DECISION DIAGNOSTICS CORP.

OTC PINK

2012 – 2013 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

Decision Diagnostics Corp. is a nationwide prescription and non-prescription diagnostics and home testing products distributor. The U.S. FDA, in a manner similar to prescription drugs, regulates diagnostic test kits and at-home patient testing products similarly to the regulation of prescription medicine. The company has, since 2005, contracted with independent pharmacies for use of their prescription drug distribution licenses. However, the products we currently distribute, for the most part, do not require a doctor's prescription for anything other than insurance benefit compliance. Our business model works well in this regulated environment.

Our subsidiaries, Pharma Tech Solutions, Inc. and PDA Services, Inc. operate in several healthcare products distribution channels. We distribute brand name prescription and non-prescription diagnostics products, as well as several lines of ostomy, wound care and post-surgery medical products. We have also continued to ready the company, to introduce a proprietary diagnostic product, the Genstrip, for at-home testing of blood glucose. The U.S. FDA cleared the Genstrip product for sale in the U.S. on November 30, 2012. The worldwide market for at-home blood glucose testing is an estimated $22.5 billion. Genstrip competes directly with one of the largest worldwide platform manufacturer for at-home blood glucose testing, a product currently used daily by over 3 million diabetes afflicted Americans. In addition, since the medical device employed by this legacy platform manufacturers, Genstrip also competes in the overall at-home testing market by offering an economical solution to former users of the legacy platform providers product. In that regard, Genstrip is unique as a major business focus is directed toward diabetics who have changed platforms due to escalating prices.

Throughout 2012 in anticipation of the introduction of Genstrip, which received clearance from U.S. FDA on November 30, 2012, we have evaluated our brand-name distribution model, a model that provides streams of revenue but extremely low profit margins, and over the course of the last 15 months we have phased out sales of those brand name products that have been a backbone of our current distribution business but provide low profit margins, if any at all, and will, in the future, compete directly with our Genstrip. Phasing out these products lowered our order intake by approximately $12,750,000 in FY2012.

The company will continue to direct its marketing efforts to ambulatory and semi-ambulatory older Americans afflicted with diabetes and complications caused by diabetes and old age. The company, originally a medical IT company with proprietary IT product lines, acquired its medical products distribution business in late 2004 through a merger with Phoenix, Arizona based CareGeneration, Inc. We have grown the original CareGeneration business through subsequent acquisitions of private businesses and strategic partnerships with larger private pharmacies.

On November 1, 2011 we completed the acquisition of Diagnostic Newco LLC from its owner Kimberly Binder. Diagnostic Newco LLC is a design company that specializes in product packaging design, medical products advertising design and graphic art. Ms. Binder has joined the staff of the company's Pharma Tech Solutions, Inc. subsidiary and has worked closely with the contract manufacturer for Genstrip, making subtle changes to packaging design among other responsibilities. She will also be responsible for the package design for new diagnostic products the company is currently working on. Ms. Binder is also owner of GenstripDirect, LLC, her own distribution company.

We also intend to acquire additional private companies, focusing on small engineering companies that have developed technology requiring either regulatory approval, distribution or both. In December 2011 we made another small acquisition, to acquire the services of Mr. Patrick Deparini. We are moving quickly to achieve our goal of becoming a vertically integrated, full service value added provider of products and services to an ever-growing market. The at-home diabetes testing market continues to grow as diabetics continue to be diagnosed. The market for diabetes testing products is expected to grow from a current $22.5+ billion worldwide base in 2010 to over $32 billion in 2017.

The company's current proprietary product offering, cleared by the FDA for commercial distribution on November 30, 2012, is the Genstrip 50 blood glucose diagnostic test strip for at-home testing. Genstrip is a product conceived and originally designed by Shasta Technologies LLC, and recently acquired by our Pharma Tech subsidiary, fits into a diagnostic product niche and will sell into the world-wide self-test (home test) market that is expected to grow to $32 billion worldwide by 2017. Since Genstrip is a rather unique offering, employing a brand name razor blade only model (diagnostic test strip) into a razor (diagnostic meter)-razor blade (diagnostic test strip) market, the Genstrip 510(k) application presented some unusual challenges for the FDA and an educational challenge/opportunity for the company. Since the company plans additional similar products in the future for other diagnostic platforms, the Genstrip experience, however slow and unresponsive it was, has provided lessons and experience.

