

ANNUAL REPORT 2010



PACIFIC EDGE LTD

Glossary

Assay. Chemical reactions that allow detection or quantification of substances or biomarkers in samples.

Biomarker. A characteristic that is objectively measured and evaluated as an indicator of normal biologic or pathogenic processes or pharmacological responses to a therapeutic intervention.

Biopsy. Sample of tissue from a living body extracted for diagnostic purposes.

Classification. The division of a disease into medically relevant subtypes, such as aggressive and nonaggressive subclasses of tumours in oncology.

Clinical Trial. A single statistically significant trial for patients with disease. The results of the trial provide performance statistics for the test and are written up and published in a peer reviewed journal.

Colonoscopy. Invasive endoscopic examination of the large colon and the end section of the small bowel with a CCD camera or a fibre optic camera on a flexible tube passed through the anus. Frequently used to diagnose colorectal cancer and other colon diseases.

DNA. Deoxyribonucleic acid. The carrier of genetic information for all complex organisms. DNA consists of four different bases bound to a sugar phosphate backbone: adenine (A), cytosine (C), guanine (G), thymine (T). The genetic information is encoded in the sequence of four bases.

Endoscope. Optical device for the inspection of body cavities and minimally invasive surgery. See also colonoscopy.

Endoscopy. Visual inspection of body cavities by use of an endoscope.

False-positive rate. Percentage of healthy individuals, falsely identified as sick due to the imprecision of a diagnostic procedure.

FDA. Food and Drug Administration. U.S. government agency responsible for the approval of drugs and medical devices (e.g. IVD tests).

Incidence. Number of new cases per year in a specific disease indication.

Indication. A valid reason to use a certain test, medication, procedure or surgery.

In vitro. In a test tube.

IVD. In vitro diagnostic.

Milestone payment. One-time payment between contractual parties upon reaching important goals with collaboration.

Molecular classification test. Diagnostic test that, based on the analysis of DNA or RNA allows the more precise classification of a disease in clinically or pathologically relevant subgroups.

Molecular Diagnostics. Diagnostics based on genetic and epigenetic information.

Monitoring. The tracing of potential recurrence or assessment of progression of a disease.

Non exclusive licensing model. Strategy for the commercialisation of patents by which several licensees in a geographic region obtain the rights to use one or more patents for the same application.

Nonexclusive partnerships. Business partnerships of a company with several other companies in which each of the collaborations [pursues the same or similar goals].

Oncology. The branch of medicine that studies tumours (cancer) and seeks to understand their development, diagnosis, treatment and prevention.

PCR. Polymerase chain reaction. Method to multiply a section of the DNA in a test tube.

Prognosis. Prediction of how a patient's disease will progress, and the chance of recovery.

Prototype assay. Prototype of a test procedure as a starting point for the development of diagnostic products.

Reagents. Chemical substances needed for the performance of an assay.

Relapse. Disease return following treatment to the primary or distant organ.

Recurrence. Disease return following medical intervention (see relapse).

Research market. Market for laboratory equipment and supplies not intended for therapeutic or diagnostic use in humans or animals.

RNA. Ribonucleic acid. Molecule build of similar components as DNA that mainly as an information carrier is involved in the use of genetic information to direct the synthesis of proteins. Compared to DNA, RNA is chemically and biologically considerably less stable.

RT PCR. Real-time PCR. PCR in which the amplification of a DNA segment is continuously measured.

RUO. Research-Use-Only. Label for products only intended for research applications.

Screening. The systematic and preventative mass screening of an asymptomatic population for early detection of disease.

Sensitivity. The measure of a test's ability to accurately detect the presence of a disease. For example, a sensitivity of 90% means that out of 100 patients which actually have the disease, on average 90 are correctly diagnosed.

Specificity. The measure for a test's ability to exclude a disease if it is truly not present. For example, a specificity of 90% means that out of 100 healthy people ten are falsely identified as having the disease.

Surveillance. Tight surveillance of individuals at high risk of developing a disease by using diagnostic procedure.

Test kit. Test reagent kit. A set of reagents, consumables and processing instructions necessary to perform a diagnostic laboratory test.

Test panel. Combination of different biomarkers in a diagnostic test.

Tumour. A mass of excess tissue that results from abnormal cell division.

Urologist. Specialist clinicians for urological diseases and disorders.

Validation. Establishing documented evidence that a process or system, when operated within established parameters, can perform effectively and reproducibly and meet its predetermined specifications and quality attributes.

Contents

Company Directory	4
Annual Report of Directors.....	6
Chairman's and Chief Executive's Report.....	8
Directors' Responsibility Statement	29
Statement of Comprehensive Income.....	31
Statement of Changes in Equity.....	32
Balance Sheet	33
Cash Flow Statement.....	34
Notes to the Financial Statements.....	35
Additional Stock Exchange Information	55
Auditors' Report.....	57

Company Directory

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)

For the Year ended 31 March 2010

Issued Capital

150,828,761 Ordinary Shares
190,625 Series A Convertible Shares
300,000 Redeemable Shares (Part Paid)

Registered Office

Level 8 Otago House
481 Moray Place
Dunedin

Directors

C J Swann – Chairman
D Band
J D Cochrane
C E Dawson
P Foster
A Masfen
A E Reeve

Chief Executive Officer

David Darling

Auditors

PricewaterhouseCoopers
Dunedin

Bankers

Bank of New Zealand
Dunedin

Solicitors

Anderson Lloyd Lawyers
481 Moray Place
Dunedin

Securities Registrar

Link Market Services Limited
138 Tancred St
Ashburton

Accountants

Deloitte
Otago House
481 Moray Place
Dunedin

Company Number

DN 1119032

Date of Formation

17th May 2001

Nature of Business

Develop and commercialise new diagnostic and prognostic tools for the early detection and management of cancers.

Company Directory

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

Pacific Edge Scientific Advisory Board

Pacific Edge has a world class Scientific Advisory Board (see table below). The skills, experience and capability cover a range of disciplines from clinical medicine and pathology through to commercial biotechnology research and development.

The members of the team that are based in New Zealand spend significant time in Pacific Edge's offices and laboratories reviewing progress and advising on science and strategy. Regular visits to New Zealand by the international members provide a strong linkage to international issues and opportunities while enabling us to keep abreast of the rapidly changing technology.

Name	Title and Affiliation
Prof. Anthony Reeve	<i>Director of Cancer Genetics Laboratory</i> Department of Biochemistry; Director of Otago Genomics Facility University of Otago; New Zealand <i>Chairman of Scientific Advisory Board</i> Pacific Edge Limited
Dr. Parry Guilford	<i>Chief Scientific Officer</i> Pacific Edge Limited
Prof. Murray Brennan	<i>Professor of Cancer Surgery</i> Memorial Sloan Kettering Cancer Centre; USA
Prof. Bryan Williams	<i>Director Monash Institute of Medical Research</i> Monash University; Australia
Prof. Osamu Ogawa	<i>Professor and Chairman Department of Urology</i> Kyoto School of Medicine; Japan
Dr. Paul Spence	<i>Chief Scientific Officer</i> NeuroMolecular; USA
Prof. Nik Kasabov	<i>Head of Knowledge Engineering Discovery Research Institute.(KEDRI)</i> Chair of Knowledge Engineering, School of Computer and Information Sciences Auckland University of Technology; New Zealand
Dr. Ian Morison	<i>Head of Department</i> <i>Consultant Haematologist Southern Community Laboratory</i> <i>Professor of Pathology</i> Dunedin School of Medicine
Dr. Mike Sullivan	<i>Senior Lecturer in Paediatrics</i> Christchurch School of Medicine; University of Otago; New Zealand
Assoc. Prof. Han Seung Yoon	<i>Professor Pathology</i> Clinical Director of Anatomical Pathology School of Medicine; University of Otago; New Zealand

Annual Report of Directors

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

The Directors present their Annual Report including Financial Statements of the Company for the year ended 31 March 2010.

Section 211 of the Companies Act 1993 requires the following disclosures:

The business of the Company is developing and commercialising new diagnostic and prognostic tools for the early detection and management of cancers.

The nature of the Company's business has not changed during the year.

Auditors

The Company's Auditors are PricewaterhouseCoopers. Audit fees payable for the year were \$14,815. PricewaterhouseCoopers are willing to continue as the Company Auditors.

Directors' Disclosures

The following disclosures were recorded in the interest register:

Share Dealings

Person/or Associated Persons	No. Sold	Class Sold	No. Purchased	Class Purchased
A.G.H.Masfen			3,897,901	Ordinary Shares

Directors' Remuneration

Directors' remuneration paid was as follows:

Directors' Fees	2010 \$	2009 \$
C.J.Swann (Chairman)	15,000	15,000
D.C.Band	10,000	10,000
J.D.Cochrane	10,000	10,000
C.E.Dawson	10,000	10,000
J.P.Foster	10,000	10,000
C.D Farmer (Resigned 28 August 2008)	-	5,000
A.E.Reeve	-	-
A.G.H.Masfen	-	-
Total	55,000	60,000

Annual Report of Directors

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

Other Remuneration	2010 \$	2009 \$
A E Reeve – Consultancy Fee	25,501	39,032

The following Directors held office at 31 March 2010:

C J Swann (Chairman), D Band, J D Cochrane, C E Dawson, P Foster, A Masfen and A E Reeve.

No other person was a Director at any time during the year.

