

**Hitec Corp.  
Balance Sheets  
(Unaudited)**

<u>ASSETS</u>	<u>As of August 31, 2016</u>	<u>As of November 30, 2015</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ -	\$ -
Property & Equipment	938,000	-
Licensing agreement	10	-
<b>Total Assets</b>	<b>\$ 938,010</b>	<b>\$ -</b>
 <b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 25,380	\$ 27,380
Loan payables- related party	1,138,448	36,000
Convertible note payables, net	21,720	21,720
<b>Total Current Liabilities</b>	<b>1,185,548</b>	<b>85,100</b>
<b>Commitments</b>	-	-
<b>Stockholders' Equity (Deficit):</b>		
Common stock; \$0.001 par value; 500,000,000 shares authorized; 351,907,314 and 331,282,314 shares issued and outstanding as of August 31, 2016 and November 30, 2015, respectively	351,907	331,282
6% Series A Preferred stock; \$0.001 par value; 400,000,000 shares authorized, 31,403,475 and 14,000,000 shares issued and outstanding as of August 31, 2016 and November 30, 2015, respectively	31,403	14,000
Additional paid in capital	15,610,757	15,586,911
Deemed dividend	(61,865)	-
Deficit accumulated	(16,179,741)	(16,017,293)
Total Stockholders' Deficit	(247,538)	(85,100)
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$ 938,010</b>	<b>\$ -</b>

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

**Hitec Corp.**  
**Statements of Operations**  
**For The Three and Nine Month Periods Ended August 31, 2016 and 2015**  
**(Unaudited)**

	For the three months ended August 31,		For the nine months ended August 31,	
	2016	2015	2016	2015
<b>Net Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Cost of Goods Sold</b>	-	-	-	-
<b>Gross Profit</b>	-	-	-	-
<b>Operating Expenses:</b>				
Consulting expense	15,000	-	110,000	-
General and administrative expenses	6,814	17,909	35,537	31,351
Total operating expenses	21,814	17,909	145,537	31,351
<b>Loss From Operations</b>	(21,814)	(17,909)	(145,537)	(31,351)
<b>Other Expenses:</b>				
Interest expense	(9,429)	(977)	(16,911)	(2,931)
<b>Net Loss</b>	\$ (31,243)	\$ (18,886)	\$ (162,448)	\$ (34,282)
<b>Loss per share</b>				
<b>Basic &amp; Diluted</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Weighted average number of shares outstanding</b>				
<b>Basic &amp; Diluted</b>	351,907,314	331,282,314	343,025,015	331,282,314

\*weighted average number of dilutive shares is the same since the dilutive shares are anti dilutive in nature.

**Hitec Corp.**  
**Statements Of Cash Flows**  
**For The Nine Month Periods Ended August 31, 2016 and 2015**  
**(Unaudited)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2016</b>	<b>2015</b>
Net Loss	\$ (162,448)	\$ (34,282)
Adjustments to reconcile net loss to net cash used in operating activities:		
(Increase) in current assets	-	-
(Decrease) in current liabilities:	(1,998)	(629)
<b>Net cash used in operating activities</b>	<b>(164,448)</b>	<b>(34,911)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Monies raised from loan payables- related party	164,448	31,231
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>(3,680)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING BALANCE</b>	<b>-</b>	<b>3,680</b>
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURES FOR NON CASH: FINANCING AND INVESTING ACTIVITIES</b>		
Stock issued for acquisition of licensing agreement	\$ 10	\$ -
Equipment acquired from related party against loan agreement	\$ 938,000	\$ -

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

## **1. Financial Statement Presentation**

Hitec, Inc., formerly Dragon Polymers, Inc., (the "Company") was incorporated in Delaware. On November 28, 2003, the Company acquired GospelCity.com Inc. which was spun off on November 27, 2007.

The Company was incorporated in Nevada on November 14, 2008 under the name Heart Health Inc. On March 3, 2010, the Company acquired all the assets of Blue Gold Beverages, Inc. On April 8, 2010, the Company filed for change of the name of the Company from Heart Health Inc. to Blue Gold Beverages, Inc.

On April 27<sup>th</sup> 2012, FINRA approved the company's name change to Dragon Polymers Inc., as well as a 30-1 stock split.

On October 12<sup>th</sup>, 2014, the Company had a change in the management. The new management changed the name of the Company to Hitec Corp on November 4<sup>th</sup>, 2014.

## **2. Significant Accounting Policies**

### **Basis of Presentation and Organization**

The financial statements of the Company for the period December 1, 2015 to August 31, 2016 have been prepared in accordance with generally accepted accounting principles.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined.