Two years (and growing) is a standard development to market timeline for in-vitro diagnostic products similar to Genstrip. As a result of previous delays by Shasta Technologies in completing its FDA approval application [510(k)] and then problems Shasta encountered in prosecuting its original application with FDA staff, the company changed its contractual responsibilities and obligations in June 2011 to include program management, regulatory process management, management of the manufacturing forecasting and distribution processes, and new products planning and development. Further on-going problems encountered by Shasta, which on their face appeared irresolvable, presented the company with an opportunity. On March 20, 2014 our Pharma Tech Solutions, Inc. subsidiary acquired the intellectual property, the marks, and the GenStrip cleared 510(k).

In June 2010 the company was approached by the largest retailer in the world for the distribution and sale of Genstrip at over 5,000 retail stores worldwide. A contract with this retailer was negotiated in September 2010 and subsequently renegotiated and renewed in April 2011, and as soon as the retail contract was agreed to and as a means to conduct market research, the company began seeking pre-conditioned letters of intent (pre-orders) for Genstrip, while continuing the prosecution of the 510(k) application before the FDA.

Currently that market is dominated by four large pharmaceutical manufacturers who provide very similar and equally focused products, selling at essentially equal prices. Genstrip's introduction, even with the fits and starts, will not only allow the company to achieve market share but because of the business model to be employed by Genstrip is different than those models employed by the major market players, the company may be able to change the market, lowering average price or allowing for increased testing by diabetics for a lesser price, thereby affecting all market segments. The company's major market focus is to pharmacy chains, grocery chains with in-store pharmacies, large all purpose retailers with in-store pharmacies, and group buying and chain pharmacy organizations. In the recent past our model might have been called a private label model or a value added model, but with the advent of the July 2013 changes to Medicare (and followed by private insurers), pharmacy business models are now blurred.

We also offer information technology solutions in several medical care market channels by providing physicians with information at the point of care. Our products, unlike those from many other medical information companies, make use of smart cell phones such as the Apple iPhone, the Palm Pre, the Google Droid and a wide selection of Microsoft Windows based smart phones and operate in either in a wireless or "wired" mode, which allow physicians to carry, access and update their patients' histories, also known as electronic medical records or EMR, medication data, and best care guidelines - *all at the point of care*, or from any other location the physician may be located. In addition, the company's products employ proprietary mathematical game theory features adapted by the company for medical use that allow acceptance of diagnoses and treatment protocols where the medical information may have originated from one or several locations and one time or several times.

In October 2014 we adopted a value added/private label business model to address the issues brought to our market by the radical reimbursement changes by the federal Medicare program. We also hired a market executive with over 40 years of experience to implement our new strategy.

We have received multiple inquiries from companies interested in perhaps collaborating with the company for the implementation of its cell phone centric technologies MD@Hand and MD@Work. However, the market available for products similar to MD@Hand and MD@Work has changed since its introduction in 2009. The legal challenges to the new health care law and the federal government's inability to enact regulations have altered the landscape, again. We remain in discussions with multiple concerns for the marketing of our MD@ products, and any agreement we may enter will require us to provide contract software programming, providing a new source of revenue for the company. In addition to any proposed partnerships, we continue to discuss alternative propositions with other interested companies ranging from clinical laboratories, service organizations owned or aligned with medical health insurers, a medical content provider and legacy healthcare systems companies. There remains sustained interest in our MD@ products and technology. All of our discussions are with companies are much larger than Decision Diagnostics. We may or may not entertain additional proposed partnerships for our implementation of the cell phone centric technologies, which has been hindered, as has the overall market, by the slow implementation of regulations, protocols and data formats by the Federal government, as well as a change in previously announced Federal government monetary incentives.