The Board of Directors received no notices from Directors wishing to use Company information received in their capacity as Directors, which would not have ordinarily been available.

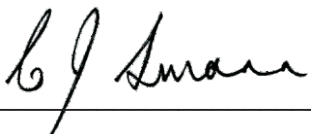

Donations

The Company made no donations during the year.

Employee Remuneration

Employee Remuneration	2010	2009
Employees receiving remuneration or benefits in excess of \$100,000 were as follows:		
\$120,000 - \$130,000	-	-
\$130,000 - \$140,000	-	1
\$150,000 - \$160,000	1	-
\$200,000 - \$210,000	1	1

For and on behalf of the Board of Directors,

Director  Director 

Dated the 30th day of June 2010.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010



PACIFIC EDGE LTD

Pacific Edge Ltd (PEB) is a biomedical company specialising in the discovery and commercialisation of diagnostic and prognostic products for the early detection and management of cancer.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

.....Our Mission.....

“To improve patient outcomes and provide superior returns to our shareholders and benefits to other stakeholders by developing and commercialising innovative solutions for the early detection and management of cancer”

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

.....Rising to the challenge and reaching our goals.....

This year Pacific Edge will:

- Complete the development of its retail laboratory and bring to the Australian and New Zealand urologists the commercial test **Cxbladder™**.
- Generate product revenue and move the company towards a cash positive position.
- Complete negotiations toward the commercialisation of this product from central service laboratories in other key markets.
- Develop the market ready version of our colorectal cancer prognostic gene signature *Cxcolorectal*.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

At Pacific Edge we set ourselves the goal to develop innovative molecular diagnostic tests that address unmet needs in cancer diagnosis and monitoring.

These tests need to be simple, easy to use, have high utility and greater accuracy for the clinician.

We expect that these tests will be non invasive and provide a level of information for the clinician and patient not previously seen in the field. This is a big mandate for a small team of people and we have risen to the challenge with four late stage products of which two have successfully completed their clinical trials, one of which is now in the market.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

.....The year of 2009 2010 in summary.....

“The Company reached major milestones this financial year with the successful completion of the clinical trials for the bladder cancer detection test and the European clinical trial for our colorectal cancer prognostic gene signature. The major focus over the last 12 months has been the set-up and undertaking of these clinical trials by the Company and its partners”

Pacific Edge has successfully completed its prospective, international, multi centre, clinical trial for its bladder cancer detection technology recruiting a total of 457 patients from clinical sites in New Zealand and Australia. As a result the Company has now completed the development of its commercial product for the detection of bladder cancer, **Cxbladder™**. This is the first product for the Company and represents a significant commercial milestone.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

Signature Diagnostics (SDX) has successfully completed a multi centre international clinical trial for Pacific Edge's prognostic signature for colorectal cancer. This is the Company's second product and will join *Cxbladder*[™] in the market in 2011.

The bladder cancer detection test, *Cxbladder*[™] will provide urologists and general practitioners with a test that is significantly more accurate than other urine tests in common usage. The test was released to Australian and New Zealand urologists at their annual scientific meeting in Perth on the 24th of February this year.

There are approximately 300 practising urologists in Australasia and approximately 15,000 in the USA. The Australasian market provides an excellent opportunity for the Company to develop their commercial process prior to commercialising the test in other countries. The test involves the collection of a small amount of the patient's urine that will be analysed in the Company's Dunedin laboratory. A dedicated retail laboratory for this commercial service is expected to be completed in mid 2010.

A significant commercial outcome has also been achieved with the successful completion of the retrospective clinical study in Europe validating Pacific Edge's colorectal cancer prognostic gene signature. Our European licensee has confirmed their plans to launch a commercial product utilising Pacific Edge's colorectal cancer gene signature. This new product is expected to be available to clinicians in Europe as a central laboratory service starting in late 2010.

Europe is the second largest healthcare market in the world after the US, representing approximately 30% of global health care spending.

Colorectal cancer has the fourth highest incidence of all cancers, creating a large impact worldwide with over 1.1 million new cases annually. Colorectal cancer has a particularly high incidence in Japan, Australia, New Zealand, Europe and North America. It is anticipated that this year over 530,000 people globally will die from the disease.

This new product meets a large unmet clinical need for patients diagnosed with colorectal cancer. The assay identifies patients with Stage II or III colorectal cancer whose disease is aggressive and likely to recur after surgery and who would benefit from additional treatment. The identification of those patients at greatest risk represents a new product for clinicians and effective use of our new test by clinicians could be expected to lead to better treatment and more lives saved.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

Further development work progresses on the Company's melanoma prognostic assay and the gastric cancer diagnostic test. These two tests will be in validation studies during the coming 12 months and on successful completion of validation, to clinical studies prior to the market entry. These tests, in development, broaden the Company's portfolio of products.

Further significant commercial milestones have been achieved with Pacific Edge's bladder cancer detection patent being issued in Singapore during the year and the Company expects other countries to follow suit over the ensuing 18 months.

The Company has recorded a net loss of \$2,528,374 for the year ended 31 March 2010, compared to a budgeted loss of \$2,839,254 for the year ended 31 March 2010. This compares to a recorded net loss of \$2,464,278 for the year ended 31 March 2009. A significant proportion of the Company's expenditure for the 2010 financial year was on the Company's clinical trial for its bladder cancer detection technology **Cxbladder**[™].

As a matter of policy, the Company continues to write off all research and development expenditure until the point at which products or projects provide reasonable certainty of cost recovery. The Company over this period has made further significant investment in intellectual property protection, product development and in the clinical trial for the Company's bladder cancer detection assay.

.....Commercialising our technology.....

“We have begun the build of a world-leading cancer diagnostics company that offers tests that make a significant difference in the early detection and monitoring of cancer”

Currently, tools available to clinicians and physicians fall well short of the accuracy required for the early intervention and accurate monitoring of patients. The global market potential for these new tools in cancer alone is expected to be greater than USD\$ 5.5 billion by 2012.

Molecular diagnostic products are addressing large unmet diagnostic needs for cancer. They will provide patients with informative and timely information to aid in the successful intervention and treatment of these invasive diseases.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

..... **Cxbladder™**

“Pacific Edge launched **Cxbladder™**, the first commercial test for the Company, in February of 2010. This bladder cancer detection technology is innovative and accurate, has high clinical utility and is expected to replace and supplement some existing technology in use in urology today”

A multi centre international clinical trial has been successfully completed involving the recruitment of 467 patients from New Zealand and Australia. Analysis completed in February 2010 shows that the test has met its primary clinical end point of identifying bladder cancer significantly more accurately than commercially available tests benchmarked in the trial. **Cxbladder™** detects 100% of T1, 100% of T2, 100% of Tis tumors and 96% of high-grade tumors. The test has an overall sensitivity of 84% at a specificity of 85%.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

..... A year of achievement: Bladder cancer detection test.....

“Clinical trials for the Company's test for early detection of bladder cancer and the Company's test for prognosis of colorectal cancer have been our major focus for the year. Significant investment has been made in the clinical trial for bladder cancer detection.

Our licensee Signature Diagnostics (SDX) has completed the clinical trial for the validation of the Company's prognostic gene signature for colorectal cancer”

We achieved a great outcome for both technologies with the launch of the bladder cancer detection test that was made to Australian and New Zealand urologists at the Urology Society of Australia and New Zealand, USANZ, annual scientific meeting in February 2010 and the release of the colorectal cancer prognostic gene signature at the American Society of Oncology (ASCO) meeting.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

Pacific Edge announced the clinical trial performance of the **Cxbladder™** test in Perth on Monday 22nd of February. Peter Davidson, a renowned New Zealand urologist and the lead clinical investigator in this research, presented the scientific performance of **Cxbladder™** to the Australasian urologists and medical professionals at their annual scientific meeting. The scientific meeting hosted 600 delegates with urologists from New Zealand, Australia, US, Singapore, South Africa, United Kingdom, Ireland, Indonesia, Hong Kong, Malaysia and Papua New Guinea.

The Company's bladder cancer detection test, **Cxbladder™**, is a fast, non-invasive assay that quantitatively measures the expression of five genes in a small sample of patient urine. The test has met the primary clinical end point of identifying bladder cancer significantly more accurately than the commercially available tests used in the study. **Cxbladder™** enables the early detection of bladder cancer from a small volume of urine. The presentation in Perth reported on the performance of **Cxbladder™** the new commercial product developed from the clinical trial data. **Cxbladder™** showed an approximate over all sensitivity that was 30% better than urine cytology and 40% better than the competitor test NMP22. Its performance was most notable for the detection of tumours of high grade, and middle and late stage, where it correctly identified greater than 96% of cases with 85% specificity. These tumours are of particular concern to urologists and the tests high performance provides an opportunity to improve patient outcome and lower overall costs of treatment.

