SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Nemaura Medical Inc.

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Corporate Issuer CIK: 1602078

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended: September 30, 2018

or

☐ **TRANSITION REPORT UNDER SECTION13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 001-38355

Nemaura Medical Inc.

(Exact name of small business issuer as specified in its charter)

NEVADA	**46-5027260**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Tax. I.D. No.)*

Advanced Technology Innovation Centre,
Loughborough University Science and Enterprise Parks,
5 Oakwood Drive,
Loughborough, Leicestershire
LE11 3QF
United Kingdom

(Address of Principal Executive Offices)

+ 00 44 1509 222912

(Registrant's Telephone Number, Including Area Code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☐
(Do not check if a smaller reporting company)
Emerging growth company ☑

Accelerated filer ☑
Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of common stock, par value $0.001 per share outstanding as of November 6, 2018 was 205,083,900.

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ITEM 1. INTERIM FINANCIAL STATEMENTS

NEMAURA MEDICAL INC.
Condensed Consolidated Balance Sheets

	As of September 30, 2018 ($) (Unaudited)	As of March 31, 2018 ($)
ASSETS		
Current Assets:		
Cash	526,148	822,335
Fixed rate cash account	3,260,250	4,911,551
Prepaid expenses and other receivables	180,731	187,139
Accrued interest receivable	71,064	77,508
Total current assets	4,038,193	5,998,533
Other Assets:		
Property and equipment, net	3,425	5,770
Intangible assets, net of accumulated amortization	232,733	251,099
Deferred offering costs	108,450	-
	344,608	256,869
Total assets	4,382,801	6,255,402
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	54,472	49,912
Liability due to related party	642,513	613,818
Other liabilities and accrued expenses	331,270	77,414
Deferred revenue	97,808	70,165
Total current liabilities	1,126,063	811,309
Deferred revenue	1,206,292	1,333,128
Total liabilities	2,332,355	2,144,437
Commitments and contingencies:		
Stockholders' Equity:		
Series A convertible preferred stock, $0.001 par value, 200,000 shares authorized; zero and 137,324 outstanding at September 30, 2018 and March 31, 2018, respectively.	-	137
Common stock, $0.001 par value, 420,000,000 shares authorized; 205,050,000 and 67,676,000 shares issued and outstanding at September 30, 2018 and March 31, 2018, respectively.	205,050	67,676
Additional paid in capital	13,034,623	13,056,859
Accumulated deficit	(10,875,510)	(8,973,082)
Accumulated other comprehensive loss	(313,717)	(40,625)
Total stockholders' equity	2,050,446	4,110,965
Total liabilities and stockholders' equity	4,382,801	6,255,402

See notes to the unaudited condensed consolidated financial statements

NEMAURA MEDICAL INC.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2018 ($)	2017 ($)	2018 ($)	2017 ($)
Revenue:	-	-	-	-
Total revenue	-	-	-	-
Operating Expenses:				
Research and development	622,282	209,087	1,051,821	358,285
General and administrative	525,075	238,429	867,499	506,551
Total operating expenses	1,147,357	447,516	1,919,320	864,836
Loss from operations	(1,147,357)	(447,516)	(1,919,320)	(864,836)
Interest income	8,082	54,485	16,891	64,018
Net loss	(1,139,275)	(393,031)	(1,902,429)	(800,818)
Other comprehensive income (loss):				
Foreign currency translation adjustment	(38,483)	159,309	(273,092)	362,064
Comprehensive loss	(1,177,758)	(233,722)	(2,175,521)	(438,754)
Loss per share				
Basic and diluted	(0.01)	*	(0.01)	*
Weighted average number of shares outstanding	205,003,261	205,000,000	155,957,363	205,000,000

* Per share amounts are less than $0.01

See notes to the unaudited condensed consolidated financial statements

NEMAURA MEDICAL INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended September 30,	
	2018 ($)	**2017 ($)**
Cash Flows From Operating Activities:		
Net Loss	(1,902,429)	(800,818)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	9,656	15,031
Stock-based compensation	114,500	-
Changes in assets and liabilities:		
Prepaid expenses and other receivables	9,258	(17,347)
Accounts payable	5,355	72,401
Liability due to related party	84,896	(221,735)
Other liabilities and accrued expenses	136,117	39,147
Accrued interest receivable	980	(54,295)
Net cash used in operating activities	(1,541,667)	(967,616)
Cash Flows from Investing Activities:		
Capitalized patent costs	(7,066)	(25,245)
Fixed rate savings account	1,324,000	639,460
Net cash provided by investing activities	1,316,934	614,215
Cash Flows from Financing Activities		
Proceeds from exercise of common stock options	500	-
Net cash provided by financing activities	500	-
Net decrease in cash	(224,233)	(353,401)
Effect of exchange rate changes on cash	(71,954)	39,581
Cash at beginning of period	822,335	911,359
Cash at end of period	526,148	597,539
Supplemental disclosure of non-cash financing activities:		
Conversion of Series A preferred stock to common stock	137,324	-
Deferred offering costs included in accrued expenses	108,450	-

