UNITED AMERICAN HEALTHCARE CORPORATION

Quarterly Report
(Unaudited)

For the quarterly period ended September 30, 2017

United American Healthcare Corporation

Quarterly Report

Table of Contents

PART I – ENTITY AND SECURITY INFORMATION

1) Name of the issuer and its predecessors (if any):

United American Healthcare Corporation (the “Company,” “Issuer” or “UAHC”)

2) Address of the issuer’s principal executive offices

Company Headquarters

Address 1: 303 E Wacker Dr.
Address 2: Suite 1040
Address 3: Chicago, IL 60601
Phone: (313) 393-4571
Email: relations@uahc.com
Website(s): www.uahc.com

IR Contact

Address 1: 303 E Wacker Dr.
Address 2: Suite 1040
Address 3: Chicago, IL 60601
Phone: (313) 393-4571
Email: relations@uahc.com
Website(s): www.uahc.com

3) Security Information

a) Security information as of 01/16/2018:

Title and Class of Security:	Par Value	Trading Symbol	Total Shares Authorized	Total Shares Outstanding
Common Stock	$0.001	UAHC	150,000,000	145,989,679
Preferred Stock	$0.001	Not applicable	5,000,000	0

On March 23, 2015 UAHC filed Form 15 with the Securities and Exchange Commission terminating the registration of its Common Stock under Rule 12 g-4(a)(1) of the Securities Exchange Act of 1934.

b) Transfer Agent:

West Coast Stock Transfer, Inc.
721 N. Vulcan Ave
Suite 205
Encinitas, CA 92024
Phone: 619-664-4780

Is the Transfer Agent registered under the Exchange Act? Yes: ☒ No: ☐

c) List any restrictions on the transfer of security:

UAHC has issued unregistered shares of Common Stock that are restricted from resale in the public market unless the sale(s) are exempt from SEC registration requirements.

d) Describe any trading suspension orders issued by the SEC in the past 12 months: None

e) List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None currently anticipated or that occurred within the past 12 months

4) Issuance History

Changes in Total Common Shares Outstanding (last two fiscal years):

	Common Shares	Transaction Type*
Total Common Stock outstanding as of 12/31/2015:	70,042,766	
None issued	—	
Total Common Stock outstanding as of 12/31/2016:	70,042,766	
Newly Issued May 26, 2017	77,000,000	Debt Conversion (a)
Retirement on June 1, 2017	(1,053,087)	Retirement (b)
Total Common Stock outstanding as of 06/30/2017:	145,989,679	
None issued	—	
Total Common Stock outstanding as of 09/30/2017:	145,989,679	

*Notes (a) – (b) to this table are immediately below.

<u>Changes in Total Common Shares Outstanding -- Notes:</u>

(a) On May 23, 2017, St. George elected to convert $332,871.00 of the outstanding balance of the Secured Promissory Note dated August 14, 2012, whereupon the Company, on May 26, 2017, issued to St. George 77,000,000 shares of unregistered restricted Common Stock at the conversion price of $0.004323 per share. See Note 8 – "Notes Payable" in PART II below for additional discussion.

(b) On May 17, 2017, St. George elected to partially exercise its put right to cause the Company to purchase 278,936 shares of Common Stock at a put price per share of $1.02 and 774,151 shares of Common Stock at a put price per share of $0.20112. The aggregate number of shares of Common Stock bought by the Company as a result of St. George's election was 1,053,087. The aggregate purchase price amount paid to St. George by the Company was $440,211.97. The Company subsequently elected to retire these purchased shares. See Note 15 – "Related Party Transactions" in PART II below for additional discussion.

All stock certificates for the aforementioned shares of Common Stock issued on May 26, 2017 contain a legend (1) stating that the shares have not been registered under the Securities Act of 1933 and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act of 1933.

5) Financial Statements

See PART II – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS below.

6) Issuer's Business, Products and Services

A. Description of the Issuer's business operations, principal products and their market:

United American Healthcare Corporation was incorporated in Michigan on December 1, 1983 and commenced operations in May 1985. On August 1, 2014, the Company converted from a Michigan corporation into a Nevada corporation (the "Conversion"). The Conversion was effected by the filing of a Certificate of Conversion with the Michigan Department of Licensing and Regulatory Affairs on July 28, 2014, and by the filing of Articles of Conversion with the Nevada Secretary of State on July 30, 2014, in each case with an effective date of August 1, 2014. The Conversion was approved by the shareholders of the Company at a meeting of the shareholders held on December 13, 2013. In connection with the Conversion, the Company also filed with the Nevada Secretary of State on July 30, 2014, a Plan of Conversion and Articles of Incorporation that are substantially identical to the proposed Plan of Conversion and Articles of Incorporation which were furnished as exhibits to the Company's Definitive Proxy Statement on Schedule 14A filed on November 1, 2013 with the exception of the par value of the Common Stock and Preferred Stock which was designated as no par value prior to the Conversion and was assigned a $0.001 par value per share after the Conversion. In addition, the Bylaws of United American Healthcare Corporation, a Nevada corporation, are substantially identical to the proposed

Bylaws which were furnished as an exhibit to the Company's Definitive Proxy Statement on Schedule 14A filed on November 1, 2013.

