

**LYFETEC, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**



**Daszkal Bolton LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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**DaszkalBolton LLP**

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholder of  
LyfeTec, Inc. (A Development Stage Company)  
Pompano Beach, Florida

We have audited the accompanying balance sheet of LyfeTec, Inc. (a Development Stage Company) (the "Company") as of December 31, 2009, and the related statements of operations, changes in equity (net capital deficiency) and cash flows for the period from February 2, 2009 (Inception) to December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 4 to the financial statements, the Company has significant related party transactions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LyfeTec, Inc. (a Development Stage Company) as of December 31, 2009, and the result of its operations and cash flows for the period from February 2, 2009 (Inception) to December 31, 2009, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company is in the development stage, has sustained losses, negative net cash flows from operations, and has a net capital deficiency at December 31, 2009. These matters raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management is proposing to raise any necessary additional funds through loans and additional sales of its common stock. There is no assurance that the Company will be successful in raising additional capital.

*DaszkalBolton LLP*

Boca Raton, Florida  
March 2, 2010

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**BALANCE SHEET**  
**DECEMBER 31, 2009**

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ASSETS

Current assets:

Cash and cash equivalents	\$	767
Due from affiliates		<u>9,855</u>
Total assets	\$	<u>10,622</u>

LIABILITIES AND NET CAPITAL DEFICIENCY

Accrued interest

Current liabilities:

Convertible note payable	\$	309,000
Accrued interest on convertible note payable		62,607
Shareholder note		5,000
Accrued wages		427,294
Other accrued expenses		23,964
Due to affiliates		82,824
Shareholoder advances		<u>11,706</u>
Total liabilities		<u>922,395</u>

Commitments and contingencies

Net capital deficiency:

Common stock, \$0.0001 par value; 80,000,000 shares authorized:

100 shares issued and outstanding	-
Additional paid-in capital	(353,980)
Common stock subscriptions in process, 1,530,000 shares to be issued	114,000
Stock subscriptions receivable	(5,000)
Deficit accumulated during the development stage	<u>(666,793)</u>
Net capital deficiency	<u>(911,773)</u>

Total liabilities and net capital deficiency \$ 10,622

See accompanying notes to financial statements.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**STATEMENT OF OPERATIONS**  
**FROM FEBRUARY 2, 2009 (INCEPTION) TO DECEMBER 31, 2009**

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Net sales	\$	-
Cost of sales		<u>-</u>
Gross profit		<u>-</u>
Operating expenses:		
Salaries		535,667
Selling and marketing		6,746
Rent		17,296
Research and development		2,000
Technology		18,163
Professional fees		34,848
Business start-up costs		20,000
Other general and administrative expenses		<u>14,546</u>
Total operating expenses		<u>649,266</u>
Loss from operations		(649,266)
Interest expense		<u>(17,527)</u>
Loss before income taxes		(666,793)
Income taxes		<u>-</u>
Net loss	\$	<u>(666,793)</u>

See accompanying notes to financial statements.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (NET CAPITAL DEFICIENCY)**  
**FROM FEBRUARY 2, 2009 (INCEPTION) TO DECEMBER 31, 2009**

	Common Stock		Additional Paid-In Capital	Stock Subscriptions In Process	Stock Subscriptions Receivable	Accumulated Deficit	Net Capital Deficiency
	Shares	Amount					
Balance, February 2, 2009 (Inception)	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common stock	100	-	100	-	-	-	100
Common stock subscribed	-	-	-	114,000	(5,000)	-	109,000
Assumption of parent company convertible note payable and accrued interest	-	-	(354,080)	-	-	-	(354,080)
Net loss	-	-	-	-	-	(666,793)	(666,793)
Balance, December 31, 2009	<u>100</u>	<u>\$ -</u>	<u>\$ (353,980)</u>	<u>\$ 114,000</u>	<u>\$ (5,000)</u>	<u>\$ (666,793)</u>	<u>\$ (911,773)</u>

See accompanying notes to financial statements.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**STATEMENT OF CASH FLOWS**  
**FROM FEBRUARY 2, 2009 (INCEPTION) TO DECEMBER 31, 2009**

