quarter, plus one hundred United States dollars ($100) per hour of Services provided in excess of twenty five (25) hours per quarter based on the level of services provided and invoiced as further set out in the agreements to be satisfied seventy percent (70%) in common shares of the Company at a price calculated by dividing Transaction Monies received under the APA by the number of issued shares plus the unissued shares to be issued as a result of the conversion of debts owed under existing agreements as of the date of dissolution, including debts owed under certain sections of the Botnevik Services Amendment, and 30% in cash, all such payments to be made within 30 days of the receipt of Threshhold Funding.

The foregoing information regarding the Botnevik Services Agreement and the Botnevik Services Amendment are not intended to be complete and are qualified in their entirety by reference to the complete text of the Botnevik Services Agreement which was filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on November 25, 2015 and the Botnevik Services Amendment which was filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on March 24, 2016.

NOTE 6. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Unreimbursed expenses

The outstanding balance of $457 represents amounts due to a related party in connection with the expenses incurred by it on behalf of the Company. The amounts due do not bear any interest and is repayable on demand.

ACCOUNTS PAYABLE TO RELATED PARTIES CONVERTIBLE INTO SHARES:

The outstanding balance comprise of unpaid remuneration to a related party and a balance owing to Mercuriali Ltd as detailed below:

Unpaid remuneration

On May 12, 2010 Biostrategies Consulting Group Inc. the holder of 27,500,000 shares of common stock of the Company transferred 9,166,666 of these shares to Drasko Puseljic. Biostrategies Consulting Group Inc. (“Biostrategies”) is 100% privately owned by Dr. Samuel Asculai, the CSO and a director of the Company. Mr. Puseljic had a 10-year service agreement with the company to assist in business development, contract administration and co-ordination of SEC filings with management and the Company’s SEC counsel. With his holdings, Mr. Puseljic has more than 5% of the outstanding equity of the Company and became a “related party”. Mr. Puseljic billed the Company $150,000 during each of the previous fiscal years ended up to April 30, 2012.

At April 30, 2013 Mr. Puseljic was owed $400,625 in unpaid fees On March 5, 2013 Mr. Puseljic entered a termination agreement with the company (the “Puseljic Termination Agreement”) pursuant to which upon the Company substantially completing the Restructuring Plan, Mr. Puseljic forgives all of the unpaid fees except for $20,031 which amount will be converted into five million three hundred twenty seven thousand four hundred and sixty (5,327,460) common shares of the Company’s stock upon the Company receiving cumulative Transaction Monies (as such term is defined in the relevant agreements) of at least one hundred and fifty thousand United States dollars ($150,000). During the year ended April 30, 2013 the Company substantially completed the Restructuring Plan. Resultantly, Mr. Puseljic forgave all of the unpaid fees except for $20,031.

Further, the unpaid fee balance of Dr. Asculai of $20,031 described in the following paragraph, together with the associated share conversion, was also transferred to Mr. Puseljic’s balance. Therefore, Mr. Puseljic’s balance of $40,062 is included in total unpaid remuneration balance as at April 30, 2016, which amount will be converted into ten million six hundred fifty four thousand nine hundred and twenty (10,654,920) common shares of the Company’s stock upon the Company receiving cumulative Transaction Monies (as such term is defined in the relevant agreements) of at least one hundred and fifty thousand United States dollars ($150,000).

The Company incurred monthly consulting fee expenses of $12,500 to either Biostrategies or Samuel Asculai, the Company’s then CEO and Director. The Company recorded $150,000 as an expense during each of the previous fiscal years ended up to April 30, 2012. At April 30, 2013, $400,625 of these expenses were unpaid On March 5, 2013 Biostrategies and Dr. Asculai entered a termination agreement with the Company (the “Asculai Termination Agreement”) pursuant to which upon the Company substantially completing the Restructuring Plan, Biostrategies and Dr. Asculai forgive all of the unpaid fees except for $20,031 which amount will be converted into five million three hundred twenty seven thousand four hundred and sixty (5,327,460) common shares of the Company’s stock upon the Company receiving cumulative Transaction Monies (as such term is defined in the relevant agreements) of at least one hundred and fifty thousand United States dollars ($150,000). During the previous year ended April 30, 2013 the Company substantially completed the Restructuring Plan. Resultantly, Dr. Asculai forgave all of the unpaid fees except for $20,031 which was transferred, together with the associated share conversion, to the balance of Mr. Puseljic, which amounted to $40,062 at October 31, 2016. On December 1, 2016, the remaining balance of $40,062 was converted into shares.