From November 1993 to June 2009, the Company's indirect, wholly owned subsidiary, UAHC Health Plan of Tennessee, Inc. ("UAHC-TN"), was a managed care organization in the TennCare program, a State of Tennessee program that provided medical benefits to Medicaid and working uninsured recipients. From January 2007 to December 2009, UAHC-TN served as a Medicare Advantage qualified organization pursuant to a contract (the "TennCare contract") with the Centers for Medicare & Medicaid Services ("CMS"). See Note 7 – "Discontinued Operations" in PART II below for additional discussion of these former business operations.

Since June 18, 2010, UAHC has provided contract manufacturing services to the medical device industry, with a focus on precision laser-cutting capabilities and the processing of thin-wall tubular metal components, sub-assemblies and implants, primarily in the cardiovascular market. The contract manufacturing services are provided by the Company's wholly-owned subsidiary, Pulse Systems, LLC (referred to below as "Pulse Systems" or "Pulse".) See Note 6 – "Acquisition" in PART II below for a discussion of the Pulse acquisition.

On July 21, 2017, the Company's board of directors voted to approve the formation of UAHC Ventures LLC, as a Nevada limited liability company, ("UAHC Ventures") and wholly owned subsidiary of the Company, with the purpose of pursuing investment opportunities within the newly formed subsidiary. The entity was formed on July 27, 2017.

On September 21, 2017, the Company's board of directors voted to approve the formation of UAHC Cryptocurrency Mining, LLC, as a Nevada limited liability company, ("UAHC Crypto Mining") and wholly owned subsidiary of the Company, with the purpose of pursuing opportunities within the newly formed subsidiary. The entity was formed on September 21, 2017.

The Company nor any of its subsidiaries are an "Investment Company" as defined by Section 3(a)(1) of the Investment Company Act of 1940 (the "Act") and are therefore not subject to the regulations contained in the Act.

B. Date and State (or Jurisdiction) of Incorporation:

Current State of Incorporation: Nevada (effective August 1, 2014)
Prior State of Incorporation: Michigan from December 1, 1983 – July 31, 2014

C. the Issuer's primary and secondary SIC Codes;

3841 – Surgical & Medical Instruments & Apparatus
3451 – Screw Machine Products

D. the Issuer's fiscal year end date is December 31st.

7) Description of Issuer's Facilities

UAHC's corporate offices are located in Chicago, Illinois. The corporate office space is leased from Wacker Services Corp, a related entity, on a month to month basis. The Company's wholly owned subsidiary, Pulse Systems, is located in Concord, California. Pulse Systems leases the building that contains both its manufacturing and office facilities under a non-cancelable operating lease that expires December 31, 2022. Pulse Systems owns the majority of its manufacturing tools and equipment and it also utilizes manufacturing equipment rented under an operating lease which expires in October 2023. Pulse System's equipment and facilities remain in conditions consistent with providing services that meet the requirements of the standard ISO 13485:2003 and ISO 9001:2008.

8) Officers, Directors, and Control Persons

A. Names of Officers and Directors

The following table sets forth certain information with respect to the directors and executive officers of the Company as of the date of this information statement January 16, 2018.

Name		Title
John M. Fife		Chairman, President and Chief Executive Officer
Scott Leece		Director
Karl Fife		Director
Herbert J. Bellucci		President, Secretary and Chief Executive Officer of Pulse Systems, and, Director
Richard M. Brown, D.O.		Director
Christina B. Saxton		Chief Financial Officer, Secretary and Treasurer, and Chief Financial Officer of Pulse Systems

John M. Fife has served as the President and Chief Executive Officer of the Company since November 2010 and Chairman of the Board since October 2010. Mr. Fife has served as President of Chicago Venture Management, Inc. ("CVM, Inc.") since 1998. CVM, Inc. is the manager of Chicago Venture Management, LLC, which is the general partner of Chicago Venture Partners, L.P., a private equity fund based in Chicago, Illinois. Mr. Fife also has served since 1996 as the President of Utah Resources International, Inc., a Utah-based real estate and oil & gas investment company and since 2004 as the Chairman of Typenex Medical, LLC, a manufacturer of blood transfusion and patient identification safety products and other laboratory and operating room disposables, both of which are portfolio companies of Chicago Venture Partners, L.P. Mr. Fife holds an MBA from Harvard Business School.

