

**PHASOR, INC.  
and Subsidiary**

THURSDAY



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COMPANIES HOUSE

**Consolidated Balance Sheets  
December 31,**

	<b>2017</b>	<b>2016</b> (Restated)
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 7,860,001	\$ 1,047,031
Accounts receivable	273,004	2,481
Corporate tax receivable	1,612,810	260,167
Prepaid expenses	125,580	76,643
Other receivables	250,237	129,487
<b>Total current assets</b>	<u>10,121,632</u>	<u>1,515,809</u>
<b>Property and equipment, net</b>	863,280	345,382
<b>Other assets:</b>		
Intangibles, net	297,624	261,280
Deposits	266,247	-
<b>Total assets</b>	<u><u>\$ 11,548,783</u></u>	<u><u>\$ 2,122,471</u></u>
<b>Liabilities and Stockholders' Deficit</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,015,547	\$ 981,679
Accrued expenses	1,451,986	90,735
Interest payable	282,719	710,880
<b>Total current liabilities</b>	<u>2,750,252</u>	<u>1,783,294</u>
<b>Long-term liabilities:</b>		
Convertible notes payable	6,793,857	6,629,775
Derivative liability	3,116,294	3,116,294
Deferred revenue	864,128	1,124,136
Deferred rent	151,965	-
<b>Total long-term liabilities</b>	<u>10,926,244</u>	<u>10,870,205</u>
<b>Stockholders' deficit:</b>		
Preferred stock, \$.0001 par value:		
9,200,000 shares authorized, 3,296,345 in 2017 and 300,366 in 2016 issued and outstanding	330	30
Additional paid in capital	12,316,226	852,167
Common stock, \$.0001 par value:		
20,300,000 shares authorized, 5,940,273 in 2017 and 5,759,697 in 2016 issued and outstanding	594	576
Additional paid in capital	14,793,283	14,117,401
Additional paid in capital - other	7,506,263	3,561,928
Accumulated deficit	(37,688,904)	(31,289,280)
Accumulated other comprehensive income	944,495	2,226,150
<b>Total stockholders' deficit</b>	<u>(2,127,713)</u>	<u>(10,531,028)</u>
<b>Total liabilities and stockholders' deficit</b>	<u><u>\$ 11,548,783</u></u>	<u><u>\$ 2,122,471</u></u>

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

*Willie Lee D. Brown* 3

**PHASOR INC.**  
and Subsidiary

**Consolidated Statements of Comprehensive Loss**  
**For the Years Ended December 31,**

	<b>2017</b>	<b>2016</b> (Restated)
Revenue	\$ 1,621,800	\$ 2,005,387
Operating expenses	<u>9,303,308</u>	<u>7,633,192</u>
Loss from operations	(7,681,508)	(5,627,805)
Other expense:		
Interest expense	(539,624)	(935,796)
Loss on derivative liability	<u>-</u>	<u>(1,058,364)</u>
Loss before income taxes	(8,221,131)	(7,621,965)
Income tax benefit	<u>(1,821,507)</u>	<u>(315,533)</u>
Net loss	(6,399,624)	(7,306,432)
Other comprehensive loss:		
Foreign currency translation adjustments	<u>(1,281,655)</u>	<u>1,652,851</u>
Total comprehensive loss	<u>\$ (7,681,279)</u>	<u>\$ (5,653,581)</u>

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

*W. Lee O'Brien*