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Cash flows from operating activities:	
Net loss	\$ (666,793)
Reconciliation of net loss to net cash used in operating activities:	
Changes in operating assets and liabilities	
Due from affiliates	(9,855)
Accrued wages	427,294
Accrued interest on convertible note payable	17,527
Other accrued expenses	23,964
Due to affiliates	<u>82,824</u>
Net cash used in operating activities	<u>(125,039)</u>
Cash flows from investing activities	-
Cash flows from financing activities:	
Advances from shareholder	11,706
Loan from shareholder	5,000
Common stock issued and subscribed	<u>109,100</u>
Net cash provided by financing activities	<u>125,806</u>
Net increase in cash and cash equivalents	767
Cash and cash equivalents, February 2, 2009 (Inception)	<u>-</u>
Cash and cash equivalents, December 31, 2009	<u>\$ 767</u>
Noncash Investing and Financing Activity:	
Assumption of parent company convertible note payable and accrued interest	<u><u>\$ 354,080</u></u>

See accompanying notes to financial statements.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 – BUSINESS AND BASIS OF PRESENTATION**

LyfeTec, Inc. ("LyfeTec" or the "Company") was incorporated in Florida in January 2009 to develop and market medical home screen test kits to consumers. The Company plans to market its products to retail stores nationally through a network of sales representatives and distributors. The Company's corporate offices are located in Fort Lauderdale, Florida. LyfeTec became a wholly-owned subsidiary of Macada Holding, Inc. ("Macada") in February 2009. As more fully described in Note 7, in connection with the transaction between Macada and LyfeTec, Macada transferred a financial obligation of Macada to LyfeTec in the amount of \$309,000 plus accrued interest of \$45,080. Such amounts have been reflected in the financial statements as a reduction of additional paid-in capital.

On September 23, 2009, the Company and Macada entered into an Agreement and Plan of Merger ("Merger Agreement") with Genesis Capital Corporation ("Genesis") and Genesis Capital Acquisition Corp. ("Merger Sub"). Pursuant to the Merger Agreement, Merger Sub was to merge with and into the Company, with LyfeTec being the surviving corporation. In connection with the Merger Agreement, each issued and outstanding share of LyfeTec common stock was to be converted into the right to receive a to-be determined number of shares of Genesis common stock ("Exchange Ratio"). In addition, holders of the Genesis preferred stock were to receive cash consideration of \$350,000. Based on the results of the Company's due diligence review, the transaction was not consummated. As a result, non-refundable consideration of \$10,000 paid by the Company was charged to expense during the period ending December 31, 2009, and is included in general and administrative expenses.

As more fully described in Note 9, in February 2010, the Company entered into an Asset Purchase Agreement with Strata Capital Corporation ("Strata") and Strata Acquisition Corporation ("SAC").

In accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") ASC 915, *Development Stage Entities*, entities that have not commenced planned principal operations or that have commenced planned principal operations but have no significant revenue from such activities are deemed a development stage entity. The Company is a development stage company with a limited operating history. To date, the Company has not generated revenues, and it has incurred net losses since inception. The Company expects its losses to continue and to increase as the Company seeks regulatory approvals and initiates commercialization activities.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

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

**Cash and Cash Equivalents**

The Company considers all highly liquid investments purchased with original maturities of three (3) months or less at purchase to be cash equivalents.

**Trade Accounts Receivable**

Trade accounts receivable will be recorded at the invoiced amount. The Company will establish an allowance based on its best estimate of the amount of probable credit losses in the Company's existing accounts receivable.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Property, Plant and Equipment

The Company will record property, plant and equipment and leasehold improvements at historical cost. Expenditures for maintenance and repairs will be charged to expense; additions and improvements will be capitalized. The Company will provide for depreciation using the straight-line method at rates that approximate the estimated useful lives of the assets. Leasehold improvements will be amortized on a straight-line basis over the shorter of the useful life of the improvement or the remaining term of the lease.