Approximate sensitivity of **Cxbladder™** for stage 1 TCC compared with other commercially available bladder cancer tests

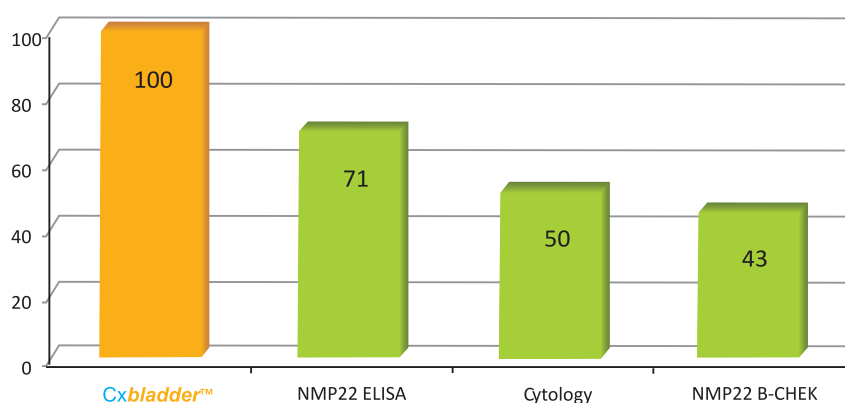


Figure 1 Significant increase in performance of **Cxbladder™** relative to the commercially available tests that were used as benchmarks in the clinical study

A significant recent outcome from the ongoing monitoring of patients in the trial shows that three of the patients that initially tested positive with **Cxbladder™** but were negative in the clinical work-up have subsequently been shown to have bladder cancer. This is a significant outcome as it provides urologists with strong evidence that **Cxbladder™** sees tumours that the standard clinical work-up has missed.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

.....A year of achievement: Colorectal cancer prognostic gene signature completes clinical trial.....

“Pacific Edge’s colorectal cancer prognostic gene signature is the second commercial product for the Company and it joins the Company’s recently launched bladder cancer detection test **Cxbladder™”**

Pacific Edge recently announced the successful completion of the European clinical trial of our prognostic gene signature for colorectal cancer. The clinical trial results for Pacific Edge’s gene signature were presented at the annual scientific meeting of the American Society of Clinical Oncology (ASCO) by our European licensee Signature Diagnostics (SDX) in early June in Chicago.

The Company's prognostic gene signature has been successfully validated by SDX using an independent set of frozen tumour tissue from 164 UICC Stage II and III colorectal cancer patients. Within the five-year observation period, 72 patients experienced disease progression while no progression was seen in 92 patients. The validation study demonstrated a sensitivity of 64%; a specificity of 63 %; a positive predictive value (PPV) of 58%; and a negative predicted value (NPV) of 69%. In particular, the positive predictive value of 58% underpins the clinical utility and provides the justification for adjuvant treatment for high-risk patients. The clinical study showed that the prognostic gene signature identifies 51% of all Stage II / Stage III patients having a high-risk of disease progression.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

..... A year of achievement: Patents issue in Europe, New Zealand, USA, Australia and Singapore

Several of the Company's patents have completed international examination in key jurisdictions and significant milestones have been achieved with the issue of a number of the Company's patents.

Patent Issued	Geography
Bladder Cancer	NZ, Singapore
Colorectal Cancer	NZ
Gastric Cancer	NZ
Adaptive Learning for Medical Application Software	NZ, USA, Aust
Melanoma	NZ
Thrombocytopenia	Europe

Table 1 Recently issued patents for Pacific Edge in NZ, Singapore, USA, Australia and Europe

The recent issue of our bladder cancer patent in Singapore and New Zealand is commercially very significant and helps our commercialisation. In the 2009-2010 financial year the Company invested \$360,484 compared to \$500,839 for 2008-2009 financial year in intellectual property management and protection. Pacific Edge continues to make significant investments in intellectual property as this is the cornerstone of the Company's ability to commercialise products.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

..... Commercial diagnostic services for bladder cancer.....

“Pacific Edge has put in place a centralised service laboratory in Dunedin, New Zealand to provide a service to Australian and New Zealand urologists for use of the Company's new bladder cancer detection technology **Cxbladder™**”

The *Cxbladder™* test, from this facility, will be made available to urologists in Australia and New Zealand for the testing and monitoring of patients presenting with haematuria. The urologist will use the Company's sample kit and send back a small sample of the patient's urine for analysis in the Dunedin laboratory. This retail laboratory will also enable the Company to complete the commercial and technical features of the test to enable the Company to offer the test as a turn-key process to selected licensees or the Company's own retail service subsidiaries.

This facility has the design capability to carry out approximately 35,000 *Cxbladder™* tests per annum. The laboratory service went live in May 2010 and the new retail laboratory is expected to have a completed fitout in late June 2010. The Australasian market has 300 urologists of whom approximately 240 are in Australia and 60 in New Zealand. The market potential in Australia and New Zealand, for patients presenting with haematuria, is expected to be in excess of 50,000 tests per annum. Ultimately *Cxbladder™* has significant value for the General Practitioner (GP) who is often the first point of reference for patients with haematuria.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

With **Cxbladder™** it would be possible for the GP to triage out those patients who would not need to progress to the urologist and hence save the cost of that significant clinical work-up and its invasive procedures.

Pacific Edge have developed a proprietary sampling kit to help the urologists collect and send the small sample of urine to the central laboratory. The sample kit will be manufactured in Europe to service the Company's expected demand globally. The kit utilises a proprietary buffer in a small tube with the buffer minimising any degradation of the sample from collection through transport to the laboratory.

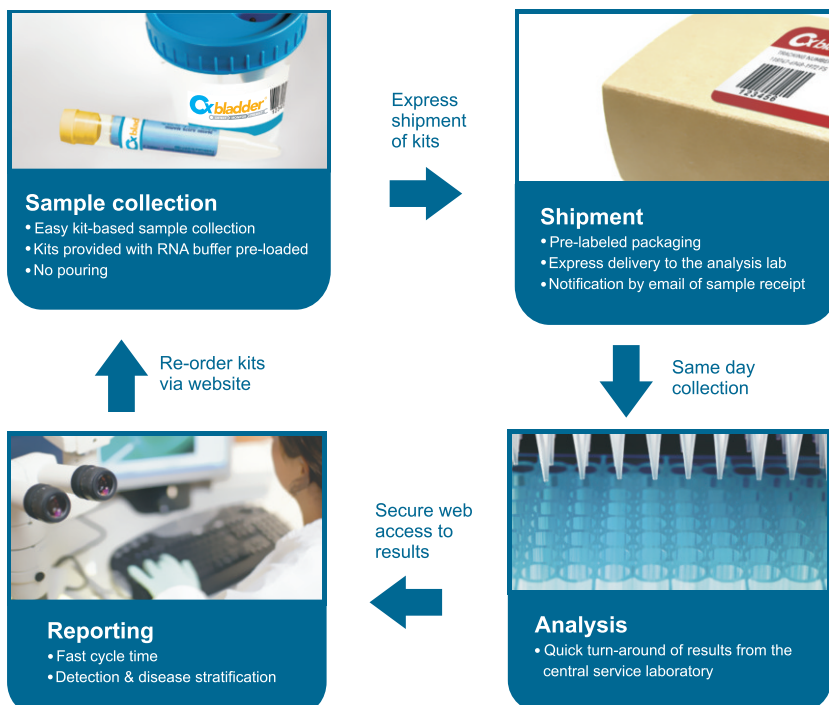


Figure 2 Sampling kit and sample process for Cxbladder™

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

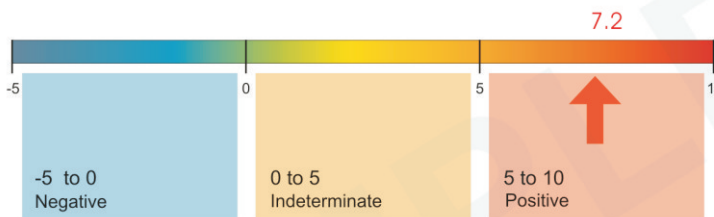
On receipt of the sample at the central laboratory, the Company's laboratory management system will send an e-mail to the urologist noting the arrival of the specific sample. On completion of analysis, a largely automated two-hour process, the urologist will be notified of the availability of the patient's customised report.

The report, in Figure 3 below provides specific performance information for each of the five biomarkers and an integrated score indicating the presence, or not, of bladder cancer.

Patient Report: 142853
Name: Smith, John
D.O.B.: 1939 / 10 / 20
NHI: 0U812



Composite Score **7.2**



Proliferation	7	Urine Concentration	Pass
Tumour Progression	6	Urine Blood Content	Pass
Differentiation	6	Repeat Sample Requested	NO
Apoptosis	5		
Stromal Response	8		

COMMENTS:

1. The Composite Score indicates the presence of transitional cell carcinoma.
2. Urine concentration and sample blood content screens were acceptable for effective sample analysis.

Figure 3 Pacific Edge's laboratory report available, per patient sample to the urologist from his secure web portal

.....Bladder cancer market need.....

“The market for the detection and monitoring of bladder cancer is significant and underserved by existing tools. Opportunity exists at the point of primary triage, the General Practitioner (GP), to screen out those people who would otherwise receive a referral to the urologist and an otherwise unnecessary cystoscopy”

Bladder cancer has the highest total medical costs of any cancer, driven in part by the very high recurrence rate of 50% - 90%, with approximately 15% - 30% of these recurring as later stage tumours. The surveillance of patients who have been diagnosed with bladder cancer extends for at least five years from the time of first diagnosis. Surveillance is currently carried out by urologists using invasive cystoscopy, often accompanied by one or more cytologies. The Company's test is designed to replace cytology and to also be used as an adjunct to cystoscopy. Its use is predicted to not only improve the quality of surveillance but also lead to a decrease in the frequency of cystoscopies.

Chairman's and Chief Executive's Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

With the need to do extensive, invasive monitoring by cystoscopy and the repetitive nature of treatment, bladder cancer has the highest total medical costs of any cancer.