NOTE 6. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The outstanding balance on October 31, 2016 of $318,920 which represented amounts due to related parties, which may be payable in shares, under the consulting and employment amendment agreements effective August 1, 2015 and signed on November 19 and November 25, 2015 as summarised above under Accounts Payable to Related Parties; Unpaid remuneration were converted into shares on December 2, 2016.

The outstanding balance as at April 30, 2017 includes $70,798 representing amount due to related parties, which may be payable in shares, as explained above, relating to the unconverted balance remaining as at December 1, 2016 and Professional fees for the current period as recorded in the statement of operations.

Balance owing to Mercuriali Ltd.

On July 12, 2010 the Company entered into a Termination and Settlement Agreement (the "Settlement Agreement") with Mercuriali Ltd. (“Mercuriali”), a company controlled by Donald Nicholson, a then director of the Company and now a director and the Company’s President, Chief Executive Officer and Chief Financial Officer. The Settlement Agreement terminated a Letter of Intent between the Company and Mercuriali regarding a proposed merger between the Company and Mercuriali as part of a larger transaction involving the reverse merger of the Company into a company listed on AIM, a sub-market of the London Stock Exchange. Neither the merger between Mercuriali and the Company, nor the reverse merger of the Company and the AIM listed company took place. Under the Settlement Agreement, the Company agreed to pay Mercuriali expenses incurred pursuant to the Letter of Intent of GBP 22,082 payable at a rate of 5% of gross funds raised by the Company. After receiving proceeds from financing the Company will pay 5% of the gross proceeds to Mercuriali until the obligation has been paid. Other than the items provided for in the Termination Agreement, the Company and Mercuriali released each other from all claims relating to the Letter of Intent. Through the previous year ended April 30, 2012 the Company has raised $60,000 of funds from the issuance of Common Stock, 5% of this or $3,000 should have been paid to satisfy this obligation; however, only $1,500 was paid during the previous fiscal years ended April 30, 2013. As of April 30, 2016 the balance owed to Mercuriali is $33,188. The balance is secured by the assets of the Company. Upon the Company restructuring at least seventy five percent (75%) of its outstanding debt substantially in accordance with the Restructuring Plan and upon the Company receiving additional Transaction Monies (as such term is defined in the relevant agreements) of at least $250,000, Mercuriali shall convert the total amounts owed to it under the Loan Agreement into common shares of the Company at a conversion price of $0.00376 per share. The Advances were secured by all of the assets of the Company and did not bear interest. The security was released by Mercuriali on November 30, 2016 in consequence of the APA.

On December 2, 2016 the balance owed to Mercuriali Ltd. of $33,188 was converted into shares. As of April 30, 2017, the balance owed to Mercuriali Ltd. was nil.

ADVANCES FROM A RELATED PARTY

As of April 30, 2017, the Company owes a nil balance (2016 - $96,489) in respect of advances from Dr. Asculai, its former CEO and current Chief Scientific Officer and Chairman of the Board, pursuant to the Loan Agreement, as the obligations were assumed by Integumen Inc., following the APA completed on December 2, 2016. The Advances were secured by all of the assets of the Company and did not bear interest. The security was released by Dr Asculai on November 30, 2016 in consequence of the APA.

NOTE 6. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

ADVANCES FROM A RELATED PARTY CONVERTIBLE INTO SHARES

These advances are from Mercuriali Ltd. pursuant to the Loan Agreement. As at April 30, 2017, the Company owes a nil balance (April 30, 2016 - $305,540) to Mercuriali as the obligations were converted into shares in consequence of the APA completed on December 2, 2016.

Effective September 29, 2015, the Company entered into a Loan Agreement (Amendment 3) with Mercuriali Ltd. and Samuel Asculai. This agreement amended loan agreements between the parties dated March 4, 2013 and March 3, 2014 and provided for a loan of US$45,000 from Mercuriali Ltd. and Samuel Asculai in the event no additional third party monies were received by the Company. Upon certain conditions set out in the Loan Agreement (Amendment 3), the amounts so loaned by Mercuriali Ltd. and Samuel Asculai will be convertible into common shares of the Company at the lower of $0.0047753 or the conversion price at which the promissory note the Company issued to Vis Vires converts. See Note 5; Convertible Promissory Note. The price of $0.0047753 was set at 58% of the average of the lowest three closing trading prices for the common stock during the ten trading days prior to September 25, 2015, on the calculation basis described in the Vis Vires promissory note.