In May 2010, we entered into agreement with Shasta Technologies, Inc. and Broadtree, Inc. This agreement granted our Pharma Tech Solutions, Inc. subsidiary the exclusive marketing rights to a new diagnostic product not yet on the market named Genstrip ("Genstrip"). The Genstrip product was developed to compete against the market leader in the $20 billion at home testing market. In April 2011, the company renegotiated its agreement changing its many roles and adding responsibility for regulatory approval, manufacturing and forecasting, international sales and additional sales markets in the U.S. On March 20, 2014 we acquired the GenStrip intellectual property, its marks and the cleared 510(k). On April 30, 2014 we implemented our FDA mandated Quality plan and are now operating as the manufacturer (operator) of GenStrip.

We currently employ five full-time staff at our executive office located at 2660 Townsgate Road, Suite 300, Westlake Village, California 91361. In addition, we maintain two full-time and seven part-time positions between our distribution centers located in Florida, Arizona, California and New Jersey. Our telephone number is (805) 446-1973 and our website address is www.decisiondiagnostics.com.

Business activities throughout the next twelve months:

The company's business on a day-to-day basis includes the distribution of our GenStrip 50, and the distribution of prescription and non-prescription diagnostics, at-home testing, post-surgical products.

Beginning in November 2009, we introduced our cell-phone centric medical IT products that offer solutions in medical care and management by providing physicians with information at the point of care. Unlike other medical information systems using standard computer terminals or even palm-sized computers (PDA's), our software applications operate on a series of late generation smart e-cell phones including the Apple iPhone, the Palm Pre, the Google Droid, several makes of RIM's Blackberry and many versions of the Microsoft Windows smart phones. Our products allow physicians to access and update their patients' histories, medication data, and best care guidelines - *all at the point of care*. The company's Electronic Medical Records software is believed to be the first EMR application running on any palm sized mobile device. Recently we ported our software to run on a series of pad computers such as Apple iPad and the 'Droid powered pads.

Our business objectives include:

1. The practice of specializing in the distribution of Genstrip 50 and several brand-name medical diagnostic and medical disposable products associated with the on-going care of diabetes-inflicted patients, and the world-wide distribution of our new proprietary diagnostic product Genstrip 50.
2. Combining our wholesale and retail drug distribution with our cell phone centric technologies, creating wholesale and retail ePharmacies similar in function to existing Internet pharmacies but directed to serving the large base of underinsured and uninsured Americans; and

3. Providing medical communication and EMR medical history and storage devices based on networks of smart cell phones These products are believed to provide benefits of on demand medical information to private practice physicians, licensed medical service providers such as diagnostic testing laboratories, and medical insurers. We have created cell phone-centric products and a suite of Internet enhanced software applications that include those features that specifically respond to the requirements of the practicing physician and the regulations currently being promulgated by the Federal government.

We also have adapted our medical communications and EMR technologies to service the real estate management and hotel/motel/convenience industries in their own commercial settings. In March 2010, our Board approved the sale of the company's hotel/motel technologies and business base so we can focus on our core medical IT and medical distribution businesses. In past years when we had market focus on the hotel/motel industry, our real estate and hotel/motel objectives include building electronic commerce networks based on personal digital assistants (PDA) and pad based computers to the hotels, motels and single building, multi-unit apartment buildings with a desire to offer local advertising and electronic services to their tenants/guests.

Financing Requirements

At December 31, 2013, we had cash of $2,618,032 and working capital of $2,748,722. We anticipate that we will require $56 million in trade debt financing to finance our expected sales of Genstrip. In March 2012 we renewed our agreement with Alpha Credit Resources to obtain this debt financing. In November 2013 we executed a new line of credit with Alpha Credit Resources, replacing our pervious line. The new credit line is for $12.5 million, but with the velocity of our product sales, could yield over $250 million in annually available credit. We will from time to time continue to seek a combination of equity and long-term debt financing as well as other traditional cash flow and asset backed financing to meet our financing needs and to reduce our overall cost of capital. Additionally, in order to accelerate our growth rate and to finance general corporate activities, we may supplement our existing sources of funds with financing arrangements at the operating system level or through additional short-term borrowings. As a further capital resource, we may sell or lease certain rights or assets from our portfolio as appropriate opportunities become available. However, there can be no assurance that we will be able to obtain any additional financing, on acceptable terms or at all.