When a patient observes blood in their urine, this is often the first indication that they may have bladder cancer. In fact, between 10% and 20% of these patients will have bladder cancer. Their first call is often to their GP and frequently the GP will obtain a cytology analysis from a urine sample before referring that patient onto a specialist urologist. The challenge for the GP is that the cytology has very poor sensitivity and many cancers will be missed.

Pacific Edge sees this unmet need as a great opportunity to offer the GP a significantly more accurate test with a fast turn around time to enable the early detection of bladder cancer. The test will also provide the GP with the ability to segregate patients who have either superficial or more invasive cancer. This will ensure that patients with the most aggressive diseases are prioritised for rapid treatment.

The urologist will go on to evaluate the patient and this will often mean diagnosis using cystoscopy with a follow-up evaluation using cytology. With the performance of **Cxbladder™**, it is our proposal to offer this test to urologists to replace cytology and to provide this adjunct treatment to accompany cystoscopy in both detection and monitoring of the patient. On detection of the bladder cancer usually by the invasive procedure, cystoscopy, a bladder biopsy is performed to provide a confirmatory pathologic sample prior to staging and then treatment.

Most bladder tumours are progressive and have a high recurrence rate. This feature requires clinical monitoring over a five year period, often by cystoscopy where a patient can receive as many as 6 invasive cystoscopies in the first year followed by four per year for the next four years.

This course of clinical monitoring is invasive and onerous leading often to poor patient compliance. It is our proposal to offer **Cxbladder™** to urologists to replace some invasive cystoscopies and to act as an adjunct when cystoscopy is carried out.

The expected value propositions for the **Cxbladder™** test are listed in Table 2 below.

Cxbladder™ Value Propositions For Detection and Monitoring of Bladder Cancer
Replace cytology
Replace NMP22
Provide an adjunct to Cystoscopy
Replace some Cystoscopies (lengthen the time between Cystoscopies)

Table 2 **Cxbladder™ value propositions to the urologist**

..Colorectal cancer market need..

“Presently, there are no validated clinical parameters or biomarkers in use to identify patients with a high-risk of disease progression. If this risk could be determined, a substantial number of patients with Stage II / III disease would benefit from adjuvant chemotherapy in addition to surgery”

Globally, colorectal cancer (CRC) is the fourth most common cancer. In 2007 there were approximately 1,100,000 cases diagnosed worldwide and approximately 530,000 people died of the disease. The American Cancer Society estimates that there were 149,000 new cases of CRC diagnosed in the US in 2009. Of these diagnosed cases, 280,000 patients are diagnosed with Stage II and Stage III CRC. Approximately 30% of the patients with Stage II and roughly 50% of those with Stage III experience disease progression including distant metastasis of the liver and lung or local recurrence within three to five years after surgery. If the cancer spreads to distant organs, the five year survival rate for these patients is only 8% making the early detection of those patients with an aggressive disease a significant medical breakthrough.

.....How these tests work.....

“Every cell in the body contains around 30,000 genes which dictate every feature of the cells development, survival and behaviour. The genes send messages around the cell using a molecule called messenger RNA, which in turn leads to the encoding of proteins. The proteins are the active molecules that carry out the processes required by the cell”

Cancers develop when critical genes get damaged and start becoming either over or under active. The activity of specific genes can be measured by determining the amount of messenger RNA they produce. At Pacific Edge we have used a technique called ‘gene expression microarrays’ to measure the activity of each of the 30,000 genes in tumour tissue compared to healthy tissue in the same patient for many patients with cancer. By doing these microarrays on hundreds of patient samples we have been able to identify the genes which are consistently ‘switched on’ in different cancers. Having identified the critical genes, we then design specific tests to measure either the RNA or protein that is encoded by the gene. In each of our products, we measure several different RNAs or proteins to increase the test’s overall accuracy.

Chairman's and Chief Executive's Report

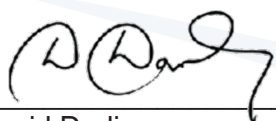
Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

A critical part of the validation phase in the development of a diagnostic test involves measuring the RNA or protein antigens present in clinical samples obtained from patients with either the cancer in question or a non-malignant disease which may mimic aspects of cancer. The analysis of these samples in a reproducible and repetitive way enables us to refine our tests and subsequently decrease the likelihood of obtaining false positive results in our commercial tests.

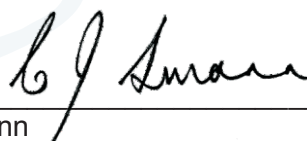
Our prognostic tests (melanoma and colorectal cancer) have been developed in a similar way, although, rather than comparing normal and healthy tissue by microarray, we have compared tumour tissue from patients who have not relapsed with tumour tissue from patients who have had relapsed. These comparisons have given us complex combinations of RNAs that correlate strongly with the risk of relapse.

Once our test prototypes have been developed, it is necessary to conduct formal, independent clinical trials to provide definitive proof in a real clinical setting that these tests are accurate and better than existing commercial products.

Signed:



David Darling
Chief Executive Officer



Chris Swann
Chairman

Dated the 30th day of June 2010.

Directors' Responsibility Statement

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 March 2010 and its financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

CORPORATE GOVERNANCE

Role of the Board

The Board of Directors of Pacific Edge Limited is elected by the shareholders to supervise the management of the Company. The Board establishes: the Company's objectives; strategies for achieving these objectives; the overall policy framework within which the business of the Company is conducted; monitors management's performance; and ensures that procedures are in place to provide effective internal financial control. The day-to-day management responsibilities of the Company have been delegated to the Chief Executive Officer.

Board Membership

The Board currently comprises seven non-executive Directors including the Chairman. In accordance with the Company's constitution one third, or the number nearest to one third, retire by rotation at each annual meeting. The Directors to retire are those who have been longest in office since their last election. Directors retiring by rotation may, if eligible, stand for re-election. A Director appointed since the previous annual meeting holds office only until the next annual meeting but is eligible for re-election at that meeting.

Sub Committees

The Board forms subcommittees for designated tasks to be addressed. Such subcommittees include the the Funding Subcommittee and the Remuneration Subcommittee.

Directors' Responsibility Statement

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

Internal Financial Control


The Board has overall responsibility for the Company's system of internal financial control. The Directors have established procedures and policies that are designed to provide effective internal financial control. Annual budgets and business plans are prepared, and agreed by the Board. Financial statements are prepared monthly and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.


The Directors have pleasure in presenting the financial statements, set out on pages 31 to 54 for Pacific Edge Limited for the year ended 31 March 2010.

The Board of Pacific Edge Limited authorised these financial statements for issue on 30th June 2010.

For and on behalf of the Board of Directors,

Chairman 

Director 

Chief Executive Officer 

Dated the 30th day of June 2010.

Statement of Comprehensive Income

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

	Notes	2010 \$	2009 \$
OPERATING REVENUE			
Consultancy Fees & Contract Income		-	220,132
Grants Received	4	614,633	270,762
Interest Earned		55,220	105,626
Other Income		20,000	120,000
R&D Tax Claim Rebate	7	238,310	-
Currency Exchange Gain		-	11,384
Total Operating Revenue		928,163	727,904
LESS EXPENSES			
Audit Remuneration - Audit Fees		12,000	11,650
- Other Assurance Services		2,815	2,715
		<u>14,815</u>	<u>13,825</u>
Directors' Fees		55,000	60,000
Depreciation	5	97,175	117,176
Currency Exchange Loss		78	-
Intellectual Property - Amortisation	10	1,314	2,254
Leases - Rent of Premises	6	124,320	124,320
- Copier		8,071	3,043
		<u>132,391</u>	<u>127,363</u>
Research - Employee benefits		1,217,947	1,052,445
- Contract Services		-	129,860
- Consultants		83,734	43,467
- Clinical Trials		795,726	554,142
- Consumables		109,157	157,315
- Patents/Trademarks		360,484	500,839
- License fee written off		83,333	-
- Other (Research)		65,429	61,274
		<u>2,715,810</u>	<u>2,499,342</u>
Other Expenses		439,954	372,222
Total Expenses		3,456,537	3,192,182
NET (LOSS) BEFORE TAX		(2,528,374)	(2,464,278)
Income Tax Expense	7	-	-
NET (LOSS) AFTER TAX		(2,528,374)	(2,464,278)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) AFTER TAX		(2,528,374)	(2,464,278)
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic Earnings per share	3	(0.017)	(0.022)
Diluted Earnings per share	3	(0.017)	(0.022)

Statement of Changes in Equity

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

	Notes	2010 \$	2009 \$
EQUITY AT START OF YEAR		257,171	2,425,908
(LOSS) FOR YEAR			
Net (Loss) After Tax		(2,528,374)	(2,464,278)
(Total Comprehensive Income/Loss)		(2,528,374)	(2,464,278)
OTHER MOVEMENTS			
Owners Contribution	15	3,504,247	295,541
Issue Expenses	15	(104,141)	-
Total Other Movements		3,400,106	295,541
EQUITY AT END OF YEAR		1,128,903	257,171
EQUITY COMPRISES:			
Ordinary Shares			
Opening Balance		18,978,919	18,683,378
Shares Issued		3,400,106	295,541
Closing Balance	15	22,379,025	18,978,919
Accumulated Losses			
Opening Balance		(18,721,748)	(16,257,470)
Net (Loss) After Tax for the year		(2,528,374)	(2,464,278)
Closing Balance	16	(21,250,122)	(18,721,748)
EQUITY AT END OF YEAR		1,128,903	257,171

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements.