See notes to the unaudited condensed consolidated financial statements

INTERIM FINANCIAL STATEMENTS

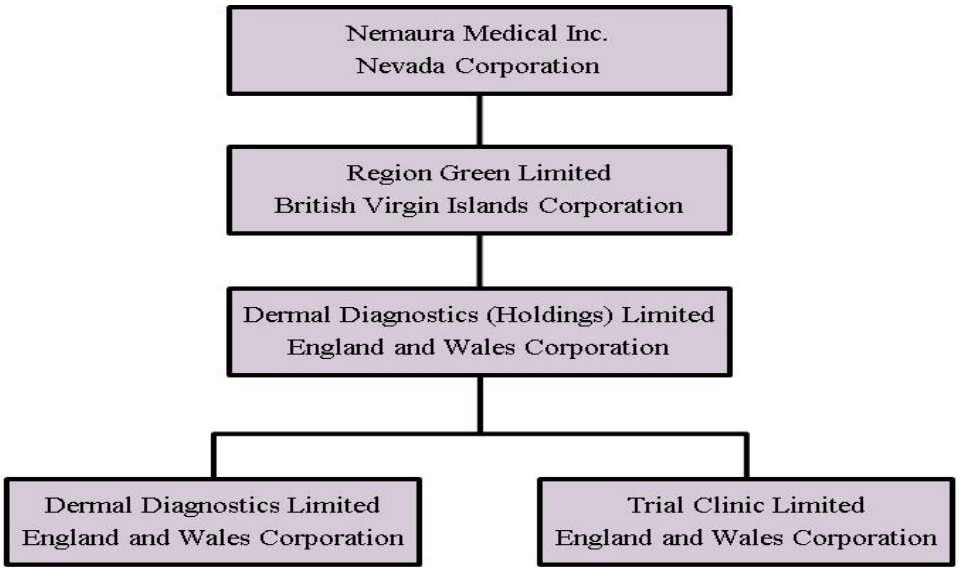
NOTE 1 – ORGANIZATION AND PRINCIPAL ACTIVITIES

Nemaura Medical Inc. ("Nemaura" or the "Company"), through its operating subsidiaries, performs medical device research and manufacturing of a continuous glucose monitoring system ("CGM"), named sugarBEAT. The sugarBEAT device is a non-invasive, wireless device for use by persons with Type I and Type II diabetes and may also be used to screen pre-diabetic patients. The sugarBEAT device extracts analytes, such as glucose, to the surface of the skin in a non-invasive manner where it is measured using unique sensors and interpreted using a unique algorithm.

Nemaura is a Nevada holding company organized in 2013. Nemaura owns one hundred percent (100%) of Region Green Limited, a British Virgin Islands corporation ("RGL") formed on December 12, 2013. RGL owns one hundred percent (100%) of the stock in Dermal Diagnostic (Holdings) Limited, an England and Wales corporation ("DDHL") formed on December 11, 2013, which in turn owns one hundred percent (100%) of Dermal Diagnostics Limited, an England and Wales corporation formed on January 20, 2009 ("DDL"), and one hundred percent (100%) of Trial Clinic Limited, an England and Wales corporation formed on January 12, 2011 ("TCL").

DDL is a diagnostic medical device company headquartered in Loughborough, Leicestershire, England, and is engaged in the discovery, development and commercialization of diagnostic medical devices. The Company's initial focus has been on the development of the sugarBEAT device, which consists of a disposable patch containing a sensor, and a non-disposable miniature electronic watch with a re-chargeable power source, which is designed to enable trending or tracking of blood glucose levels. All the Company's operations and assets are located in England.

The following diagram illustrates Nemaura's corporate structure as of September 30, 2018:



The Company has a limited operating history, recurring losses from operations and an accumulated deficit as of September 30, 2018, which raises substantial doubt about the Company's continued existence. The Company expects to continue to incur losses from operations at least until clinical trials are completed later this year, when management expects that the product will become available to be marketed. Management has evaluated the expected expenses to be incurred along with its available cash and has determined that there is not substantial doubt as to its ability to continue as a going concern for at least one year subsequent to the date of issuance of these condensed consolidated financial statements. The Company has approximately $526,000 of readily available cash on hand at September 30, 2018 and approximately $3.3 million that will become available in December 2018 (Note 3b). Early withdrawal may generally be made for liquidity needs.

Management's strategic plans include the following:

• obtaining regulatory approval for the sugarBEAT device;
• pursuing additional capital raising opportunities, in addition to the Equity Distribution Agreement entered into on October 19, 2018 by the Company and Maxim pursuant to which the Company may offer and sell, from time to time, through Maxim, up to $20,000,000 in shares of the Company's common stock;
• exploring licensing opportunities; and
• developing the sugarBEAT device for commercialization.

NOTE 2 -- BASIS OF PRESENTATION

(a) Basis of presentation:

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), and consequently do not include all disclosures normally required by accounting principles generally accepted in the United States of America. In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all adjustments necessary, all of which are of a normal and recurring nature, to present fairly our financial position, results of operations and cash flows. Certain information and note disclosures normally included in financial statements have been condensed or omitted pursuant to the rules and regulations of the SEC. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

The accompanying consolidated financial statements include the accounts of the Company and the Company's subsidiaries, DDL, TCL, DDHL and RGL. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, and all significant intercompany balances and transactions have been eliminated in consolidation.

The functional currency for the majority of the Company's operations is the Great Britain Pound Sterling ("GBP"), and the reporting currency is the US Dollar.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of cash deposits maintained in the United Kingdom. From time to time, the Company's cash account balances exceed amounts covered by the Financial Services Compensation Scheme. The Company has never suffered a loss due to such excess balances.

(b) Fixed rate cash accounts

From time to time the Company invests funds in fixed rate cash savings accounts. These accounts, at the time of the initial investment, provide a higher interest rate than other bank accounts, and also require the Company to maintain the funds in the accounts for a period of time, currently $3.3 million through December 2018. Early withdrawal may generally be made for liquidity needs.

(c) Fair value of financial instruments

The Company's financial instruments primarily consist of cash, fixed rate cash accounts, accounts payable and other current liabilities. The estimated fair values of non-related party financial instruments were not materially different from their carrying values as presented, due to their short maturities. The fair value of amounts payable to related parties are not practicable to estimate due to the related party nature of the underlying transactions.

(d) Property and equipment

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets, generally four years for fixtures and fittings.