Results of Operations for the years ended December 31, 2013 and 2012 compared.

The following tables summarize selected items from the statement of operations for the years ended December 31, 2013 compared to 2012.

INCOME:

	For the Years Ended December 31,		Increase (Decrease)	
	2013	**2012**	**$**	**%**
Revenue	$ 1,447,999	$ -	$ 1,447,999	100%
Cost of sales	968,805	-	904,697	100%
Gross profit	$ 479,194	$ -	$ 543,302	100%
Gross profit margin	33%	-	100%	

During the third and fourth quarters of 2013, we determined to discontinue our wholesale distribution business. The decline in revenue was anticipated and the direct result of our phasing out of sales of brand name diagnostic products as a result of the Medicare Competitive Bidding that went into effect January 1, 2013 and locked into place in all 50 states as of July 1, 2013. The net effect of these Medicare changes lowered reimbursement rates for all of the company's existing product lines by 68%. In addition, the overall at home testing market was already being hindered by the general poor economic conditions, longer payment cycles from insurers, additionally, our business model did not included the sale of retail brand-name products. We expect these conditions to continue throughout 2014, but will enhance sales of our GenStrip 50 as we continue to develop our marketing and distribution

channels. Our decrease in cost of sales is also as expected due to the direct relationship between revenue and cost of sales.

OPERATING EXPENSES:

Expenses:			12 Months	% Δ
General & administrative expenses	305,081	219,488	85,593	39.00%
Consulting	1,770,340	503,727	1,266,613	251.45%
Payroll expense	55,557	714,250	(658,693)	-92.22%
Professional fees	2,234,160	484,592	1,749,568	361.04%
Total expenses	4,365,138	1,922,057	2,443,081	127.11%

General and administration expenses include office expenses (including bad debt, rent, cleaning and maintenance, utilities, and telephone), insurance, and bank charges. During the year ended December 31, 2013, general and administration expenses decreased by $85,593 to $305,081 (2012 - $219,488). The decrease was due primarily to the reduction of bad debt and legal fees. General and administration expenses historically account for approximately 2% of our total revenue. During the current year the amount we have spent on our general and administrative costs has decreased, however due to our decline in revenue the expense as a percentage of revenue has increased to 21%. As we experience growth in revenues, general and administration expenses are expected to decrease on a percentage of revenue basis.

Consulting expenses for the year ended December 31, 2013 increased by $1,266,613 to $1,770,340 (2012 - $503,726). Historically, management shifts its labor requirements between, outside consultants, casual labor and in-house management dependent upon availability and cost effectiveness of resources. During 2013, the majority of our labor was derived from the use of outside consultants. Our compensation structure is comprised of both cash and equity of the Company. We intend to continue to compensate our consultants with equity of the Company into 2013 until such time our revenues provide sufficient cash flows to cover these expenses. The launch of our Genstrip 50 product in March 2013 required substantial adding of resources. The company decided to add temporary consulting talent rather than hiring and educating its own talent. We have more recently begun replacing our consultants with alliances with industry independent contractors.

Professional fees include accounting services, legal fees and regulatory reporting compliance. Our accounting fees have remained consistent at $47,500 in 2013 and $52,067 in 2012. The significant increase of $1,749,568 is related to legal fees incurred in connection with our current litigation we engaged additional legal counsel to assist in the review of potential new sales/distributing agreements as well as to review general corporate matters. We anticipate our legal fees to continue until all ongoing litigation issues with the division of Johnson & Johnson are resolved.