Intangible Assets

The Company adopted the provisions of ASC 350, *Intangibles – Goodwill and Other*. Pursuant to ASC 350, goodwill and intangible assets acquired in a purchase business combination and determined to have indefinite lives and licenses acquired with no definite term will not be amortized, but instead will be tested for impairment at least annually in accordance with the provisions of this Statement. Identifiable intangibles with estimated useful lives will be amortized over their respective estimated useful lives and reviewed for impairment in accordance with ASC 360-10-35, *Impairment or Disposal of Long-Lived Assets*.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs included in selling and marketing expenses totaled \$6,746 for the period from Inception to December 31, 2009.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* (“ASC 740”). Under this method, deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities given the provisions of enacted tax laws. Deferred income tax provisions and benefits are based on changes to the assets or liabilities from year to year. In providing for deferred taxes, the Company considers tax regulations of the jurisdictions in which it operates, estimates of future taxable income, and available tax planning strategies. If tax regulations, operating results or the ability to implement tax-planning strategies vary, adjustments to the carrying value of deferred tax assets and liabilities may be required. Valuation allowances are recorded related to deferred tax assets based on the more-likely-than-not criteria of ASC 740.

ASC 740 requires the recognition of the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the “more-likely-than-not” threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

Revenue Recognition

As of December 31, 2009, the Company had not yet generated any revenues. It is the Company's policy that revenues will be recognized when persuasive evidence of an arrangement exists, delivery has occurred (or service has been performed), the sales price is fixed and determinable, and collectability is reasonably assured.

Research and Development

Research and development costs and any costs associated with internally developed patents, formulas or other proprietary technology are expensed as incurred. Research and development expenses were \$2,000 for the period from Inception to December 31, 2009.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Long-Lived Assets

The Company will review its long-lived assets, including intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve breakeven operating results over an extended period. The Company will evaluate the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should an impairment in value be indicated, the carrying value of intangible assets will be adjusted based on estimates of future discounted cash flows resulting from the use and ultimate disposition of the asset.

Stock-Based Compensation

The Company will account for share-based payments in accordance with ASC 718, *Stock Compensation* ("ASC 718"), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees, officers, directors, and consultants, including employee stock options based on estimated fair values. ASC 718 requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the required service period in the Company's Statement of Operations. Stock-based compensation is based on awards ultimately expected to vest and is reduced for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, as necessary, in subsequent periods if actual forfeitures differ from those estimates. For purposes of determining estimated fair value of share-based payment awards on the date of grant under ASC 718, the Company plans to use the Black-Scholes option-pricing model.

Recently Issued Accounting Pronouncements

In May 2009, the Financial Accounting Standards Board issued ASC 855, *Subsequent Events* which established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Recognized subsequent events should be recognized in the financial statements since the condition existed at the date of the balance sheet. Non-recognized subsequent events are not recognized in the financial statements since the conditions arose after the balance sheet date but before the financial statements are issued or are available to be issued. This Standard, which includes a required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009. The Company has evaluated events through March 2, 2010, which is the date the financial statements were issued.

**NOTE 3 – LIQUIDITY AND GOING CONCERN**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States, which contemplate continuation as a going concern. The Company is a development stage corporation, has incurred operating losses since inception, has an accumulated deficit of approximately \$667,000, and has negative cash flows from operations of approximately \$125,000. In addition, as of December 31, 2009, current liabilities exceed current assets by approximately \$912,000. There can be no assurance that the Company will be able to generate positive cash flows to fund its operations in the future or to pursue its strategic objectives. To date the Company has financed its development stage operations primarily through the sale of common stock, advances from affiliates and deferral in payment of salaries.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – LIQUIDITY AND GOING CONCERN, CONTINUED**

The Company has developed and is continuing to strive to implement an operating plan intended to eventually achieve sustainable profitability and positive cash flow from operations. Key components of this plan include generating revenue and the cash flows to be derived from diagnostic products and controlling operating expenses.

**NOTE 4 – RELATED PARTY TRANSACTIONS**

The Company conducts its operations from an office facility that is subleased from Macada. The sublease is on a month-to-month basis with monthly lease payments of \$1,537. Rent expense for the period from Inception to December 31, 2009 amounted to \$17,296.