Effective January 22, 2016, the Company entered into a Loan Agreement (Amendment 4) with Mercuriali Ltd. and Samuel Asculai. This agreement amends loan agreements between the parties dated March 4, 2013, March 3, 2014 and September 29, 2015 and provides for an increase in the loan amounts by Mercuriali Ltd. and Samuel Asculai in the event no additional third party monies are received by the Company from US$45,000 to US$90,000. Upon certain conditions set out in the Loan Agreement (Amendment 4), the amounts so loaned by Mercuriali Ltd. and Samuel Asculai will be convertible into common shares of the Company at the lower of $0.0047753 or the conversion price at which the promissory note the Company issued to Vis Vires converts.

Effective March 21, 2016, the Company entered into a Loan Agreement (Amendment 5) with Mercuriali Ltd. and Samuel Asculai This agreement amends loan agreements between the parties dated March 4, 2013, March 3, 2014, September 29, 2015 and January 22, 2016 and provides for an increase in the loan amounts by Mercuriali Ltd. and Samuel Asculai in the event no additional third party monies are received by the Company from US$90,000 to US$150,000. Upon certain conditions set out in the Loan Agreement (Amendment 5), the amounts so loaned by Mercuriali Ltd. and Samuel Asculai will be convertible into common shares of the Company at $0.0018, based on the conversion price at which the promissory note the Company issued to Vis Vires converted or was repaid.

The advances from Mercuriali Ltd and Samuel Asculai are secured on all of the assets of the Company and do not bear interest. On November 30, 2016 Mercuriali Ltd and Dr Asculai released all security on the assets in consequence of the APA.

NOTE 7. INVESTMENT IN INTEGUMEN AND SECURED PROMISSORY NOTE

On July 7, 2016, the Company and Integumen entered into a non-binding term sheet in respect of a strategic collaboration and an option agreement (the “Option Agreement”). The Company also issued to Integumen a secured promissory note in the amount of $100,000 (the “Note”). The Option Agreement granted Biosurface an option to acquire substantially all of the Company’s assets under a plan of reorganization (the “Option”). The total consideration payable upon exercise of the Option is a sum equal to £3,030,000 comprised of shares of Integumen, less all sums due and owing under the Note, and the assumption of certain liabilities of the Company. The Company received the $100,000 on July 12, 2016. Under the Note, Integumen agreed to loan the Company US$100,000 conditional upon the Company entering into the Option Agreement and entering into good faith negotiations with a view to entering into an asset purchase agreement (the “APA”).

On October 1, 2016, the Company and Integumen signed an Asset Purchase Agreement under a plan of reorganization, liquidation and dissolution (the” Plan”) involving the sale of substantially all of the Company’s assets to Integumen (“Asset Sale”).

NOTE 7. INVESTMENT IN INTEGUMEN AND SECURED PROMISSORY NOTE (Continued)

The Asset Sale was completed on December 2, 2016 and the Company received 2,632,868 ordinary shares in Integumen at a price of £1 per share. This comprised the total Consideration of £3,030,000 ($3,840,525) less assumed liabilities of £ 320,209 ($416,272) and the prepayment of the Note in the amount of £76,923 ($100,000).

The APA provided that 80 per cent. of the Consideration Shares should be issued on completion of the APA and the remaining 20 per cent. (subject to an adjustment depending on the value of the assumed liabilities) should be issued within 30 days of Admission of Integumen to AIM. However, prior to completion of the APA, the parties to the APA agreed upon the adjustment to the number of Consideration Shares to be issued to the Company by Integumen Limited and, consequently at completion, the Company was issued with 2,632,868 Ordinary Shares in full and final satisfaction of the obligations of Integumen Limited and Integumen, Inc. to provide consideration to the Company for the acquisition of the business assets.

On March 24, 2017 the Company received an additional 2 ordinary shares of Integumen bringing the total number of shares held to 2,632,870 ordinary shares. Integumen then undertook a capital reorganization under which the Company received 56 shares for every 5 shares held resulting in a revised holding post reorganization of 29,488,144 ordinary shares.

On April 5, 2017, Integumen raised £2.25 million ($2.8 million) through the sale of 45,000,000 ordinary shares at a price of 5 pence per share and obtained admission of its ordinary shares to trading on AIM ("Admission"). The AIM is the London Stock Exchange's international market for smaller growing companies. As of April 30, 2017, the fair value of the 29,488,144 Integumen Ltd Ordinary Share was $1,294,832 based on the share price of 3.3918 pence ($0.04392) per share in the AIM market.