(e) Intangible assets

Intangible assets consist of licenses and patents associated with the sugarBEAT device and are amortized on a straight-line basis, generally over their legal lives of up to 20 years and are reviewed for impairment. The Company evaluates its intangible assets (all have finite lives) and other long-lived assets for impairment whenever events or circumstances indicate that they may not be recoverable, or at least annually. Recoverability of finite and other long-lived assets is measured by comparing the carrying amount of an asset group to the future undiscounted net cash flows expected to be generated by that asset group. The Company groups assets for purposes of such review at the lowest level for which identifiable cash flows of the asset group are largely independent of the cash flows of the other groups of assets and liabilities. The amount of impairment to be recognized for finite and other long-lived assets is calculated as the difference between the carrying value and the fair value of the asset group, generally measured by discounting estimated future cash flows. There were no impairment indicators present during the six months ended September 30, 2018 or 2017.

(f) Revenue Recognition

Revenue is recognized when the four basic criteria of revenue recognition are met: (1) a contractual agreement exists; (2) transfer of rights has been completed; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured.

The Company may enter into product development and other agreements with collaborative partners. The terms of the agreements may include nonrefundable signing and licensing fees, milestone payments and royalties on any product sales derived from collaborations.

The Company recognizes up front license payments as revenue upon delivery of the license only if the license has stand-alone value to the customer. However, where further performance criteria must be met, revenue is deferred and recognized on a straight line basis over the period the Company is expected to complete its performance obligations.

Royalty revenue will be recognized upon the sale of the related products provided the Company has no remaining performance obligations under the applicable agreement.

(g) Research and development expenses

The Company charges research and development expenses to operations as incurred. Research and development expenses primarily consist of salaries and related expenses for personnel and outside contractor and consulting services. Other research and development expenses include the costs of materials and supplies used in research and development, prototype manufacturing, clinical studies, related information technology and an allocation of facilities costs.

(h) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred income 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 income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided to reduce the carrying amount of deferred income tax assets if it is considered more likely than not that some portion, or all, of the deferred income tax assets will not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company has elected to classify interest and penalties related to unrecognized tax benefits as part of income tax expense in the consolidated statements of comprehensive loss. The Company does not have any accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense related to unrecognized tax benefits recognized for the three and six months ended September 30, 2018 and 2017.

In December 2017, the US Tax Cuts and Jobs Act was signed into law. Generally, this Act reduces corporate rates from a top rate of 35% to a top rate of 21%, effective January 1, 2018. As the Company's US operations are minimal, and all deferred tax assets are fully allowed for, there is no significant impact to the Company as of and for the three and six month periods ended September 30, 2018.

(i) Earnings per share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period. There were no potentially dilutive securities as of September 30, 2018 and 2017. For the six months ended September 30, 2018 and 2017, warrants to purchase 10 million shares of common stock were anti-dilutive and were excluded from the calculation of diluted loss per share. For the three and six months ended September 30, 2018, warrants to purchase 25,000 shares of common stock and 80,000 shares of restricted common stock were considered anti-dilutive and were also excluded from the calculation of diluted loss per share.

(j) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results may differ from those estimates.

(k) Foreign currency translation

The functional currency of the Company is the Great Britain Pound Sterling ("GBP"). The reporting currency is the United States dollar (US$). Stockholders' equity is translated into United States dollars from GBP at historical exchange rates. Assets and liabilities are translated at the exchange rates as of the balance sheet date. Income and expenditures are translated at the average exchange rates prevailing during the reporting period.

The translation rates are as follows:

	Six months ended September 30, 2018 (unaudited)	Six months ended September 30, 2017 (unaudited)	Three months ended September 30, 2018 (unaudited)	Three months ended September 30, 2017 (unaudited)	Twelve months ended March 31, 2018
Period end GBP : US$ exchange rate	1.304	1.340	1.304	1.340	1.403
Average period/yearly GBP : US$ exchange rate	1.324	1.279	1.305	1.283	1.331

Adjustments resulting from translating the financial statements into the United States dollar are recorded as a separate component of accumulated other comprehensive loss in stockholders' equity.

(l) Stock-based compensation

The Company follows ASC 505, Stock Compensation issued to Non-employees, for the accounting and reporting for such awards. Accordingly, for stock-based compensation awards to non-employees, the Company re-measures the fair value of the non-employee awards at each reporting period prior to vesting and finally at the vesting date of the award. Changes in the estimated fair value of these non-employee awards are recognized as stock-based compensation expense in the period of change. For stock based compensation awards to non-employees that have performance based conditions, the Company measures the fair value of the non-employee awards on the date the performance conditions have been satisfied and recognizes that amount as stock based compensation expense in the period that the performance conditions have been attained.

The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model. The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment.

To date, the Company has not granted any stock-based compensation awards to employees.

(m) Deferred offering costs

The Company has deferred the direct costs incurred in connection with the ATM financing facility as a long-term asset under the heading, "deferred offering costs", and will reclassify the amount against the proceeds received from the sale of common stock in connection with the facility as the sales occur.

(n) Recent accounting pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequences of the change to its consolidated financial statements and assures that there are proper controls in place to ascertain that the Company's consolidated financial statements properly reflect the change.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 has been modified multiple times since its initial release. This ASU outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09, as amended, becomes effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted. As an Emerging Growth Company, the Company is allowed to adopt new, or updated, accounting standards using the same time frame that applies to private companies. The Company will adopt this standard on April 1, 2019. Management is currently evaluating the impact of adoption of this ASU on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-02, Leases. The main difference between the provisions of ASU No. 2016-02 and previous U.S. GAAP is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. ASU No. 2016-02 retains a distinction between finance leases and operating leases, and the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous U.S. GAAP. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize right-of-use assets and lease liabilities. The accounting applied by a lessor is largely unchanged from that applied under previous U.S. GAAP. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This ASU is effective for public business entities in fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted as of the beginning of any interim or annual reporting period. As an Emerging Growth Company, the Company is allowed to adopt new, or updated, accounting standards using the same time frame that applies to private companies. The Company will adopt this standard on April 1, 2020. Management is currently evaluating the impact of adoption of this ASU on the Company's consolidated financial statements.