The Company has paid certain expenses on behalf of Macada and other affiliated entities for utilities, supplies and other operating expenses, totaling \$9,855. Such amounts have been recorded as Due from Affiliates in the Balance Sheet.

Macada has paid certain expenses on behalf of the Company, including salaries, rent, utilities and other operating expenses, totaling \$67,324. In addition, the Company received \$15,500 cash from funds advanced from Macada. Such amounts have been recorded as Due to Affiliates in the Balance Sheet.

The Company has received advances aggregating \$11,706 from the Company's Chief Executive Officer who is also a shareholder of the Company and Macada. The advances are due on demand as a payable and bear no interest, and have no collateral. As of December 31, 2009, the entire balance of the advance was outstanding.

**NOTE 5 – INCOME TAXES**

At December 31, 2009, the Company had gross deferred tax assets of \$250,914. The Company determined that it is not more-likely-than-not that such asset will be realized, and as such has established a full valuation allowance as of December 31, 2009. The Company evaluates its ability to realize its deferred tax assets each period and adjusts the amount of its valuation allowance, if necessary. If there is an ownership change, as defined under Internal Revenue Code Section 382, the use of operating loss and credit carry-forwards may be subject to limitation on use.

ASC 740 requires that a valuation allowance be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. A review of all available positive and negative evidence needs to be considered, including current and past performance, the market environment in which the Company operates, the utilization of past tax credits and length of carry-back and carry-forward periods. Forming a conclusion that a valuation allowance is not needed is difficult when there is negative objective evidence such as cumulative losses. Cumulative losses weigh heavily in the overall assessment. The Company has applied a 100% valuation allowance against its net deferred tax assets as of December 31, 2009.

The Company's loss before income taxes of \$666,793 is comprised entirely of operations in the United States. The effective tax rate of 0% differs from the statutory United States federal income tax rate of 35% due primarily to the valuation allowance. The valuation allowance has increased by \$250,914 for the period from Inception to December 31, 2009.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5 – INCOME TAXES, CONTINUED**

The primary components of net deferred tax assets at December 31, 2009 are as follows:

Deferred tax assets	
Accrued compensation	\$ 160,791
Net operating loss carryforward	<u>90,123</u>
Total deferred tax assets	250,914
Valuation allowance for deferred tax assets	<u>(250,914)</u>
Net deferred tax assets	<u>\$ -</u>

As of December 31, 2009, the Company had federal income tax net operating loss carryforwards of \$90,123. The operating loss carryforwards will expire beginning in 2029.

**NOTE 6 – NOTES PAYABLE**

In connection with the transaction between Macada and LyfeTec, Macada transferred a financial obligation of Macada to LyfeTec in the amount of \$309,000 plus accrued interest of \$45,080. The note payable was issued on March 15, 2007 and was due and payable with accrued interest on March 15, 2008. Interest on the note is payable at a default rate of prime rate plus 3% (6.25% at December 31, 2009). The note requires the maintenance of certain qualitative covenants. In addition, the note is convertible into shares of common stock of Macada, up to the face value of the note plus any accrued interest, not to exceed 9.99% of the outstanding shares of Macada. The conversion price will be the lowest bid price of Macada on the last trading day immediately prior to the date of conversion. As the conversion price is not determined until such date that conversion occurs, there is no beneficial conversion feature associated with this note until settlement.

No amount of principal or interest has been paid on the note, and the note remains in default at December 31, 2009. The note has been recorded at its face value of \$309,000 plus accrued interest of \$62,607 as of December 31, 2009.

In October 2009, the Company issued a promissory note to a shareholder in exchange for \$5,000. The terms of the promissory note provide the note holder with the option of receiving as repayment of the promissory note either: (1) 25,000 shares of common stock of the Company, or (2) a lump sum payment of \$7,000 on the due date, December 1, 2009. No other interest provisions are contained in the promissory note. As of December 31, 2009, the promissory note is in default and no shares of common stock have been issued pursuant to the note. The difference between the conversion price of the note into shares of the Company's common stock, and the fair value of the Company's common stock on the date of issuance of the note, did not result in the recognition of a beneficial conversion feature since the fair value of the Company's common stock was significantly lower than the conversion price.