Balance Sheet

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
As At 31 March 2010

	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	956,406	253,663
Receivables	9	224,561	299,913
Income Tax Refund Due	7	260,816	5,579
Total Current Assets		1,441,783	559,155
NON-CURRENT ASSETS			
Intangibles - Intellectual Property	10	-	1,314
Property, Plant & Equipment	11	359,237	336,144
Total Non-Current Assets		359,237	337,458
TOTAL ASSETS		1,801,020	896,613
CURRENT LIABILITIES			
Payables and Accruals	12	478,492	445,817
Redeemable Shares (Part Paid)	13	3,000	3,000
Series A Convertible Preference Shares	14	190,625	190,625
Total Current Liabilities		672,117	639,442
TOTAL LIABILITIES		672,117	639,442
NET ASSETS		1,128,903	257,171
Represented by:			
EQUITY			
Share Capital	15	22,379,025	18,978,919
Accumulated Losses	16	(21,250,122)	(18,721,748)
TOTAL EQUITY		1,128,903	257,171

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements.

Cash Flow Statement

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

	Notes	2010 \$	2009 \$
CASH FLOWS TO OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers & Grants		611,184	261,617
Net GST received		25,949	-
Interest Received		55,220	112,496
		692,353	374,113
Cash was disbursed to:			
Payments to Suppliers & Employees		3,149,521	2,827,781
Net GST Paid		-	24,729
Income Tax Paid		16,927	-
		3,166,448	2,852,510
Net Cash Flows to Operating Activities	19	(2,474,095)	(2,478,397)
CASH FLOWS TO INVESTING ACTIVITIES:			
Cash was disbursed to:			
Capital Expenditure on Plant and Equipment	11	120,268	128,546
Net Cash Flows to Investing Activities		(120,268)	(128,546)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash was received from:			
Ordinary Shares Issued	15	3,504,247	121,924
Share funds in advance from shareholders	12	-	103,000
		3,504,247	224,924
Cash was disbursed to:			
Issue Expenses	15	104,141	-
Share funds in advance refunded		103,000	162,467
		207,141	162,467
Net Cash Flows From Financing Activities		3,297,106	62,457
Net Increase/(Decrease) in Cash Held		702,743	(2,544,486)
Add Opening Cash Brought Forward		253,663	2,798,149
Ending Cash Carried Forward		956,406	253,663
Comprised of:			
Bank of New Zealand Cheque Account		94,335	1,775
Bank of New Zealand Call Accounts		812,149	251,888
Bank of New Zealand Short Term US\$ Deposits		49,922	-
Ending Cash Carried Forward		956,406	253,663

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

1. GENERAL INFORMATION

The Financial Statements presented is for the entity Pacific Edge Limited, a Company registered under the Companies Act 1993. The Company is registered and domiciled in New Zealand for the purpose of developing and commercialising new diagnostic and prognostic tools for the early detection and management of cancers.

These financial statements have been approved for issue by the Board of Directors on 30 June 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pacific Edge Limited ("The Company") is a reporting entity under the Financial Reporting Act 1993. The Company is an issuer for the purposes of the Financial Reporting Act 1993. These Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"); and the Companies Act 1993. They comply with International Financial Reporting Standards, the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit oriented entities.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

The Financial Statements are presented in New Zealand dollars, which is the functional currency of the Company. All figures are rounded to the nearest dollar.

The accounting principles recognised as appropriate for the measurement and reporting of earnings, cash flows and financial position on an historical cost basis have been used.

(a) Property, Plant and Equipment

Property, Plant and Equipment are those assets held by the Company for the purpose of carrying on its business activities on an ongoing basis. All Property, Plant and Equipment is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. The cost of purchased assets includes the original purchase consideration given to acquire the assets, and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. This includes the laboratory equipment for the establishment of the laboratory.

(b) Depreciation

Depreciation of plant and equipment is based on writing off the assets over their useful lives.

Main rates used are:

Laboratory Equipment	11.4% to 26.4% D.V
Office & Computer Equipment	14.4% to 60% D.V

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

(c) Research and Development Costs

Research is the original and planned investigation undertaken with the prospect of gaining new scientific knowledge and understanding. This includes: direct and overhead expenses for diagnostic and prognostic biomarker discovery and research; pre-clinical trials; and costs associated with clinical trial activities. All research costs are expensed when incurred.

Development is the application of research findings to a plan or design for the production of new or substantially improved processes or products prior to the commencement of commercial production.

When a project reaches the stage where it is reasonably certain that future expenditure can be recovered through the process or products produced, expenditure that is directly attributed or reasonably allocated to that project is recognised as a development asset. The asset will be amortised from the date of commencement of commercial production of the product to which it relates on a straight-line basis over the period of expected benefit. Development assets are reviewed annually for any impairment in their carrying value. To date, all costs incurred have been considered to be research and have been expensed.

(d) Intellectual Property

The costs of acquired Intellectual Property are recognised at cost and amortised on a straight-line basis over its anticipated useful life, which is currently assessed at four to five years. All Intellectual Property has a finite life. The carrying value of Intellectual Property is reviewed for impairment.

The following costs associated with Intellectual Property are expensed as incurred during the research phases of a project, and are only capitalised when incurred as part of the development phase of a process or product within development assets - Internal Intellectual Property costs including the costs of patents and patent application.

(e) Goods & Services Tax

The Statement of Comprehensive Income and Cash Flow Statement have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables.

(f) Share Capital

Ordinary shares are described as equity. Redeemable Shares (Part Paid) and Series A Convertible Preference Shares (SACP) are classified as liabilities.

Issue expenses including commission paid, relating to the issue of ordinary share capital, has been written off against the issued share price received and recorded in the Statement of Changes in Equity.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

(g) Financial Instruments

Financial instruments carried forward in the Balance Sheet include cash and bank balances, receivables and trade creditors. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(h) Receivables

Receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

(i) Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Revenue Recognition

Revenue is measured at the fair value of consideration received.

- Operating revenues represent the gross revenue from commercial operations in the ordinary course of business and are recognised when earned.
- Consultancy fees are recognised when invoiced.
- Grants are recognised when received and conditions relating to the grants are fulfilled. Grants are for reimbursement of laboratory costs.
- Interest Income is recognised when earned.

(l) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

(m) Operating Leases

Operating leases are charged on a straight-line basis over the term of the lease.

(n) Employee Entitlements

Employee benefits are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, long service leave entitlements expected to be settled within 12 months.

(o) Critical Accounting Estimates and Assumptions

In preparing these financial statements the Company made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations or future events that are believed to be reasonable under the circumstances. The main estimates and assumptions used are depreciation of fixed assets and amortisation of Intellectual Property. It is not expected that these estimates and assumptions will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(p) Cash Flow Statement

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Company invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

(q) Income Tax

The income tax expense recognised for the year is based on the accounting profit adjusted for non-taxable and non deductible differences. Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements in accordance with NZ IAS 12. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

(r) Employee Share Scheme

Employee share options under an employee share scheme are recorded at fair value of the employee services received in exchange for the grant of options and are recognised as an expense. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted.

(s) Impairment of Non-financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount.

The total impairment loss is recognised in the Statement of Comprehensive Income.

(t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

(u) Standards or Interpretations not yet effective

Various standards, amendments and interpretations have been issued by the Accounting Standards Review Board but not yet been adopted by Pacific Edge Limited as they are not yet effective.

NZ IAS 24: Related Party Disclosures (revised 2009)

NZ IAS 24 was revised in November 2009 and is effective for the Financial Statements issued for the fiscal years beginning on or after 1 July 2011.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

The amendment to the standard affected primarily the definition of related party. Whilst the change to that definition is significant, application of the amended criteria would not have resulted in identification of any further parties related to the Company. Also, the amended disclosure requirements include “commitments”. The existing process of identification of related party transactions within the Company has not included a review of commitments. The frequency of such transactions occurring is likely to be low. All the other disclosures required in the amended standard are already being made by the Company.

NZ IFRS 9: Financial Instruments – Phase 1: Classification and Measurement

NZ IFRS 9 Phase 1 was issued in November 2009 and is effective for the financial statements issued for the fiscal years beginning on or after 1 January 2013.

The new standard simplifies the classification criteria for financial assets, comparing to the current requirements of NZ IAS 39, which results in a reduced number of categories of financial assets and some consequential amendments to disclosures required by NZ IAS 1 “Presentation of Financial Statements” and NZ IFRS 7 “Financial Instruments: Disclosures”. The Company’s financial assets currently fall into the category of “Loan receivables” within NZ IAS 39 classification. If NZ IFRS 9 was adopted, these assets would have met the definition of the category of “Financial assets measured at amortised cost”. However, their measurement and disclosure would not have been affected. The Company would not have any transactions to disclose under the new NZ IAS 1 and NZ IFRS 7 disclosure requirements relating to gain or loss arising on derecognition of financial assets measured at amortised cost.

Other standards, amendments and interpretations to existing standards have been published and are mandatory for the Company’s accounting periods beginning on or after 1 January 2010 or later, but the Company has not early adopted them as they are not applicable to the Company, or the interpretation of the standards as clarified by amendments was the same as already applied by the Company.