NOTE 4 – LICENSING AGREEMENT

In March 2014, the Company entered into an Exclusive Marketing Rights Agreement with an unrelated third party, that granted to the third party the exclusive right to market and promote the sugarBEAT device and related patches under its own brand in the United Kingdom and the Republic of Ireland, the Channel Islands and the Isle of Man. The Company received a non-refundable, up-front cash payment of GBP 1,000,000 (approximately $1.304 million and $1.403 million as of September 30, 2018 and March 31, 2018, respectively), which is wholly non-refundable, upon signing the agreement.

As the Company has continuing performance obligations under the agreement, the up-front fees received from this agreement have been deferred and will be recorded as income over the term of the commercial licensing agreement beginning from the date of clinical evaluation approval. As the Company expects commercialization of the sugarBEAT device to occur in the year ending March 31, 2019, approximately $98,000 of the deferred revenue has been classified as a current liability.

In April 2014, a Letter of Intent was signed with the third party which specified a 10 year term and in November 2015, a License, Supply and Distribution Agreement with an initial 5 year term was executed. Pursuant to this agreement, the Company grants the exclusive right to market and promote its product in the United Kingdom and purchase the product at specified prices.

In May 2018, the Company signed a commercial agreement with Dallas Burston Ethitronix Limited for all other European territories as part of an equal joint venture agreement. The joint venture intends to seek sub-license rights opportunities to one or more leading companies in the diabetes monitoring space, to leverage their network, infrastructure and resources.

NOTE 5 – RELATED PARTY TRANSACTIONS

Nemaura Pharma Limited (Pharma) and NDM Technologies Limited (NDM) are entities controlled by the Company's chief executive officer and majority shareholder, Dewan F.H. Chowdhury.

In accordance with the United States Securities and Exchange Commission (SEC) Staff Accounting Bulletin 55, these financial statements are intended to reflect all costs associated with the operations of DDL and TCL. Pharma has a service agreement with DDL, to undertake development, manufacture and regulatory approvals under Pharma's ISO13485 Accreditation. In lieu of these services, DDL invoices Pharma on a periodic basis for said services. Services are provided at cost plus a service surcharge amounting to less than 10% of the total costs incurred.

Following is a summary of activity between the Company and Pharma and NDM for the six months ended September 30, 2018 and 2017. These amounts are unsecured, interest free, and payable on demand.

	Six Months Ended September 30, 2018 (unaudited) ($)	Six Months Ended September 30, 2017 (unaudited) ($)	Year Ended March 31, 2018 ($)
Balance due from (to) Pharma and NDM at beginning of period	(613,818)	(687,609)	(687,609)
Amounts invoiced by Pharma to DDL and TCL (1)	(1,149,785)	(239,758)	(842,739)
Amounts repaid by DDL to Pharma	1,038,730	440,266	1,096,767
Amounts paid by DDL on behalf of Pharma	-	19,889	19,889
Amounts received from Pharma	-	-	(145,214)
Foreign exchange differences	82,360	(40,164)	(54,912)
Balance due to Pharma and NDM at end of the period	(642,513)	(507,376)	(613,818)

(1) These amounts are included primarily in research and development expenses charged to the Company by Pharma.

The Company routinely reviews its statement of cash flows presentation of related party transactions for financing or operating classification based on the underlying nature of the item and intended repayment.

NOTE 6 – OTHER ITEMS

(a) Risks and uncertainties

The Company is in the development stage of one primary product that it expects to introduce to the UK market after completion of clinical trials and CE mark approval (European Union approval of the product). The Company has entered into sales and marketing agreements for the product. It has also placed orders for the first commercial batch of transmitter devices with the electronics manufacturer Datalink Limited. It has not entered into exclusive manufacturing agreements with any of its contract manufacturers. Uncertainties still exist with regards to regulatory acceptance of the Company's primary product development efforts and if acceptance is attained, the cost structure to produce the final product.

(b) Preferred shares

On October 5, 2017, the Company entered into common stock exchange agreements with each of its three largest shareholders, to exchange, in the aggregate, 137,324,000 shares of the Company's common stock for 137,324 shares of Series A Convertible Preferred Stock (the "Series A Preferred"). Each share of Series A Preferred is convertible into 1,000 shares of the Company's common stock, automatically upon the occurrence of all of certain triggering events, as set forth in the Certificate of Designation for the Series A Preferred, namely (a) the sugarBEAT® device to be commercialized has CE regulatory approval; (b) retail sales having commenced; and (c) retail sales exceeding USD$5 million, inclusive of advanced sales or voluntarily by the holder after February 7, 2018, if these triggering events have not occurred. Each holder of issued and outstanding Series A Preferred is entitled to a number of votes equal to the number of shares of common stock into which the Series A Preferred is convertible. Holders of Series A Preferred are entitled to vote on any and all matters presented to stockholders of the Company, except as provided by law. The Series A Preferred has no preference to the common stock as to dividends or distributions of assets upon liquidation or winding up of the Company (which has been agreed to by the holders of the Series A Preferred). The Company determined that the fair value of the shares of Series A Preferred issued for the shares of common stock was equivalent to the fair value of the shares of common stock exchanged.

On November 6, 2017, the transactions contemplated by the exchange agreements were consummated and 137,324,000 shares of common stock were cancelled. As a result, the Company had 67,676,000 shares of common stock issued and outstanding as of March 31, 2018.

On June 5, 2018, the three holders of the Company's Series A Preferred each delivered notices of conversion to voluntarily convert their Series A Preferred, in the aggregate amount of 137,324 of Series A Preferred shares, into 137,324,000 shares of common stock. The holders had the right to voluntarily convert each share of Series A Preferred into 1,000 shares of common stock of the Company.