OTHER INCOME (EXPENSE):

Other income (expense):			12 Months	% Δ
Financing costs	(1,702,500)	(5,036)	(1,697,464)	33708.20%
Interest expense, net	(850,750)	(535,338)	(315,412)	58.92%
Settlement expense	(12,500)	-	(12,500)	100.00%
Loss on derivative liability	(971,352)	-		
Gain on settlements	173,162	160,809	12,353	100%
Total other income (expense)	(3,363,940)	(379,565)	(2,013,023)	530.35%

Our other income and expense includes costs related to our financing activities, more specifically the interest expense associated with our line of credit with Alpha Credit Resources, LLC. (“Alpha”). Alpha has provided us a renewed line of credit up to $12,500,000. The interest rate of our line of credit is 14% per annum. Interest expense increased by $315,412 to $850,750 (2012 - $535,338). We also incurred $1,702,500 of financing costs and a loss on derivative liability of $971,352 in 2013 related to our debt and equity offerings.

For the year ended December 31, 2013 and 2012, management has entered into various agreements for the settlement of the Company's historic debt obligations. As a result of these negotiated settlements, the Company's obligations have been reduced from their historical carrying amounts. In 2012, settlement gains were $160,809 as compared to settlement $173,162 in 2013.

We recorded a net loss for the year ended December 31, 2013 of $7,950,516 compared to a net loss in 2012 of $5,367,385. Our total operating and non-operating expenses in 2013 totaled $4,365,138, compared to $1,922,057 in 2012, representing an overall increase in total expenses of $2,443,081. This change was primarily the result of ceasing our brand name distribution business model, said changes resulting from the Medicare Competitive Bidding regulations that went into effect in 2013, thereby lowering reimbursement rates by 68%.

Liquidity and Capital Resources

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate generating sufficient positive internal operating cash flow until later in 2014, as a result of several factors, including our on-going litigation with a division of Johnson & Johnson, and the change in our status from exclusive distributor of our GenStrip 50, to the manufacturer of this product (mow in process), complete additional financial service company acquisitions and generate substantial revenues, which may take the next few years to fully realize. We believe we are adequately capitalized in the near term, but as our Genstrip 50 product grows along its product life cycle, we may not obtain the necessary capital to pursue our strategic plan, and in the ultimate negative situation, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

As of December 31, 2013, we had cash and cash equivalents of $2,618,032, inventory of $350,860, prepaid expenses of $1,453,370, and accounts receivable of $109,504. Net cash used by operating activities for the year ended December 31, 2013 was approximately $1,534,043. Current liabilities of $1,953,239 consisted of: $347,570 of accounts payable and accrued liabilities, accrued interest of $26,481, subscriptions payable of $46,500, and notes payable of $1,532,688. As of December 31, 2013, we have a working capital of $2,578,525.

The accompanying financial statements have been prepared contemplating a continuation of the Company as a going concern. The Company has reported an accumulated deficit of $35,451,969 and a net loss of $7,950,516 for the year ended December 31, 2013. Additional investments are being sought, but we cannot guarantee that we will be able to obtain such investments. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. However, the trading price of our common stock and conditions in the U.S. stock and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Further, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations

Cash to Operating Activities

During the year, ended December 31, 2013, operating activities used cash of $1,534,043 compared to using cash of $160,873 in 2012. Our operating loss for 2013 was $7,950,516 and included a loss on derivative liabilities of $971,352, gain on settlements of $173,162, and shares issued for: consulting and compensation expenses $2,033,620 (2012 - $1,136,580); legal fees $1,500,000 (2012 - $0); interest $850,750and financing fees settled with equity $1,702,500 (2012 - $80,518). Our change in accounts receivables increased $109,504 (2012 – $0). Prepaid expenses increased by $196,419 (2012 – $189,879) due to the expiration of prepaid insurance and legal in 2013. Inventory increased $350,860 in 2013 (2012 - $0). Accounts payable and accrued liabilities have decreased by $84,920 (increase 2012 –$27,401). Accrued interest increased by $21,223 (2012- $438,946) related to our line of credit. Our contingent liabilities increased $75,000 (2012 – $147,000) due to the recognition of liability due to our involvement in legal matters. Our year to year change in Cash to Operating Activities was the direct result of three factors: (a) the changes to Medicare reimbursement taking effect on July 1, 2013, (b) the on-going litigation with the

division of Johnson & Johnson, and (c) the inability of the previous GenStrip manufacturer Shasta Technologies to implement an acceptable quality plan with the USFDA, and in general manage the manufacturing of a regulated healthcare device.