### **Revenue Recognition**

The Company's recognizes revenue at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. The Company recognizes revenue net of an allowance for estimated returns, at the time the merchandise is sold or services performed. The allowance for sales returns is estimated based on the Company's historical experience. Sales taxes are presented on a net basis (excluded from revenues and costs). Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

### **Fair Value of Financial Instruments**

The Company applies the provisions of ASC 820-10, "Fair Value Measurements and Disclosures." ASC 820-10 defines fair value, and establishes a three-level valuation

hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. For certain financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable and short-term debt, the carrying amounts approximate fair value due to their relatively short maturities. The carrying amounts of the long-term debt approximate their fair values based on current interest rates for instruments with similar characteristics.

The three levels of valuation hierarchy are defined as follows:

- Level1: Valuations consist of unadjusted quoted prices in active markets for identical assets and liabilities and has the highest priority;
- Level2: Valuations rely on quoted prices in markets that are not active or observable inputs over the full term of the asset or liability;
- Level3: Valuations are based on prices or third party or internal valuation models that require inputs that are significant to the fair value measurement and are less observable and thus have the lowest priority.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

### **Impairment of Long-lived Assets**

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

### **Property, Plant and Equipment**

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation is computed using various methods over the estimated useful lives of the assets, ranging from three to ten years.

### **Stock Based Compensation**

The Company measures stock-based compensation cost at the grant date based on the fair value of the award and recognize it as expense over the applicable vesting period of the stock award using the straight-line method.

## **Basic and Diluted Earnings Per Share**

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, warrants, and stock awards. Basic & diluted loss per share was \$(0.00) and \$(0.00) for the nine month periods ended August 31, 2016 and 2015, respectively. Basic & diluted loss per share was \$(0.00) and \$(0.00) for the three month periods ended August 31, 2016 and 2015, respectively.

## **New Accounting Pronouncements**

In May 2014, the (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most current revenue recognition guidance. The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In August 2015, the FASB deferred the effective date of the new revenue standard by one year, which will make it effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

In June 2014, the FASB issued Accounting Standards Update No. 2014-12, Compensation — Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force) (ASU 2014-12). The guidance applies to all reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. For all entities, the amendments in this update are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The effective date is the same for both public business entities and all other entities. The Company is currently evaluating the impact of adopting ASU 2014-12 on the Company’s results of operations or financial condition.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern (ASU 2014-15). The guidance in ASU 2014-15 sets forth management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern as well as required disclosures. ASU 2014-15 indicates that, when preparing financial statements for interim and annual financial statements, management should evaluate whether conditions or events, in the aggregate, raise substantial doubt about the entity’s ability to continue as a going concern for one year from the date the financial statements

are issued or are available to be issued. This evaluation should include consideration of conditions and events that are either known or are reasonably knowable at the date the financial statements are issued or are available to be issued, as well as whether it is probable that management's plans to address the substantial doubt will be implemented and, if so, whether it is probable that the plans will alleviate the substantial doubt. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods and annual periods thereafter. Early application is permitted. The Company is currently evaluating the impact of adopting ASU 2014-15 on the Company's results of operations or financial condition.

In January 2015, the FASB issued Accounting Standards Update No. 2015-01, Income Statement – Extraordinary and Unusual items (Subtopic 225-20), Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items (ASU 2015-01). The amendment eliminates from U.S. GAAP the concept of extraordinary items. This guidance is effective for the Company in the first quarter of fiscal 2017. Early adoption is permitted and allows the Company to apply the amendment prospectively or retrospectively. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In February 2015, FASB issued ASU No. 2015-02, (Topic 810): Amendments to the Consolidation Analysis. ASU No. 2015-02 provides amendments to respond to stakeholders' concerns about the current accounting for consolidation of certain legal entities. Stakeholders expressed concerns that GAAP might require a reporting entity to consolidate another legal entity in situations in which the reporting entity's contractual rights do not give it the ability to act primarily on its own behalf, the reporting entity does not hold a majority of the legal entity's voting rights, or the reporting entity is not exposed to a majority of the legal entity's economic benefits or obligations. ASU No. 2015-02 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The adoption of this guidance is not expected to have a material impact on the Company's results of operations, financial position or disclosures.

In April 2015, FASB issued ASU No. 2015-03, (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. ASU No. 2015-03 provides guidance that will require debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. ASU No. 2015-03 affects disclosures related to debt issuance costs but does not affect existing recognition and measurement guidance for these items. ASU No. 2015-03 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The adoption of this guidance is not expected to have a material impact on the Company's results of operations, financial position or disclosures.

In April 2015, FASB issued ASU No. 2015-05, (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangements. ASU No. 2015-05 provides guidance on a customer's accounting for fees paid in a cloud computing arrangement, which includes software as a service, platform as a service, infrastructure as a service, and other similar hosting arrangements. ASU No. 2015-05 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The adoption of this guidance is not expected to have a material impact on the Company's results of operations, financial position or disclosures.