The Company intends to hold the shares in Integumen as an investment for a minimum of 12 months after Completion to allow for an orderly transition of the technology and products. After the Completion Date, the Company did not engage in any business activities except to the extent necessary to preserve the value of its assets, transfer its assets and knowhow, and in due course wind up its business affairs and give effect to the dissolution of the Company in accordance with the Plan.

For financial accounting reporting purposes the Company has valued the total purchase consideration at $2,696,105 which comprise of $2,179,833 in Integumen Ltd shares valued at £0.65 per share, $416,272 in liabilities assumed by Integumen Ltd and the prepayment of the Note in the amount of $100,000. As the book value of the underlying assets sold is zero, the Company recognized an accounting gain of $2,696,105 on the sale of its assets under FASB guidance. A day one impairment loss of $2,179,832 has been recognized for accounting and financial reporting purposes due to the fact that Integument Ltd was a newly established entity, was in the process of listing on the AIM market , did not have any history of any private placement and consequently no valuation can readily be ascertained. Accordingly, for financial reporting purposes the investment in Integumen have been recorded at $1 for the twelve month period ended April 30, 2017. As at April 5, 2017, Integumen Ltd was established in the AIM market. As of April 30, 2017, the fair value of the 29,488,144 Integumen Ltd Ordinary Share was $1,295,132 based on the share price of 3.3918 pence ($0.04392) per share in the AIM market

For U.S. federal income tax purposes it is intended that the Asset Sale be part of a reorganization described in Section 368(a) of the U.S. Internal Revenue Code. Accordingly, the Company will not recognize a tax gain or loss as a result of the Asset Sale and Integumen will have a tax basis and holding period in the Company's assets equal to the tax basis and holding period of those assets in the hands of the Company. The Company anticipates that the Company's net operating loss carryforward will be available to Integumen; provided, however, that the company could be limited to the amount of offset of historic losses under Section 382 of the Inland Revenue Code.

NOTE 8. STOCKHOLDERS' DEFICIT

COMMON SHARES - AUTHORIZED

As at April 30, 2017, the Company had 600,000,000 common shares authorized (April 30, 2016: 600,000,000 common shares). The common shares have a $0.001 par value. All common stock shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they chose to do so, elect all of the directors of the Company.

COMMON SHARES - ISSUED AND OUTSTANDING

As a result of completion of the APA, certain amounts owing to Mercuriali Limited, Samuel Asculai, Drasko Puseljic and Frode Botnevik became payable in shares of the Company and such shares were issued on December 2, 2016. The Company converted Advances payable to related parties convertible into shares of $385,702, and Advances from a related party convertible into shares of $316,575, being the balances as at October 20, 2016, into 222,455,472 shares in accordance with the respective Loan and Consultancy Agreements as set out below. A loss of $18,811 was recognized in connection with the conversion of the advances payable to related parties, due to the difference between the fair value of the common shares issued and payable amount converted.

The Company issued a total of 168,235,216 common shares to Mercuriali Ltd. This issuance comprised of (a) the issuance of 8,826,595 common shares in conversion of $33,188 of debt at $0.00376 per share under a Termination and Settlement Agreement dated July 12, 2010; (b) the issuance of 50,094,947 common shares in conversion of $188,357 of debt at $0.00376 per share under a Loan Agreement dated March 4, 2013, as amended September 20, 2013, March 3, 2014, September 29, 2015, January 22, 2016 and March 21, 2016 (the “Loan Agreements”); (c) the issuance of 71,232,222 common shares in conversion of $128,218 of debt at $0.0018 per share under the Loan Agreements; (d) the issuance of 27,261,111 common shares in conversion of debt of $49,070 under a Consultancy Agreement dated March 5, 2013 as amended March 3, 2014, August 1, 2015, March 21, 2016, and October 1, 2016 (the “Mercuriali Consultancy Agreements”); and (e) the issuance of 10,820,340 common shares in conversion of $110,029 of debt at $0.01017 under the Mercuriali Consultancy Agreements.

The Company issued a total of 20,558,939 common shares to Samuel Asculai. This issuance comprised of (a) the issuance of 16,333,333 common shares in conversion of $29,400 of debt at $0.0018 per share under a Consultancy Agreement at dated March 5, 2013 as amended March 3, 2014, August 1, 2015, March 21, 2016, and October 1, 2016 (the “Asculai Consultancy Agreements”); and (b) the issuance of 4,225,606 common shares in conversion of $42,969 of debt at $0.01017 per share under the Asculai Consultancy Agreements.