(c) Investor relations agreements

On October 9, 2018, 50,000 shares of common stock were issued to World Wide Holdings, LLC DBA Invictus Resources ("Invictus") as a result of Invictus's exercise of 50,000 warrants on September 24, 2018. On June 27, 2018, the Company entered into a Master Services Agreement with Invictus, pursuant to which for an initial three month term, Invictus shall provide services related to advising and assisting company in developing and implementing appropriate plans and materials for presenting the Company and its business plans, strategy and personnel to the financial community, introducing the Company to the financial community through the use of social media, digital media and other online awareness campaigns. The aggregate fees in the amount of $160,000 are payable to Invictus during the initial three month term. On July 23, 2018 the Board of Directors approved the issuance of a warrant to Invictus exercisable for 75,000 shares of common stock at an exercise price of $0.01 per share. As of September 30, 2018, the Company recognised $114,500 of stock based compensation expense related to the 50,000 warrants that had vested as of that date.

On August 31,2018, the Company entered into an agreement to receive investor relations services from RedChip Companies Inc. The term of the agreement was 1 year, although cancellable after 3 months if certain performance-based conditions are not met, including if the share trade volumes fail to meet an average of 100,000 shares per day minimum. Compensation is partly in cash and partly in restricted stock, 40,000 shares of restricted stock due on the 3 month anniversary and the final 40,000 due on the one-year anniversary, provided performance conditions are met as per the agreement.

(d) Subsequent event

On October 19, 2018, the Company entered into an Equity Distribution Agreement (the “Distribution Agreement”) with Maxim Group LLC, as sales agent (“Maxim”), pursuant to which the Company may offer and sell, from time to time, through Maxim (the “Offering”), up to $20,000,000 in shares of its common stock (the “Shares”). Any shares offered and sold in the Offering will be issued pursuant to the Company's Registration Statement on Form S-3 (File No. 333-210293) declared effective by the Securities and Exchange Commission (the “SEC”) on March 31, 2016, the prospectus and the prospectus supplement relating to the Offering that forms a part of the Form S-3. Subject to the terms and conditions of the Distribution Agreement, Maxim will use its commercially reasonable efforts to sell the Shares from time to time, based on the Company's instructions. Under the Distribution Agreement, Maxim may sell the Shares by any method permitted by law deemed to be an “at-the-market” offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the “Securities Act”), including, without limitation, sales made directly on the Nasdaq Capital Market.

The Company has no obligation to sell any of the Shares. The Company and Maxim may, upon notice to the other party, suspend the Offering for any reason and at any time. The Offering will terminate upon the earlier of (a) October 19, 2019, (b) the sale of all common stock provided for in the prospectus supplement, (c) the earlier termination of the Distribution Agreement by either the Company upon ten (10) days’ prior written notice, or by Maxim, and (d) termination by mutual agreement of the Company and Maxim. The Company intends to use the net proceeds from any “at-the-market” offering for general corporate purposes, which include, but are not limited to, clinical trials to support a US FDA submission, product launch in Europe and the development of new applications for the technology platform, specifically Lactic acid monitoring in the first instance. Under the terms of the Distribution Agreement, Maxim will be entitled to a commission at a fixed rate of 3% of the gross sales price of Shares sold under the Distribution Agreement. The Company will also reimburse Maxim for certain expenses incurred in connection with the Distribution Agreement, and agreed to provide indemnification and contribution to Maxim with respect to certain liabilities under the Securities Act and the Securities Exchange Act of 1934, as amended.

From October 31, 2018 through November 6, 2018, the Company issued 33,900 shares of its common stock through the Distribution Agreement and is expecting to receive proceeds of $66,813.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview:

The Company has experienced recurring losses and negative cash flows from operations. At September 30, 2018, the Company had approximate cash and fixed rate cash account balances of $3,786,000, working capital of $2,912,000, total stockholders' equity of $2,050,000 and an accumulated deficit of $10,876,000. To date, the Company has in large part relied on equity financing to fund its operations. Additional funding has come from related party contributions. The Company expects to continue to incur losses from operations for the near-term and these losses could be significant as product development, regulatory activities, clinical trials and other commercial and product development related expenses are incurred.

Management's strategic assessment includes the following potential options:

• obtaining regulatory approval for the sugarBEAT device;
• pursuing additional capital raising opportunities, in addition to the Equity Distribution Agreement entered into on October 19, 2018 by the Company and Maxim pursuant to which the Company may offer and sell, from time to time, through Maxim, up to $20,000,000 in shares of the Company's common stock;
• exploring licensing opportunities; and
• developing the sugarBEAT device for commercialization.

Results of Operations

Comparative Results for the Six Months Ended September 30, 2018 and 2017

Revenue

There was no revenue recognized in the six months ended September 30, 2018 and 2017. In 2014, we received an upfront non-refundable cash payment of approximately GBP 1 million (approximately $1.304 million, $1.340 million and $1.403 million as of September 30, 2018, September 30, 2017 and March 31, 2018, respectively) in connection with an Exclusive Marketing Rights Agreement with an unrelated third party that provides the third party the exclusive right to market and promote the sugarBEAT device and related patch under its own brand in the United Kingdom and the Republic of Ireland. We have deferred this licensing revenue until we complete our continuing performance obligations, which include securing successful CE marking of the sugarBEAT patch, and we expect to record the revenue in income over an approximately 10 year term from the date CE marking approval is obtained. Although the revenue is deferred at September 30, 2018, the cash payment became immediately available and was being used to fund our operations, including research and development costs associated with obtaining the CE marking approval.

Research and Development Expenses

Research and development expenses were $1,051,821 and $358,285 for the six months ended September 30, 2018 and 2017, respectively. This amount consisted primarily of expenditure on sub-contractor activities, consultancy fees and wages and demonstrated continuing expenditure for improvements made to the sugarBEAT device. The increase of $693,536 is due to increases in these costs as the sugarBEAT product is nearing commercial launch.