Application of these standards, amendments and interpretations is not expected to have a material impact on Pacific Edge Limited financial position, results and cash flows in the period of initial application.

(v) New and amended standards adopted by the Company

The Company has adopted the following new and amended IFRSs as of 1 January 2009:

- NZ IFRS 7 ‘Financial instruments – Disclosures’ (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

- NZ IAS 1 (revised). 'Presentation of Financial Statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a Statement of Comprehensive Income. As a result the Company presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated Statement of Comprehensive Income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- NZ IFRS 8 'Operating Segments' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about operating segments. The standard no longer identifies these segments as primary and secondary, but refers to operating segments on the basis of internal reports that are regularly reviewed by the chief operating decision maker. As a change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

3. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares (note 15).

	2010 \$	2009 \$
Loss attributable to equity holders of the Company	(2,528,374)	(2,464,278)
Weighted average number of ordinary shares in issue	150,828,761	111,892,687
Earnings per share	(0.017)	(0.022)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has two categories of dilutive potential ordinary shares: Redeemable shares and Series A Convertible Preference shares (SACP). Both categories are assumed to have been converted into ordinary shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share option.

	2010 \$	2009 \$
Loss attributable to equity holders of the Company	(2,528,374)	(2,464,278)
Weighted average number of ordinary shares in issue	150,828,761	111,892,687
Adjustments for:		
- Assumed redemption of redeemable shares	33,333	21,898
- Assumed conversion of Series A Convertible Preference Shares (SACP)	1,334,375	1,334,375
Weighted average number of ordinary shares for diluted earnings per share	152,196,469	113,248,960
Earnings per share	(0.017)	(0.022)

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

4. GRANTS RECEIVED

During the 2010 financial year the Company received a grant from the Foundation for Research, Science and Technology. This grant is for 50% reimbursement of costs relating to the Colorectal Cancer Prognostic Assay. Qualifying costs have to meet the objectives for the grant before they are approved for reimbursement. This grant finished at the end of 2010 and no amounts are required to be repaid.

5. DEPRECIATION

	2010 \$	2009 \$
Laboratory Equipment		
General Laboratory	38,960	40,684
Storage	1,347	1,831
Tissue Preparation	1,156	1,571
Array	9,200	12,501
Cell Culture	1,043	1,284
Centrifuge	3,903	4,716
Electrophoresis	1,103	1,498
Multiplex Project Equipment	20,120	27,338
Computer/Office Equipment	20,343	25,753
Total Depreciation	97,175	117,176

6. RELATED PARTIES

The Company paid consultancy fees to A E Reeve, a Director. The fees charged were on normal terms and conditions and totalled \$25,001 (2009 \$39,032). At balance date no fees were outstanding relating to these transactions (2009 \$22,667).

A significant shareholder, the University of Otago provided rental space and car parking to the Company costing \$124,320 (2009 \$124,320).

Key management remuneration, inclusive of current benefits, consists of:
Dr. Parry Guilford (Chief Scientific Officer) \$134,000;
David Darling (CEO) \$220,500.

Mr CJ Swann, the Chairman, is a Consultant at Deloitte. During the year the Company paid accounting and tax fees to Deloitte of \$74,198 (2009: \$51,813). At balance date \$17,911 was outstanding (2009: \$13,179).

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

7. INCOME TAX

The Company has incurred an operating loss for the 2010 financial year and no income tax is payable.

	2010	2009
	\$	\$
Net (Loss) before tax	(2,528,374)	(2,464,278)
Tax at 30% (2008 30%)	(758,512)	(739,283)
Less: not recognised as a deferred tax asset	758,512	739,283
Income Tax Payable	-	-

There are tax losses that are available to be carried forward and offset against future taxable income, if various conditions required by income tax legislation are complied with. At 31 March 2010, the losses totalled approximately \$18,319,000 (2009 approximately \$15,700,000). The potential benefit of these losses at 30% is approximately \$5,495,700 (2009 \$4,710,000).

There is a tax refund receivable of \$260,816 (2009 \$5,579). This refund includes RWT deducted from interest earned of \$22,506, which will be received during the 2010-2011 financial year, and a 2009 Research & Development Tax rebate of \$238,310 which was received in April 2010.

At 31 March 2010, \$238,310 is owing from the IRD for Research and Development tax claim rebate. The Company was eligible to claim a 15% tax credit for qualifying Research and Development expenditure in the 2008 / 2009 income tax year. This amount was subsequently received in April 2010. Legislation enacted in 2008 repealed the Research and Development tax credit for later income tax years.

8. CASH & CASH EQUIVALENTS

	2010	2009
	\$	\$
Bank of New Zealand Cheque Account	94,335	1,775
Bank of New Zealand Call Accounts	812,149	251,888
Bank of New Zealand Short Term US\$ Deposits	49,922	-
Total Cash & Cash Equivalents	956,406	253,663

9. RECEIVABLES

	2010	2009
	\$	\$
Debtors & Prepayments	209,915	280,785
GST Refund Due	14,646	19,128
Total Receivables	224,561	299,913

No receivables are past due at 31 March 2010 (2009 Nil).

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

10. INTANGIBLES - INTELLECTUAL PROPERTY

	2010 \$	2009 \$
Intellectual Property (Gross) at Cost	2,511,269	2,511,269
Accumulated Amortisation at Beginning of Year	(2,509,955)	(2,507,701)
Unamortised Balance at Beginning of Year	1,314	3,568
Current Year Amortisation	(1,314)	(2,254)
Unamortised Balance At End Of Year	-	1,314
Comprising:		
Intellectual Property (Gross)	2,511,269	2,511,269
Accumulated Amortisation	(2,511,269)	(2,509,955)
Total Intangibles – Intellectual Property	-	1,314

Ordinary Shares were issued to the University of Otago in 2002 in consideration for the purchase of Intellectual Property.

11. PROPERTY, PLANT & EQUIPMENT

	Laboratory Equipment	Office & Computer Equipment	Total
Cost			
Balance at 1 April 2008	1,143,825	297,999	1,441,824
Additions	111,459	17,087	128,546
Balance at 31 March 2009	1,255,284	315,086	1,570,370
Balance at 1 April 2009	1,255,284	315,086	1,570,370
Additions	90,000	30,268	120,268
Balance at 31 March 2010	1,345,284	345,354	1,690,638
Accumulated Depreciation			
Balance at 1 April 2008	864,303	252,797	1,117,100
Depreciation expense	91,423	25,753	117,176
Disposals	(50)	-	(50)
Balance at 31 March 2009	955,676	278,550	1,234,226
Balance at 1 April 2009	955,676	278,550	1,234,226
Depreciation expense	76,832	20,343	97,175
Balance at 31 March 2010	1,032,508	298,893	1,331,401
Carrying Amounts			
At 1 April 2008	279,522	45,202	324,724
At 31 March 2009 & 1 April 2009	299,608	36,536	336,144
At 31 March 2010	312,776	46,461	359,237

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

12. PAYABLES AND ACCRUALS

	2010 \$	2009 \$
Trade Creditors	293,885	168,046
Accrued Expenses	28,230	56,709
Employee Entitlements (refer below)	156,377	118,062
Monies received in advance from shareholders	-	103,000
Total Payables and Accruals	478,492	445,817

Payables and accruals are non-interest bearing and are normally settled on 30 day terms, therefore their carrying value approximates their fair value.

Employee Entitlements:	2010 \$	2009 \$
PAYE Tax	28,289	13,383
Holiday Pay	100,749	79,741
Accrued Wages	27,339	24,938
	156,377	118,062
Comprising:		
Current	156,377	118,062
Non-Current	-	-
Total Employee Entitlements	156,377	118,062

13. REDEEMABLE SHARES

Part Paid	2010 \$	2009 \$
Redeemable shares (Part Paid)	3,000	3,000
Total Redeemable Shares	3,000	3,000

These shares relate to an Employee Share Ownership Plan (ESOP). This is due to terminate within the 2011 financial year, once the two subscribers of the remaining 300,000 shares (\$3,000 at 1 cent per share) have either converted their Redeemable Shares to Ordinary Shares or been repaid in cash. As these shares provide a right of redemption, they are included as a liability.

The Redeemable shares were originally issued in the ESOP on 26 August 2004. Following a subsequent reduction in the share price for Ordinary Shares, the Directors decided to cancel the scheme and offer all redeemable shareholders repayment in cash or the equivalent value in Ordinary Shares. The Scheme was cancelled on 31 July 2006. Consequently, the remaining value of the options to convert to Ordinary Shares in the ESOP, that had not been previously expensed, was expensed immediately.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

14. SERIES A CONVERTIBLE PREFERENCE SHARES

	Shares	2010 \$	2009 \$
Opening Balance	190,625	190,625	303,625
Non-cash Conversion to ordinary shares	-	-	(113,000)
Closing Balance	190,625	190,625	190,625

There are 190,625 (2009: 190,625) Series A Convertible Preference Shares (SACP) on issue. The original agreement was for each Series A Convertible Preference shareholder having the right to convert, upon election, to five Ordinary Shares and then entitled to five votes. However, the Directors have decided to increase the Ordinary Share entitlement to seven Ordinary Shares, based on the fair value of recent share issues.

These shares can be redeemed for cash at their purchase price of \$1 per share; therefore they are classified as liabilities. There are no rights to any dividends (fixed or cumulative) attached to these shares. On liquidation, the holders of the Series A Convertible Preference Shares will be entitled to receive cash in preference to the holders of Ordinary Shares.