In September 2015, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2015-16, Business Combinations (Topic 805) Simplifying the Accounting for Measurement-Period Adjustments.” ASU No. 2015-06 simplifies the accounting for measurement-period adjustments attributable to an acquisition. Under prior guidance, adjustments to provisional amounts during the measurement period that arise due to new information regarding acquisition date circumstances must be made retrospectively with a corresponding adjustment to goodwill. The amended guidance requires an acquirer to record adjustments to provisional amounts made during the measurement period in the period that the adjustment is determined. The adjustments should reflect the impact on earnings of changes in depreciation, amortization, or other income effects, if any, as if the accounting had been completed as of the acquisition date. Additionally, amounts recorded in the current period that would have been reflected in prior reporting periods if the adjustments had been recognized as of the acquisition date must be disclosed either on the face of the income statement or in the notes to financial statements. This guidance is effective prospectively for interim and annual periods beginning after December 15, 2015 and early application is permitted. The impact of the guidance on our financial condition, results of operations and financial statement disclosures will depend on the level of acquisition activity performed by the Company.

In November 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-17, “Balance Sheet Classification of Deferred Taxes” (ASU 2015-17), which changes how deferred taxes are classified on the balance sheet and is effective for financial statements issued for annual periods beginning after December 15, 2016, with early adoption permitted. ASU 2015-17 requires all deferred tax assets and liabilities to be classified as non-current. The adoption of this guidance is not expected to have a material impact on the Company’s results of operations, financial position or disclosures.

In January 2016, the FASB issued ASU 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” (ASU 2016-01), which requires equity investments that are not accounted for under the equity method of accounting to be measured at fair value with changes recognized in net income and updates certain presentation and disclosure requirements. ASU 2016-01 is effective beginning after December 15, 2017. The adoption of this guidance is not expected to have a material impact on the Company’s results of operations, financial position or disclosures.

In February 2016, the FASB issued ASU No. 2016-02, “Leases,” which requires lessees to recognize right-of-use assets and lease liabilities, for all leases, with the exception of short-term leases, at the commencement date of each lease. This ASU requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. This ASU is effective for annual periods beginning after December 15, 2018 and interim periods within those annual periods. Early adoption is permitted. The amendments of this update should be applied using a modified retrospective approach, which requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented. The adoption of this guidance is not expected to have a material impact on the Company’s results of operations, financial position or disclosures.

In March 2016, the FASB issued Accounting Standards Update 2016-07, Investments-Equity Method and Joint Ventures: Simplifying the Transition to the Equity Method of



Accounting (“ASU 2016-07”). ASU 2016-07 eliminates the requirement to apply the equity method of accounting retrospectively when a reporting entity obtains significant influence over a previously held investment. ASU 2016-07 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. We are currently evaluating the impact the adoption of this standard would have on our financial condition, results of operations and cash flows.

In March 2016, the FASB issued ASU 2016-09, “Improvements to Employee Share-Based Payment Accounting.” The guidance simplifies accounting for share-based payments, most notably by requiring all excess tax benefits and tax deficiencies to be recorded as income tax benefits or expense in the income statement and by allowing entities to recognize forfeitures of awards when they occur. This new guidance is effective for annual reporting periods beginning after December 15, 2016 and may be adopted prospectively or retroactively. We are currently evaluating the impact the adoption of this standard would have on our financial condition, results of operations and cash flows.

### **3. Property & Equipment**

On March 28, 2016, the Company acquired equipment from a related party for \$938,000 in exchange for an equipment loan for the same amount. The equipment is part of an operating plant under construction pursuant to the Company’s business plan. The equipment has not yet been put to use, hence no depreciation was charged on the same.

### **4. Licensing Agreement**

On March 28, 2016, the Company also obtained the exclusive right to certain patents for use of a technology involving pyrolysis system. The Company obtained the licensing agreement from a related party in exchange for the issuance of 20,625,000 shares of common stock. The fair market value of the shares was \$61,875. The cost of the license to the related party was \$10. Hence, the licensing agreement was recorded at the historical cost to the related party of \$10 and the excess value of shares of \$61,865 was recorded as a deemed dividend to the related party.

Pursuant to the sub-license agreement, the Company obtained the sole and exclusive right and license to purchase and operate processors for vapor distillation of tires, rubber and other organic material which are made by or for licensor and covered by one or more of the licensed patents until the expiration of the last to expire of the licensed patents or any reissues thereof unless sooner terminated in accordance with the provisions of this agreement. In the event that the Company shall fail to put into operation an installation with at least five licensed products during the first eighteen (18) months of this agreement, or if construction has not been substantially initiated at a site for the installation of licensed products within one year following execution of this Agreement, licensor shall have the right to terminate this agreement. Licensor shall also have the right to terminate this Agreement if an additional installation of at least five licensed products is not placed in operation in every two year period following the first installation. The Company agrees to pay licensor a royalty of twenty-five thousand dollars (\$25,000) for each licensed products placed in operation and a running use fee

equal to 2.5% of the net collected revenues produced from all licensed products placed in operation of every installation by the Company.