General and Administrative Expenses

General and administrative expenses were $867,499 and $506,551 for the six months ended September 30, 2018 and 2017, respectively. These consisted of fees for legal, professional, audit services, investor relations, charitable donations and wages. The increase of $360,948 was due to increases in professional fees as the CGM device enters clinical trials and legal fees incurred as the Company prepares for future product launch, expenses relating to investor relations activities plus $65,000 in charitable donations. We expect general and administrative expenses to remain at similar levels going forward in the long term, as there will continue to be professional, consultancy, investor relations and legal fees associated with potential fundraising.

Other Comprehensive Income/(Loss)

For the six months ended September 30, 2018 and 2017, other comprehensive (loss)/income was ($273,092) and $362,064, respectively, arising from foreign currency translation adjustments.

Comparative Results for the Three Months Ended September 30, 2018 and 2017

Revenue

There was no revenue recognized in the three months ended September 30, 2018 and 2017. In 2014, we received an upfront non-refundable cash payment of GBP 1 million (approximately $1.304 million and $1.340 million at September 30, 2018 and 2017, respectively, and $1.40 million at March 31, 2018) in connection with an Exclusive Marketing Rights Agreement with an unrelated third party that provides the third party the exclusive right to market and promote the sugarBEAT device and related patch under its own brand in the United Kingdom and the Republic of Ireland. We have deferred this licensing revenue until we complete our continuing performance obligations, which include securing successful CE marking of the sugarBEAT patch, and we expect to record the revenue in income over an approximately 10 year term from the date CE marking approval is obtained. Although the revenue is deferred at September 30, 2018, the cash payment became immediately available and was being used to fund our operations, including research and development costs associated with obtaining the CE marking approval.

Research and Development Expenses

Research and development expenses were $622,282 and $209,087 for the three months ended September 30, 2018 and 2017, respectively. This amount consisted primarily of expenditures on sub-contractor activities, consultancy fees and wages and demonstrated continuing expenditures for improvements made to the sugarBEAT device. The increase of $413,195 is due to increases in these costs as the sugarBEAT product is nearing commercial launch.

General and Administrative Expenses

General and administrative expenses were $525,075 and $238,429 for the three months ended September 30, 2018 and 2017, respectively. These expenses consisted primarily of fees for legal, professional, audit services, investor relations, charitable donations and wages. We expect general and administrative expenses to remain at similar levels going forward in the long term, as there will continue to be professional, consultancy, investor relations and legal fees associated with potential fundraising.

Other Comprehensive Income/(Loss)

For the three months ended September 30, 2018 and 2017, other comprehensive (loss)/income was ($38,483) and $159,309 respectively, arising from foreign currency translation adjustments.

Liquidity and Capital Resources

We have experienced net losses and negative cash flows from operations since our inception. We have sustained cumulative losses of $10,875,510 through September 30, 2018. We have historically financed our operations through the issuances of equity and contributions of services from related entities.

At September 30, 2018, the Company had net working capital of $2,912,130 which included cash and short-term fixed rate cash account balances of $3,786,398. The Company reported a net loss of $1,139,275 for the three months ended September 30, 2018.

While our current cash level (including fixed rate cash accounts) is sufficient for the completion of the clinical studies and the initial scale up of our manufacturing, our long term business plan is contingent upon our ability to raise additional funds. This may include a combination of debt, equity and licensing fees. If we are not successful in raising the funds needed in the specified timelines, the target dates for the achievement of the milestones will be extended.

We believe the current cash position as of September 30, 2018 is adequate for our current level of operations through September 2019, and for the achievement of certain of our product development milestones. In addition, the Distribution Agreement with Maxim provides the ability to offer and sell up to $20,000,000 in shares of common stock to increase the cash position. Our plan is to utilize the cash on hand to complete the following:

- Establish commercial manufacturing operations for commercial supply of the sugarBEAT device and patches.
- Obtain CE approval of the body worn miniaturised device with Bluetooth connectivity.
- Continue clinical and human factor studies to support a US FDA submission.

In November 2015, we received proceeds of $10,000,000 in connection with the private placement of 5 million shares and warrants for up to 10 million shares of our common stock. The warrants have an exercise price of $0.50 per share of common stock and expire on January 25, 2023.

Cash Flows

Net cash used in operating activities for the six months ended September 30, 2018 was $1,541,667 which reflected our net loss of $1,902,429, offset by non-cash stock-based compensation of $114,500, an increase in liability due to related parties of $84,896, a decrease in accrued interest receivable of $980 and a decrease in prepayments and other receivables of $9,258 as well as by changes in accounts payable and accrued expenses of $141,472.

Net cash used in operating activities for the six months ended September 30, 2017 was $967,616 which reflected our net loss of $800,818, increased by a reduction in liability due to related parties of $221,735, an increase in accrued interest receivable of $54,295 and a rise in prepayments and other receivables of $17,347 and offset by changes in accounts payable and accrued expenses of $111,548.

Net cash provided by investing activities was $1,316,934 for the six months ended September 30, 2018, which reflected $1,324,000 returned from the maturity of a fixed rate savings account, but reduced by the expenditures made in developing intellectual property, primarily related to patent filings of $7,066.

Net cash provided by investing activities was $614,215 for the six months ended September 30, 2017, which reflected $639,460 returned from the maturity of a fixed rate savings account, but reduced by the expenditures made in developing intellectual property, primarily related to patent filings of $25,245.

Net cash provided by financing activities for the six months ended September 30, 2018 was $500 related to the exercise of 50,000 warrants at $0.01 per share. The Company incurred $108,450 of deferred offering costs in connection with the execution of the Distribution Agreement on October 19, 2018; however, these costs were still payable as of September 30, 2018 and are therefore included in non-cash financing activities for the six month period ended September 30, 2018.