If all Series A Convertible Preference Shares (SACP) on issue at balance date were converted to Ordinary Shares this will total 1,334,375 shares (at the current level of entitlement 1:7). Because these shares have an entitlement equivalent to the fair value of ordinary shares, they are stated at fair value at balance date.

15. SHARE CAPITAL

	2010 \$	2009 \$
Ordinary Shares	22,379,025	18,978,919
Total Share Capital	22,379,025	18,978,919

There are 150,828,761 (2009: 111,892,687) Ordinary Shares on issue.

All fully paid shares in the Company have equal voting rights and equal rights to dividends. All Ordinary Shares are fully paid and have no par value.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

SHARE CAPITAL	Shares	2010 \$	2009 \$
Opening Balance	111,892,687	18,978,919	18,683,378
Non-cash: Conversion from Series A Convertible Preference Shares	-	-	113,000
Non-cash: Conversion from Redeemable Shares	-	-	7,000
New issues: Direct Offers	38,936,074	3,504,247	175,541
	150,828,761	22,483,166	18,978,919
Less Issue Expenses	-	(104,141)	-
Closing Balance	150,828,761	22,379,025	18,978,919

During the year ended 31 March 2010 38,936,074 Ordinary Shares (at 9 cents per Ordinary Share) were issued in a Direct Offer. This raised \$3,504,247 cash.

In 2002, 10,000,000 Ordinary Shares were issued to the University of Otago in consideration for purchase of Intellectual Property. Of this amount, 4,200,000 shares were subsequently transferred to Otago Innovation Limited (which is related to the University of Otago, being a wholly owned subsidiary company).

The Company has objectives for capital funding, to meet cash requirements for the various stages of research and development such as clinical trials and product development. Management and the Board of Directors have policies and processes in place for managing and meeting these objectives. This includes personally contacting potential and existing shareholders for additional share capital funding, and arranging bank overdraft facilities from time to time.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

16. ACCUMULATED LOSSES

	2010 \$	2009 \$
Opening Balance	(18,721,748)	(16,257,470)
Net (Loss) After Tax	(2,528,374)	(2,464,278)
Closing Balance	(21,250,122)	(18,721,748)

17. IMPUTATION CREDIT ACCOUNT

At balance date imputation credits available to the shareholders were:

	2010 \$	2009 \$
Opening Balance	5,579	358
RWT Refund Received	(829)	-
RWT Paid	17,756	5,221
Closing Balance	22,506	5,579

18. SEGMENT INFORMATION

The Chief Executive Officer has determined the operating segments based on reports reviewed by him that are used to make strategic decisions.

The Chief Executive Officer considers the business to be one operating segment at balance date. This segment being the research and development of diagnostic and prognostic products for human cancer; currently the Company operates in New Zealand.

The segment information provided to the Chief Executive Officer for the reportable segment described above, for the year ended 31 March 2010, is shown in the Statement of Comprehensive Income in these financial statements. The segment assets and liabilities are shown on the Balance Sheet.

The reportable operating segment derives their revenue primarily from grant income. The Chief Executive Officer assesses the performance of the operating segment based on net profit/(loss) for the period.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

19. RECONCILIATION OF CASH USED FROM OPERATING ACTIVITIES WITH OPERATING NET LOSS

	2010	2009
	\$	\$
Net Loss for the Period	(2,528,374)	(2,464,278)
Add Non Cash Items:		
Depreciation	97,175	117,176
Intellectual Property Amortisation	1,314	2,254
Total Non Cash Items	98,489	119,430
Add Movements in Other Working Capital items:		
Increase in Tax Refund Due	(255,237)	(5,221)
Decrease in GST Receivable	4,482	22,134
Decrease in Other Debtors and Prepayments	70,870	(270,416)
Increase in Payables and Accruals	135,675	119,954
Total Movement in Other Working Capital	(44,210)	(133,549)
Net Cash Flows to Operating Activities	(2,474,095)	(2,478,397)

20. FINANCIAL INSTRUMENTS

Managing Financial Risk

The Company's activities expose it to the financial risks of changes in credit risk and interest rates.

- **Interest Rate Risk**
Bank overdrafts at variable interest rates expose the Company to interest rate risk. The Company manages its interest rate risk by arranging share capital to reduce the reliance on the bank overdraft.
- **Credit Risk**
In the normal course of business the Company incurs credit risk from trade receivables. Regular monitoring of receivables is undertaken to ensure that the credit exposure remains within the Company's normal terms of trade.
- **Liquidity Risk**
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

Interest Rate Risk

The Company's bank deposits are at floating interest rates, which mitigates the risk of interest rates being less than market rates.

Credit Risk

The Company incurs credit risk from bank balances and receivables in the normal course of its business. The Company's cash and short term deposits are placed with high credit quality financial institutions. Accordingly, the Company has no significant concentration of credit risk. There are no past due or impaired receivables at 31 March 2010 (2009 Nil).

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds at short notice to meet its commitments as they fall due. Management maintains sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Fair Values

In the opinion of the Directors, the carrying amount of current assets and current liabilities approximate their fair values at balance date.

Unrecognised Financial Instruments

There are no unrecognised financial instruments, hedges or forward exchange contracts at 31 March 2010 (2009 Nil).

Market Risk

Management is of the opinion that the Company's exposure to market risk at balance date is defined as:

Risk Factor	Description	Sensitivity
(i) Currency risk	All assets and liabilities are denominated in NZ dollars	Nil
(ii) Interest rate risk	Exposure to changes in Bank interest rates	as below
(iii) Other price risk	No securities are bought, sold or traded	Nil

A 1% increase or decrease in Bank deposit interest rates will reduce/increase the loss reported by approximately \$9,500 (based on normal levels of bank deposits) and increase/reduce equity by the same amount.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

Liquidity/maturity profile of liabilities at 31 March 2010:

Liabilities	0-3 Months \$	3-6 Months \$	6-12 Months \$	1-2 Years \$	2+ Years \$	Total \$
Payables & Accruals	478,492	-	-	-	-	478,492
Redeemable Shares (Part Paid)	3,000	-	-	-	-	3,000
Series A Convertible Preference Shares	190,625	-	-	-	-	190,625
	672,117	-	-	-	-	672,117

This profile recognises the earliest time band of share conversions or redemptions (as there is no fixed conversion or redemption date). It is unlikely that the redeemable shares will be redeemed prior to 3 months as these shares do not expire until the 2011 financial year.

Liquidity/maturity profile of liabilities at 31 March 2009:

Liabilities	0-3 Months \$	3-6 Months \$	6-12 Months \$	1-2 Years \$	2+ Years \$	Total \$
Payables & Accruals	455,817	-	-	-	-	455,817
Redeemable Shares (Part Paid)	-	3,000	-	-	-	3,000
Series A Convertible Preference Shares	-	-	-	-	190,625	190,625
	455,817	3,000	-	-	190,625	649,442

21. CONTINGENT LIABILITIES

At 31 March 2010 there were no known contingent liabilities (2009 Nil). The Company has not granted any securities in respect of liabilities payable by any other party whatsoever.

22. BANK SECURITIES

The Company has provided a debenture to the Bank of New Zealand to secure borrowings. There were no net bank borrowings at balance date.

23. CAPITAL COMMITMENTS

There are no capital commitments at 31 March 2010 (2009 Nil).

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

24. FUTURE CASH RESOURCES

The Company is successfully raising capital funds in a Share Purchase Plan (SPP). This will provide the Company with sufficient funds to complete the bladder detection product for commercial sale in 2011 and to bring to market the Company's prognostic gene signature for colorectal cancer. Grant revenue has been confirmed to provide 50% cost recovery on some specific projects. Therefore, the new share issue and expected revenues could reasonably be expected to provide funds sufficient for the planned activities for the next one to two years of operations. \$1.051 million has been raised in share capital since balance date and a further \$2.5-\$3.5 million is being sought from existing shareholders under the SPP which is scheduled to conclude at the end of August 2010. Consequently, these financial statements continue to be prepared on the going concern basis.

25. LEASE COMMITMENTS

The Company has the following lease commitment for buildings and photocopier.

	2010 \$	2009 \$
Non cancellable operating lease commitments within one year	124,320	124,320
Later than one year, not later than two years	124,320	-
Total Lease Commitments	248,640	124,320

The lease of premises (in the Centre for Innovation) with the University of Otago was negotiated on 26 May 2007. The lease is for two years with a right of renewal for a further two years, at \$120,000 per annum. The lease was renewed on 25 May 2009 for a further two years.

Notes to the Financial Statements

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

26. INVESTMENT IN PROGNOSTIC SYSTEMS LIMITED

The Company has a 25% investment in Prognostic Systems Limited, which has been formed to investigate the possible usage of the Company's core software in predictive cardiovascular disease onset. The Company has granted Prognostic Systems Limited the right to use its patented technology in return for there being no cash commitment required from Pacific Edge Limited. The investment has been funded by the New Zealand Seed Fund, Enigma Limited and a Technology New Zealand grant. The project is still in the developmental stage and a value of the investment cannot be determined until a viable product has been identified, hence there is no carrying value recorded in the Balance Sheet because its fair value is considered to be Nil.

One Director of Pacific Edge Limited is on the Board of Directors of Prognostic Systems Limited and has voting rights. However, as there is a substantial ownership of shares by Enigma Limited, Pacific Edge Limited does not exercise significant influence. Consequently, Prognostic Systems Limited is not an associate Company and equity accounting of its financial performance does not apply. There are no outstanding commitments relating to this investment.