The Company issued a total of 31,213,859 common shares to Drasko Puseljic. This issuance comprised of (a) the issuance of 10,654,920 common shares in conversion of $40,062 of debt at $0.00376 per share under a Termination Agreement dated March 5, 2013; (b) the issuance of 16,333,333 common shares in conversion of $29,400 of debt at $0.0018 per share under an Employment Agreement dated March 5, 2013 as amended March 3, 2014, August 1, 2015, March 21, 2016, and October 1, 2016 (the “Puseljic Employment Agreements”); and (c) the issuance of 4,225,606 common shares in conversion of $42,969 of debt at $0.01017 per share under the Puseljic Employment Agreements.

The Company issued a total of 2,447,458 common shares to Frode Botnevik. This issuance comprised of (a) the issuance of 1,944,444 common shares in conversion of $3,500 of debt at $0.0018 per share under a Directors Service Agreement dated August 1, 2015 as amended March 21, 2016 and October 1, 2016 (the “Botnevik Services Agreements”); and (b) the issuance of 503,013 common shares in conversion of $5,115 of debt at $0.01017 per share under the Botnevik Services Agreements.

The sale of all the securities set out above was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

NOTE 8. STOCKHOLDERS' DEFICIT (Continued)

The Accounts payable to related parties' convertible into shares and Advances from a related party convertible into shares, which are convertible as a result of the completion of the APA are further described in Note 4; Related party Transactions and Balances above.

The conversion price of $0.01017 was based on the estimated value of the consideration attributable to equity shareholders on a fully diluted basis in pounds sterling translated into US dollars at the closing sterling/dollar interbank rate on October 19, 2016. This price is subject to change based on any adjustments under the APA and the exchange rate at Completion. Any adjustments to the number of shares to be issued will be made to the number of shares to be issued to related parties under the consultancy and employment agreements for services rendered after October 20, 2016. As at April 30, 2017 there were 338,344,678 shares of common stock issued an outstanding (April 30, 2016: 113,951,705 common shares).

NOTE 9. INCOME TAXES

The Company follows FASB ASC 740, "Accounting for Income Taxes." Deferred income taxes reflect the net effect of (a) temporary difference between carrying amounts of assets and liabilities for financial purposes and amounts used for income tax reporting purposes, and (b) net operating loss carry forwards. No net provision for refundable Federal income tax has been made in the accompanying statement of loss because no refundable taxes were paid previously. Similarly, no deferred tax asset attributable to the net operating loss carry forward has been recognized, as based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

At April 30, 2017, the Company had unused net operating loss carryovers of approximately $ 3,002,795 (2016: $3,089,331). These losses are available to offset taxable income and will expire between 2027 and 2034 During the year the Company filed tax returns in the US for the periods ended April 30, 2012 to April 30, 2016 and has filed its Federal tax returns in Canada for all periods to April 30, 2016. Reviews of the respective tax returns may have an impact on the amount of net operating loss carryovers which might be available to the Company. No deferred tax asset attributable to the net operating loss carry forward has been recognized, as based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

On October 1, 2016, the Company and Integumen signed an Asset Purchase Agreement under a plan of reorganization, liquidation and dissolution (the" Plan") involving the sale of substantially all of the Company's assets to Integumen ("Asset Sale"). The transaction was completed on December 2, 2016.

For U.S. federal income tax purposes it is intended that the Asset Sale be part of a reorganization described in Section 368(a) of the U.S. Internal Revenue Code. Accordingly, the Company will not recognize a tax gain or loss as a result of the Asset Sale and Integumen will have a tax basis and holding period in the Company's assets equal to the tax basis and holding period of those assets in the hands of the Company. The Company anticipates that the Company's net operating loss carryforward will be available to Integumen; provided, however, that the company could be limited to the amount of offset of historic losses under Section 382 of the Inland Revenue Code.
In late December 2016, the Company received Penalty Notices in respect of the late filing and failure to provide information with respect to certain Foreign-owned US Corporations for the years ended April 30, 2012 to April 30, 2015 plus interest in the total amount of $40,072. The Company has consequently filed requests for Penalty Abatement. The Company is unaware what if any penalty will payable.