For the six months ended September 30, 2017, there were no financing activities.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with research and development, income taxes and intangible assets.

The Company's financial position, results of operations and cash flows are impacted by the accounting policies the Company has adopted. In order to get a full understanding of the Company's financial statements, one must have a clear understanding of the accounting policies employed. A summary of the Company's critical accounting policies follows:

Research and Development Expenses: The Company charges research and development expenses to operations as incurred. Research and development expenses primarily consist of salaries and related expenses for personnel and outside contractor and consulting services. Other research and development expenses include the costs of materials and supplies used in research and development, prototype manufacturing, clinical studies, related information technology and an allocation of facilities costs.

Income taxes: Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided to reduce the carrying amount of deferred income tax assets if it is considered more likely than not that some portion, or all, of the deferred income tax assets will not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company has elected to classify interest and penalties related to unrecognized tax benefits as part of income tax expense in the consolidated statements of comprehensive loss.

Intangible Assets: Intangible assets primarily represent legal costs and filings associated with obtaining patents on the Company's new discoveries. The Company amortizes these costs over the shorter of the legal life of the patent or its estimated economic life using the straight-line method. The Company tests intangible assets with finite lives upon significant changes in the Company's business environment and any resulting impairment charges are recorded at that time.

Revenue Recognition: Revenue is recognized when the four basic criteria of revenue recognition are met: (1) a contractual agreement exists; (2) transfer of rights has been completed; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured.

The Company may enter into product development and other agreements with collaborative partners. The terms of the agreements may include non-refundable signing and licensing fees, milestone payments and royalties on any product sales derived from collaborations.

The Company recognizes up front license payments as revenue upon delivery of the license only if the license has stand-alone value to the customer. However, where further performance criteria must be met, revenue is deferred and recognized on a straight-line basis over the period the Company is expected to complete its performance obligations.

Royalty revenue will be recognized upon the sale of the related products provided the Company has no remaining performance obligations under the agreement.

Stock-based compensation: The Company follows ASC 505, Stock Compensation issued to Non-employees, for the accounting and reporting for such awards. Accordingly, for stock-based compensation awards to non-employees, the Company re-measures the fair value of the non-employee awards at each reporting period prior to vesting and finally at the vesting date of the award. Changes in the estimated fair value of these non-employee awards are recognized as stock-based compensation expense in the period of change. For stock-based compensation awards to non-employees that have performance based conditions, the Company measures the fair value of the non-employee awards on the date the performance conditions have been satisfied and recognizes that amount as stock based compensation expense in the period that the performance conditions have been attained.

The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model. The assumptions used in calculating the fair value of stock-based awards represent management’s best estimates and involve inherent uncertainties and the application of management’s judgment.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The Company's exposure to interest rate risk is minimal. We have no bank borrowings and, although we have placed funds on deposit to earn interest during the year, these are of fixed-term and fixed-rate and therefore offer little exposure to interest rate risk.

Foreign Exchange Risk

Our foreign currency exposure gives rise to market risk associated with exchange rate movements against the US dollar, our reporting currency. Currently, the majority of our expenses and cash and fixed rate deposits are denominated in Pounds Sterling, with the remaining portion denominated in US dollars. Fluctuations in exchange rates, primarily the US dollar against the Pound Sterling, will affect our financial position. At September 30, 2018, the Company held approximately $3.7 million in GBP-denominated bank and fixed rate cash accounts. Based on this balance, a 1% depreciation of the Pound against the US dollar would cause an approximate $37 thousand reduction in cash and fixed rate deposit account balances.

We have not utilized any hedging instruments in order to mitigate the foreign currency risk.

Inflation

Historically, with UK inflation rates having been low in recent years, inflation has not had a significant effect on our business in the UK, the location of the substantial part of our activities.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Dr. Dewan F.H. Chowdhury, our Chief Executive Officer and Mr. Iain S. Anderson, our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to a company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures. Based on this evaluation, management concluded that our disclosure controls and procedures were not effective as of September 30, 2018, at the reasonable assurance level due to a material weakness in our internal control over financial reporting, which is described below.

Changes in Internal Control over Financial Reporting

As of September 30, 2018, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated our internal control over financial reporting. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that there were changes in our internal control over financial reporting during the three month period ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as detailed below.

As described in our Annual Report on Form 10-K for the year ended March 31, 2018, management assessed the effectiveness of our internal control over financial reporting as of March 31, 2018. In making this assessment we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). As a result of its assessment, management identified material weaknesses in our internal control over financial reporting. Based on the material weaknesses as described below, management concluded that our internal control over financial reporting was not effective as of March 31, 2018. Accordingly, our internal control over financial reporting is not effective as of September 30, 2018 because of the material weaknesses identified and described below.

A material weakness is a deficiency, or 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. As a result of our assessment, management identified the following material weaknesses in internal control over financial reporting as of March 31, 2018:

· *Our size has prevented us from being able to employ sufficient resources to enable us to have an adequate level of supervision and segregation of duties within our internal control system.* This has resulted in a number of internal control deficiencies. Specifically,

· there is a lack of segregation of duties in the processing of financial transactions which could result in inappropriate initiation, processing and review of transactions and the financial reporting of such transactions whether due to errors or fraud;

· there is a lack of review and approval of journal entries which could result in the improper initiation and reporting of transactions; and

· there is a lack of access controls and documentation over the Company's IT applications which could result in the improper initiation and reporting of significant transactions.

· *Management has identified that there is a lack of adequate financial expertise related to the assessment of complex transactions and a lack of adequate resources to review out of the ordinary transactions and arrangements of the Company*. This could result in the improper reporting of significant transactions or arrangements.

· *Related party transactions.* Specifically, there are limited policies and procedures to ensure that financial statement disclosures reconcile fully to the underlying accounting records and that Board approval of these transactions is not documented.