As of May 31, 2016, there has been no installation, hence, no royalty has been paid to the licensor.

## **5. Loans Payable- Related Party**

On March 28, 2016, the Company authorized signing of an Operating loan representing costs advanced by a related party for the operations of the Company. The loan shall bear an interest of 3% per annum. The Operating loan amounted to \$200,448 and \$36,000, respectively as of August 31, 2016 and November 30, 2015. The Company accrued an interest of \$1,417 and \$2,255 on this loan for the three and nine month periods ended August 31, 2016. The Company accrued an interest of \$0 on this loan for the three and nine month periods ended August 31, 2015.

On March 28, 2016, the Company authorized signing of an Equipment loan representing equipment acquired or fabricated by the related party (See Note 3). The equipment loan amounted to \$938,000 as of August 31, 2016. The Company accrued an interest of \$7,035 and \$11,725 on this loan for the three and nine month periods ended August 31, 2016. The Company accrued an interest of \$0 on this loan for the three and nine month periods ended August 31, 2015.

## **6. Convertible Note Payable**

On October 1, 2013, the Company raised \$21,720 on issuance of a new convertible note. The note is convertible at the rate of \$0.001 per share, bears an interest of 18% and is payable on October 1, 2014. The Company recorded a discount of \$21,720 for the beneficial conversion feature on the note which was amortized over the term of note. The Company recorded interest expense of \$2,931 and \$2,931, on the note for the nine month periods ended August 31, 2016 and 2015. The Company recorded interest expense of \$977 and \$977, on the note for the three month periods ended August 31, 2016 and 2015.

## **7. Going Concern**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. The Company reported accumulated deficit of \$16,179,741 as of August 31, 2016. The Company also incurred net losses of \$162,448 and \$34,282 for the nine month periods ended August 31, 2016 and 2015, respectively. To date, these losses and deficiencies have been financed principally through the loans from related parties.

In view of the matters described, there is substantial doubt as to the Company's ability to continue as a going concern without a significant infusion of capital. At August 31, 2016, the Company had minimal operations. There can be no assurance that management will be successful in implementing its plans. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We anticipate that we will have to raise additional capital to fund operations over the next 12 months. To the extent that we are required to raise additional funds to acquire

properties, and to cover costs of operations, we intend to do so through additional offerings of debt or equity securities. There are no commitments or arrangements for other offerings in place, no guaranties that any such financings would be forthcoming, or as to the terms of any such financings. Any future financing August involve substantial dilution to existing investors.

## **5. Capital Stock**

During the nine month period ended August 31, 2016, the Company issued 20,625,000 shares of common stock for the acquisition of a licensing agreement. The Company valued the shares at the fair market value of \$61,875 (See Note 4). As of August 31, 2016, there were 351,907,314 shares of common stock were issued and outstanding.

### **Preferred stock**

During the nine month period ended August 31, 2016, the Company discovered that the number of shares of Series A Preferred Stock were under recorded by 17,403,475. The Company corrected the error during the nine month period ended August 31, 2016. As of August 31, 2016, there were 31,403,475 shares of Series A Preferred Stock issued and outstanding.

### **Stock Option Plan**

The Company has a stock option plan, under which the Company August grant options to employees, non-employee directors, consultants and advisors of the Company or any subsidiary company to purchase common shares. In the case of consultants and advisors of the Company, options are only granted if bona fide services have been or are to be rendered by such consultant or advisor and such services are not in connection with the offer of sale of securities in a capital raising transaction. The option price shall be determined by the Board of Directors of the Company and shall be above the fair market value price of the common stock when granted. The term and vesting period of the options granted shall be determined by the Board of Directors or by its chosen committee.

No new stock options were granted during the nine month period ended August 31, 2016 and there were no stock options outstanding as of August 31, 2016.

## **7. Income Taxes**

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory

tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The following is detail of income tax expense:

	U.S.	State	Total
Current	\$ -	\$ -	\$ -
Deferred	-	-	-
Total	-	-	-

The following is a reconciliation of the provision for income taxes at the U.S. federal income tax rate to the income taxes reflected in the Statement of Operations:

	August 31, 2016
Tax expense (credit) at statutory rate - federal	34%
State tax expense net of federal tax	6%
Changes in valuation allowance	(40%)
Tax expense at actual rate	-%

We recorded an allowance of 100% for its net operating loss carry forward due to the uncertainty of its realization.

The Company did not provide any current or future United States federal or state tax provision or benefit for the periods presented because it has experienced operating losses since inception. The Company has provided a full valuation allowance on the deferred tax asset, consisting primarily of net operating loss carry forwards, because of uncertainty regarding its ability to be realized.