27. SUBSEQUENT EVENTS

In April 2010 the Company changed its name to Pacific Edge Limited. The reason for the change of name is that the word "Biotechnology" no longer represents the core business of the Company and is therefore no longer part of the future branding strategy. Pacific Edge Limited is a bio-medical Company with a commercial mandate to provide its molecular diagnostic and prognostic tests to clinicians. At the same time the Company also created three wholly owned subsidiary Companies: (a) Pacific Edge Diagnostics New Zealand Limited, to offer the Company's products as retail diagnostics to clinicians in New Zealand and Australia; (b) Pacific Edge America Limited, for purposes of research and development in the United States of America; (c) Pacific Edge Pty Limited, for the purposes of research and development in Australia.

Additional Stock Exchange Information

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

The total number of issued voting securities is 151,019,386 comprised of 150,828,761 Ordinary Shares and 190,625 Series A Convertible Preference Shares (SACP).

The Company's Ordinary Shares are listed on the New Zealand Stock Exchange. The Company's Series A Convertible Preference Shares (SACP) and Redeemable shares (Part Paid) are not listed on the New Zealand Stock Exchange.

1. Substantial Security Holders

The Company's register of substantial security holders, prepared in accordance with section 26 of the Securities Amendment Act 1988, recorded the following information as at 31 March 2010. These shareholders have a relevant interest of 5% or more in all classes of securities.

Name	Number of Ordinary Voting Securities	Number of Series A Convertible Preference Share Voting Securities	Part paid Redeemable Shares
Masfen Securities Limited	16,159,291 (10.71%)	-	-
K One W One Limited	11,454,655 (7.59%)	-	-
Hypertech Medical Limited	8,029,197 (5.32%)	-	-
M J Sullivan	-	-	200,000 (66.67%)
S H Morgan	-	-	100,000 (33.33%)

2. Spread of Security Holders at 31 March 2010

	No. of Ordinary Security Holders	Percentage of Issued Ordinary Equity (%)	No. of Series A Security Holders (%)	Percentage of Issued Series A Equity (%)	No. of Part Paid Redeemable Share Holders (%)	Percentage of Issued Part Paid Redeemable Shares (%)
1 – 1,000	11	0.01				
1,001 – 5,000	69	0.16	1	2.62		
5,001 – 10,000	117	0.71	2	7.67		
10,001 – 100,000	455	11.61	5	89.71	1	33.33
100,001 – 500,000	135	17.90			1	66.67
500,001 – 1,000,000	19	9.05				
1,000,001 – 2,500,000	15	16.37				
2,500,001 – 13,000,000	9	33.41				
13,000,001 and Over	1	10.78				
Total Security Holders	831	100.00	8	100.00	2	100.00

Additional Stock Exchange Information

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

3. Twenty Largest Equity Security Shareholders

Ordinary Shares		Series A Convertible Preference Shares	
Masfen Securities Limited	16,159,291	Investment Custodial Services Limited	100,000
K One W One Limited	11,454,655	Warren Peter Leslie	25,000
Hypertech Medical Limited	8,029,197	Ralph David Huston Stewart / Dorothea Elspeth Stewart / Andrew Francis Wall	20,000
New Zealand Central Securities Depository Ltd	7,495,600	Andrew Templeton / Lynnore Templeton	13,000
University of Otago	5,800,000	Jeff Wilson	13,000
FNZ Custodians Limited	4,141,931	Essex Castle Limited	8,125
Sinclair Long Term Holdings Limited	4,000,000	Shona Margaret Reeve	6,500
Otago Innovation Limited *	3,417,540	FNZ Custodians Limited	5,000
Peter Bertram Alloo / Trevor James Mason / Geraldine Trustees Ltd	3,000,000		
Carol Anne Edwards / Graeme Brent Ramsey	2,750,000		
Essex Castle Limited	2,398,655		
Steven Cyril Hancock / Bronwyn Hilda Hancock	2,064,000		
Robin Angus Floyd	2,015,555		
Hubbard Churcher Trust Management Limited	2,000,000		
Ewan John Bennie	1,880,527		
Waterview Custodian Limited	1,847,488		
Lewis Holdings Limited	1,843,061		
Farnworth Ventures Limited	1,750,000		
University of Otago Foundation Trust	1,489,237		
Titmotu Holdings Limited	1,343,320		
Part Paid Redeemable Shares			
Michael James Sullivan	200,000		
Shannon Henry Morgan	100,000		

4. Directors' Shareholdings

Listed below, Equity securities in which each Director, and associated person of each Director, holds a relevant interest at balance date:

Number of Series A Convertible Preference Shares	2010	2009
AE Reeve	6,500	6,500
Number of Ordinary Shares		
CE Dawson	443,118	109,786
AE Reeve	64,964	103,549
CJ Swann	500,000	500,000
A Masfen	16,159,291	12,261,390

*(Subsidiary of Uni of Otago)

Auditors' Report

Pacific Edge Limited (Formerly Pacific Edge Biotechnology Limited)
For the Year ended 31 March 2010

PricewaterhouseCoopers
Forsyth Barr House
The Octagon
PO Box 5848
Dunedin 9058, New Zealand
www.pwc.com/nz
Telephone +64 3 470 3600
Facsimile +64 3 470 3601



Auditors' Report

To the shareholders of Pacific Edge Limited

We have audited the financial statements on pages 31 to 54. The financial statements provide information about the past financial performance and cash flows of the Company for the year ended 31 March 2010 and its financial position as at that date.

This information is stated in accordance with the accounting policies set out on pages 35 to 41.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company as at 31 March 2010 and its financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.

It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company other than in our capacities as auditors and providers of other assurance services.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 31 to 54:
 - (i) Comply with generally accepted accounting practice in New Zealand;
 - (ii) Comply with International Financial Reporting standards; and
 - (iii) Give a true and fair view of the financial position of the Company as at 31 March 2010 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 30 June 2010 and our unqualified opinion is expressed as at that date.

Chartered Accountants

Dunedin

APPENDIX

Bladder Cancer Target: Early and Accurate Diagnosis of Bladder Cancer

Statistics

Global

9th most common cancer

5th most common cancer in men

2nd most common urological cancer

US & EU

160,000 diagnosed new cases annually

48,000 deaths per annum

Current Process

Diagnosis

Target group:
Patients presenting to GP or specialist with blood in the urine (haematuria)

Cytology

Cells collected from a urine sample analysed by pathologist

Poor sensitivity for early stage disease with over 50% of cancers missed

Compliments Cystoscopy.

Cystoscopy

Scope inserted into the urethra to examine bladder.

Invasive, uncomfortable, costly and unsuitable for screening large groups of people.

Pacific Edges's Test

Diagnosis

Target patient groups:
Patients presenting to GP with haematuria

AND individuals belonging to high risk groups such as smokers, the elderly and occupational risk groups.

Small urine sample collected from patient (5ml)

Analysis of quantity of five specific markers in the urine sample

Sensitive, specific and non-invasive test to replace cytology and provide an adjunct to cystoscopy

Predicts adverse pathology (high risk cases)

CANCERS AT A GLANCE.....

Colorectal Cancer Target: Predicting the aggressiveness and risk of return following surgery

Statistics

Global

4th most common cancer

1,000,000 + cases diagnosed per annum

520,000 + deaths per annum

US and Five Major European Countries

400,000 cases diagnosed per annum

288,000 Stage II and Stage III cancers diagnosed

Japan

Significantly Increased incidence in Japan due to changes in diet

Current Process

Prognosis

Following diagnosis the patient's cancer is graded and staged, based on pathologist's analysis of the sample

No genetic profiling technology exists in the market to determine the aggressiveness of the tumour and its risk of recurrence following surgery

Patients diagnosed with Stage II colorectal cancer do not receive adjuvant chemotherapy, principally because it is known that only a proportion have aggressive disease and over treating the other patients is not appropriate

Pacific Edges's Test

Prognosis

Multigene test that measures the quantity of a number of genetic markers expressed by the tumour

High degree of predictive power for the aggressiveness or risk of relapse following surgery

Opportunity

Distinguish between high risk and low risk disease progression in patients diagnosed in Stage II and Stage III CRC. This will enable those patients to receive appropriate adjuvant chemotherapy in addition to surgery

CANCERS AT A GLANCE.....

Gastric Cancer Target: Early and Accurate Diagnosis of Gastric Cancer

Statistics

Global

2nd most common cause of cancer-related death worldwide

930,000 + new cases per annum

700,000 deaths per annum

US

21,500 new cases estimated in US in 2008

Only 25% of patients with gastric cancer will be alive in 5 years following diagnosis

Japan

2nd most common cancer

Highest cancer killer

5 million people screened, of the 65 million of people 'at risk' each year using x-ray technology

Current Process

Diagnosis

Patients present to GP with back and abdominal pain or other discomfort

In countries with national screening programmes (Japan, South Korea), people over 40 years can be screened free of charge

Screening and initial diagnosis principally by radiography (X-ray) using barium contrast

Final diagnosis by endoscopy and biopsy

Pacific Edges's Test

Diagnosis

Serum test using antibodies against 4 tumour proteins

Low cost, minimally invasive

Suitable for different testing platforms

Radiography not required

CANCERS AT A GLANCE.....