(Expressed in United States Dollars)

ASC 740 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

NOTE 9. INCOME TAXES (Continued)

The provision for income taxes differs from the amounts which would be provided by applying the statutory United States federal corporate income tax rate of 39% (2016 – 39%) to the net loss before provision for income taxes for the following reasons:

	April 30 2017	April 30 2016
Income tax (expense) benefit at statutory rate	$ (33,749)	$ 238,972
Valuation analysis	33,749	(238,972)
Income tax benefit per books	$ -	$ -

Net deferred tax assets consist of the following components as of:

	April 30 2017	April 30 2016
NOL carryover	$ 1,159,541	$ 1,193,290
Valuation allowance	(1,159,541)	(1,193,290)
Net deferred tax asset	$ -	$ -

NOTE 10. INTEREST EXPENSE

	April 30 2017	April 30 2016
Beneficial conversion feature on advances from a related party	$ 7,821	$ 107,143
Accretion expense on convertible promissory note	$ -	$ 29,449
Interest expense on convertible promissory note	$ -	$ 2,345
Total interest expense	**$ 7,821**	**$ 138,937**

Interest expense represents beneficial conversion feature of the advances from a related party convertible into shares, expensed immediately due to short term conversion terms of these advances. Accretion expense and interest accrued for the year ended April 30, 2017 related to a convertible promissory note issued and settled during the previous year ended April 30, 2016.

NOTE 11. BUSINESS ACQUISITION

ASC Topic 805, "Business Combinations" requires that all business combinations be accounted for using the acquisition method and that certain identifiable intangible assets acquired in a business combination be recognized as assets apart from goodwill. ASC Topic 350, "Intangibles-Goodwill and Other" ("ASC 350") requires goodwill and other identifiable intangible assets with indefinite useful lives not be amortized, such as trade names, but instead tested at least annually for impairment (which the Company tests each year end, absent any impairment indicators) and be written down if impaired. ASC 350 requires that goodwill be allocated to its respective reporting unit and that identifiable intangible assets with finite lives be amortized over their useful lives.

Pursuant to Share Purchase Agreement (the "Agreement") dated October 31, 2015, among the Company, Mercuriali Ltd. a Corporation incorporated under the laws of United Kingdom (100% owner of issued and outstanding share of Visible Youth Ltd.) and Donald Nicholson, the Company acquired 100% of the issued and outstanding shares of Visible Youth Ltd. for a consideration of $2,500. As a result of this transaction, Visible Youth Ltd. became a wholly owned subsidiary of the Company. The Company intends to use Visible Youth Limited for the marketing of its products in the European Union.

This acquisition was accounted for using the acquisition method of accounting. Visible Youth Ltd. did not have any assets or liabilities as at October 31, 2015. Goodwill of $1 represents the excess of cost over fair value of net assets acquired, less impairment.

The Company test for impairment of goodwill at the reporting unit level. In assessing whether goodwill is impaired, the Company utilize the two-step process as prescribed by ASC 350. The first step of this test compares the fair value of the reporting unit, determined based upon discounted estimated future cash flows, to the carrying amount, including goodwill. If the fair value exceeds the carrying amount, no further work is required and no impairment loss is recognized. If the carrying amount of the reporting unit exceeds the fair value, the goodwill of the reporting unit is potentially impaired and step two of the goodwill impairment test would need to be performed to measure the amount of an impairment loss, if any. In the second step, the impairment is computed by comparing the implied fair value of the reporting unit's goodwill with the carrying amount of the goodwill. If the carrying amount of the reporting unit's goodwill is greater than the implied fair value of its goodwill, an impairment loss in the amount of the excess is recognized and charged to statement of operations.

Management decided to immediately impair goodwill amounting to $2,499 and brought it at $1 as Visible Youth Ltd. was inactive as at October 31, 2015. Visible Youth Limited was transferred to Integumen Inc. under the APA as of December 2, 2016.

NOTE 12. SUBSEQUENT EVENTS

On May 31, 2017, the Company issued 2,355,750 common shares to Simon Merritt in satisfaction of $18,846 owing by the Company to Mr. Merritt under an Assignment and Amendment Agreement. Such shares were issued at $0.008 per share and in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

On May 31, 2017, the Company issued 1,250,000 common shares to Nolex LLC in satisfaction of $10,000 owing by the Company to Nolex LLC under a Consulting Agreement. Such shares were issued at $0.008 per share and in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

On June 16, 2017, the Company issued 2,812,500 common shares to Macdonald Sagar Manis LLP in satisfaction of $22,500 owing by the Company to Macdonald Sagar Manis LLP in respect of historic services supplied. Such shares were issued at $0.008 per share and in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

The Company's management has evaluated subsequent events through the filing date of these consolidated financial statements and has determined that there are no other material subsequent events to report.