In addition, during the three months ended September 30, 2018, material weaknesses were identified for the accounting and reporting in the following complex areas:

- Deferred offering costs and cutoff for accrued expenses were not properly accounted for.
- Stock based compensation was not properly accounted for.
- Preparation of condensed consolidated financial statements.

The material weaknesses that occurred in the three-month period ended September 30, 2018 related to complex accounting issues and supported the view that there is a lack of adequate financial expertise related to the assessment of complex transactions and a lack of adequate resources to review out of the ordinary transactions and arrangements of the Company.

Notwithstanding the identified material weaknesses, management believes the consolidated financial statements included in this Quarterly Report on Form 10-Q fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

Remediation of Material Weaknesses

We are in the process of implementing improvements and remedial measures in response to the material weaknesses, including:

· Assembling a team from our finance department to be responsible for the preparation of financial statements under U.S. securities laws, including hiring additional qualified personnel such as a CFO with US listed company experience.

· In assembling this team, the Company intends to put in place controls to segregate duties in the processing of key transactions, controls to ensure the review and approval of journal entries and controls to ensure that access to IT systems is limited to authorized users and adequately documented based on the applications and their functions within the organization.

· We have continued to engage with a third party consulting firm to help us assess our current internal control over financial reporting against COSO 2013, as well as identifying a gap analysis, suggest improvements in controls, and assist us in testing our control systems. Further testing has occurred of certain controls, including purchasing processes, payment processes, and month end closing procedures. In addition, an initial assessment of IT general controls has been conducted, with a view to assessing the current situation and strengthening these controls where deemed necessary. The Company has set a target to design and implement controls that will address the material weaknesses by March 31, 2019. The independent advisers have agreed to a table of work to complete all controls reviews, implementation and testing in this timeframe and the Company has committed to meeting this timeframe. However, as this process is ongoing and there will need to be sufficient time to ensure implemented controls are operating effectively, there is no assurance that all material weaknesses will be fully remediated by March 31, 2019.

· Requiring our finance personnel to participate in annual in-house or public US GAAP training courses; and

· Implementing stronger internal controls and processes over related party transactions including segregating reviews and approvals, as well as continuing efforts to reduce the amount and volume of related party transactions; and

· Continuing to develop and formalize the activities of the audit committee. The committee will be helped by an outsourced internal audit department to review our internal control processes, policies and procedures to ensure compliance with the Sarbanes-Oxley Act of 2002.

In addition to the immediate remediation plan, we intend to put our efforts, in the coming year, in improving our control environment detailed below:

· Ongoing assessment of our current Internal Control Over Financial Reporting against COSO 2013 and the requirements set forth by Sarbanes-Oxley Act Section 404. This task will be conducted by an independent expert.

· Continued testing of the operating effectiveness of the controls that have been identified and implemented in order to prevent misstatement of the financial statements. In addition, the Company will focus on the design and implementation of Key Performance Indicators (KPIs) in order to measure the quality of the processes in place, and the efficiency of the controls.

Certain aspects of this plan were implemented in the year ended March 31, 2018 and other aspects are expected to be implemented on, or around, the time that we are prepared to take our sugarBEAT product to market.

Further information regarding our remediation plans is contained in our Annual Report on Form 10-K for the year ended March 31, 2018. While we are continuing to address these issues, we have not completed any of these remedial actions as of the date of this report.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits listed on the Exhibit Index below are provided as part of this report.

Exhibit No.	Document Description
31.1	Certification of the Principal Executive Officer pursuant to Rule 13A-14(A)/15D-14(A) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Principal Financial and Accounting Officer pursuant to Rule 13A-14(A)/15D-14(A) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Principal Executive Officer pursuant to Rule 13A-14(A)/15D-14(A) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Principal Financial and Accounting Officer pursuant to Rule 13A-14(A)/15D-14(A) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
101	Interactive Data Files (1)

(1) Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be filed by the Company for purposes of Section 18 or any other provision of the Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEMAURA MEDICAL INC.

Dated: November 6, 2018

/s/ Dewan F.H. Chowdhury

Dewan F.H. Chowdhury
Chief Executive Officer (Principal Executive Officer)

Dated: November 6, 2018

/s/ Iain S. Anderson

Iain S. Anderson
Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

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Certification of Chief Executive Officer
Pursuant to Rule 13A-14(A)/15D-14(A)
of the Securities Exchange Act of 1934

I, Dewan F.H. Chowdhury, Chief Executive Officer (Principal Executive Officer), certify that:

I have reviewed this Quarterly report on Form 10-Q for the period ended September 30, 2018 of Nemaura Medical Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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 control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

By: /s/ Dewan F.H. Chowdhury
Dewan F. H, Chowdhury
Chief Executive Officer and President
(Principal Executive Officer)

Dated: November 6, 2018

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Rule 13A-14(A)/15D-14(A)
of the Securities Exchange Act of 1934

I, Iain S Anderson, Chief Financial Officer (Principal Financial and Accounting Officer), certify that:

I have reviewed this Quarterly report on Form 10-Q for the period ended September 30, 2018 of Nemaura Medical, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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 control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

By: /s/ Iain S. Anderson
Iain S. Anderson
Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: November 6, 2018

CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AND EXCHANGE ACT RULES 13a-14(b) AND 15d-14(b) (Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of Nemaura Medical Inc. on Form 10-Q for the period ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

(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 the operation of the Company.

Dated: November 6, 2018

By: /s/ Dewan F.H. Chowdhury

Dewan F.H. Chowdhury
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AND EXCHANGE ACT RULES 13a-14(b) AND 15d-14(b) (Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of Nemaura Medical Inc. on Form 10-Q for the period ended September 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

(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 the operation of the Company.

Dated: November 6, 2018

By: /s/ Iain S. Anderson

Iain S. Anderson
Chief Financial Officer
(Principal Financial and Accounting Officer)