**NOTE 7 – NET CAPITAL DEFICIENCY**

The Company has 100,000,000 shares of common stock authorized with a par value of \$0.0001. As of December 31, 2009, 100 shares of common stock are issued and outstanding.

The Company subscribed for the issuance of 1,530,000 shares of its common stock at values ranging from \$0.06 per share to \$0.20 per share, for total proceeds of \$119,000. At December 31, 2009, \$5,000 of the stock subscription has not yet been received by the Company, and has been recorded as Stock Subscriptions Receivable in the financial statements. The stock certificates representing the 1,530,000 shares of common stock have not been issued.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7 – NET CAPITAL DEFICIENCY, CONTINUED**

The Company also has commitments to issue approximately 27.5 million shares of its common stock pursuant to various employment agreements.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

*Employment Agreements*

During the period the Company entered into employment agreements with six (6) key employees, all of whom are also shareholders. In addition to salary and benefit provisions, these agreements include the issuance of stock options under the Equity Option Plan (the “Option Plan”) and common stock under the 2009 Equity Incentive Plan (the “Incentive Plan”). The employment agreements call for the issuance of a total of 19,500,000 shares of common and restricted stock, as well as the issuance of options to purchase 8,000,000 shares of common stock. The stock options vest 25% on the effective date of the employment agreements, with the remaining 75% vesting as set forth in the Option Plan. The stock options, once vested, shall be exercisable at a 70% discount to the market price per share on the date of exercise. The Option Plan and the Incentive Plan have not yet been drafted by the Company, or approved by the Board of Directors, and accordingly no stock options or shares have been granted to employees under these plans.

*Classification of Employees as Independent Contractors*

The Company has contracts with certain individuals as service providers. Since these individuals are regarded as independent contractors, the Company does not withhold federal or state income taxes, make federal or state unemployment tax payments or provide workers’ compensation insurance with respect to such independent contractors. The payment of applicable taxes is regarded by the Company as the responsibility of such independent contractors. The Company believes that this classification of these individuals as independent contractors is proper for federal tax purposes.

Should the IRS determine that reclassification is required, such reclassification may have a material impact on the Company’s operating results.

*Distribution Agreements*

The Company has entered into certain distribution agreements to market and sell its products. In exchange for entering into one of the distribution agreements, the Company will receive shares of common stock representing a 35% ownership in the distributor.

*Acquisition Transactions*

The Company has executed non-binding letters of intent to acquire a health insurance based marketing firm and a financial advisory firm. Terms of the transactions are not finalized and are subject to due diligence review and shareholder approvals.

**NOTE 9 – SUBSEQUENT EVENTS**

In January 2010, the Company subscribed for the issuance of 10,000,000 shares of its common stock at a value of \$0.001 per share, for cash proceeds of \$10,000.

In January 2010, the Company relocated its corporate office to Pompano Beach, Florida from Fort Lauderdale, Florida. In connection with the relocation, the Company entered into a short-term lease agreement for the Pompano Beach office that expires on April 15, 2010, with an option to purchase the premises at the end of the lease term. The agreement calls for rent payments of \$5,000 per month plus a non-refundable deposit of \$5,000, for total payments of \$20,000, plus insurance, maintenance and utilities.

**LYFETEC, INC. (A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9 – SUBSEQUENT EVENTS, CONTINUED**

On February 9, 2010, the Company entered into an Asset Purchase Agreement with Strata Capital Corporation (“Strata”) and Strata Acquisition Corporation (“SAC”). Pursuant to the Asset Purchase Agreement, SAC will purchase substantially all of the assets of the Company that comprise the Lyfotec business in exchange for 50,000,000 shares of Strata common stock, \$.000001 par value. In connection with the Asset Purchase Agreement, Strata plans to redeem all of its outstanding preferred stock and the controlling interest of its common stock, all held by a single entity, in exchange for total cash consideration of approximately \$611,000. Consummation of the transactions contemplated is subject to due diligence, shareholder and Board approvals, maintenance of certain positive covenants and the ability to obtain bridge financing on acceptable terms.