Cash from Investing Activities

During the year ended December 31, 2013, investing activities used cash of $79,625 (2012 - $50,875). This change is a result of the change of the company's business model to reflect a reliance on its Genstrip 50 product.

Cash from Financing Activities

During the year ended December 31, 2013, financing activities produced net cash of $4,146,320 (2012 – $111,500). This change is primarily a result of the sale of equity and issuance of new debt instruments.

Internal and External Sources of Liquidity

Alpha Credit Resources LLC (formerly Centurion Credit)

On November 17, 2007, we entered into an agreement with Alpha Credit Resources LLC to secure a $1,000,000 revolving credit facility that is geared specifically to our business. As of October 2008, the company renewed its agreement with Alpha Credit Resources LLC until November 17, 2009 and as an inducement to renew the credit line was increased to $2,000,000, with additional seasonal increases to $2,500,000. In June 2010 we began discussions with Alpha Credit for an additional $6.0 million credit facility to provide available credit to finance sales of our new at-home testing diagnostic product. The company last borrowed funds using the credit line in the period ended September 30, 2011. The agreement matured on December 31, 2011 without renewal. In March of 2012, we executed a renewal agreement with Alpha Credit. The renewal period matures on December 31, 2012. In December 2013 we again renewed our credit line with Alpha Credit, expanding our credit line to $12.5 million (Fourth Omnibus Renewal). As a part of the most recent renewal agreement all previous accrued debt and interest owed Alpha Credit was reduced to $0.00.

Cash Flow.

Since inception, we have primarily financed our cash flow requirements through the issuance of common stock, the issuance of notes and sales generated income. With anticipated growth in 2014 we may, during our normal course of business, experience net negative cash flows from operations, pending receipt of revenue, which often are delayed because of the nature of the healthcare industry. Further, we may be required to obtain financing to fund operations through additional common stock offerings and bank or other debt borrowings, to the extent available, or to obtain additional financing to the extent necessary to augment our available working capital.

Satisfaction of our cash obligations for the next 12 months.

As of December 31, 2013, our cash balance was $2,618,032. Our plan for satisfying our cash requirements for the next twelve months is through additional equity, third party financing, and/or debt financing. We anticipate sales-generated income during that same period of time, but do not anticipate generating sufficient amounts of positive cash flow to meet our working capital requirements. Consequently, we intend to make appropriate plans to insure sources of additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities.

As we expanded operational activities, we may continue, from time to time, to experience net negative cash flows from operations, pending receipt of sales or development fees, and will be required to obtain additional financing to fund operations through common stock offerings and debt borrowings to the extent necessary to provide working capital. It was not until the company entered into the agreement with Alpha Credit Resources LLC that the company could fill orders for patients and customers on a continuous basis. Until the Alpha Credit line was put in place, we managed to keep a small portion of our distribution activities going when our limited resources allowed us which remains true as of this filing.

Predictions of future operating results are difficult to ascertain due to our historic operating activities. The recent addition of a credit line has helped but we have found it increasingly difficult to transact commerce in the very cash intensive prescription drug industry. Thus, our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of commercial viability, particularly companies in new and rapidly evolving technology markets. Such risks include, but are not limited to, an evolving and unpredictable business model and the management of growth. To address these risks we must, among other things, implement and successfully execute our business and marketing strategy, continue to develop and upgrade technology and products, respond to competitive developments, and continue to attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Expected purchase or sale of plant and significant equipment.

We do not anticipate the purchase or sale of any plant or significant equipment; as such, items are not required by us at this time.

Going Concern

The financial statements included in this report have been prepared in conformity with generally accepted accounting principles that contemplate the continuance of the Company as a going concern. The Company's cash position is currently inadequate to pay all of the costs associated with testing, production and marketing of products. Management intends to use borrowings and security sales to mitigate the effects of its cash position, however no assurance can be given that debt or equity financing, if and when required will be available. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue existence.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that is material to investors.