Scott Leece has served as a director of the Company since February, 2012. He is currently the Vice-President and General Manager of Specialty Brands at Young Innovations, Inc. Mr. Leece was formerly the General Manager of Typenex Medical LLC, a privately-held medical device company, which is controlled by Mr. Fife, from April 2008 to July 2014. Prior to his time at Typenex, he spent seven years at Cardinal Health in various roles in both marketing management and R&D. Mr. Leece graduated from the University of Illinois-Champaign with a B.S. in Chemical Engineering in 1998 and from the Kellogg School of Management with an MBA in 2005.

Karl Fife has served as a director of the Company since 2011. He has been the Chief Technology Officer of Chicago Venture Partners, L.P., a venture capital fund with a broad range of investments in medical devices, software, manufacturing and public equity markets since 2002. Karl Fife has served as a member of the board of directors of UAHC's subsidiary Pulse Systems since February, 2012.

Herbert J. Bellucci has served as a director of the Company since 2010. He has served as the President and Chief Executive Officer of Pulse Systems since August 2007 and Secretary of Pulse Systems since August 2010. From August 2005 to July 2007, Mr. Bellucci served as Vice President of Manufacturing and then Vice President of Manufacturing and International of Alphatec Holdings (Nasdaq: ATEC) and its subsidiary Alphatec Spine, Inc., a medical device company that designs, develops, manufactures and markets products for the surgical treatment of spine disorders. From May 2003 to April 2005, he served as Senior Vice President of Operations for Digirad Corporation (Nasdaq: DRAD), a publicly-held developer and manufacturer of solid-state gamma cameras for nuclear cardiology and general nuclear medicine applications. Mr. Bellucci holds a Bachelor of Science degree in engineering from Brown University and an MBA from Stanford Graduate School of Business.

Richard M. Brown, D.O. has served as a director of the Company since 2001. Dr. Brown founded Park Medical Centers in 1961. He is a practicing physician and has been President of Park Family Health Care in Detroit, Michigan since 1995. During his career, he has also served as Chief of Staff of the following hospitals in Michigan: Michigan Health Center, Detroit Central Hospital, Botsford General Hospital and Zeiger Osteopathic Hospital. Dr. Brown has been a delegate to the American Osteopathic Association since 1989 and to the Michigan Association of Osteopathic Physicians and Surgeons since 1986. He is a past Board member of the Barbara Ann Karmanos Cancer Institute and the University of Osteopathic Medicine and Health Services in Des Moines, Iowa.

Christina B. Saxton has served as the Chief Financial Officer, Secretary and Treasurer of the Company and the Chief Financial Officer of Pulse Systems since July 23, 2015. Ms. Saxton also has managed finance and accounting projects for Chicago Venture Partners, L.P., an affiliate of John M. Fife, since May, 2011. Ms. Saxton was previously an Assistant Vice President in the Private Equity Fund Services division of J.P. Morgan Chase from April, 2008 to May, 2011 and a senior associate in the audit group of KPMG from September, 2004 to December, 2007. Ms. Saxton holds a B.S. in Accounting and Masters in Accounting from the University of Denver.

B. Control Persons

The following individuals and entities are the beneficial owners of more than five percent (5%) of UAHC's Common Stock:

Control Person/Entity	Beneficial Owner or Agent of Control Person	Percentage Ownership of UAHC Common Stock as of 01/16/18
St. George Investments LLC ("SG")	Beneficial Owner: John M. Fife (95% owner of SG) Red Cliffs Investments Inc (5% owner of SG)	74.22%
The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints	Registered Agent: Corporate Agent Services, LLC 36 S State St, Ste 1900 Salt Lake City, UT 84111	13.70%

C. Beneficial Shareholders. The following is a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders are provided.

Beneficial Shareholders	Beneficial Shareholder's Ownership	Address of Beneficial Shareholder(s)	Percentage Ownership as of 01/16/18
St. George Investments LLC ("SG") Registered Agent: Jonathan K. Hansen	John M. Fife (95% owner of SG) Red Cliffs Investments Inc (5% owner of SG)	303 E. Wacker Dr., Suite 1040 Chicago, IL 60601	74.22%
The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints Registered Agent: Corporate Agent Services, LLC		50 East North Temple Salt Lake City, UT 84150	13.70%

D. <u>Legal/Disciplinary History</u>. Please identify whether any of the aforementioned Directors, Officers, Control Persons and or Beneficial Shareholders have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   <u>None</u>

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   <u>None</u>

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

   <u>None</u>

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

In October 2011, the Financial Industry Regulatory Authority ("FINRA") requested – purportedly pursuant to FINRA Rule 8210 – that John M. Fife appear to testify in a matter captioned "Gordon & Co. No. 2011029203701." However, after careful consideration of FINRA's request, it was apparent that FINRA did not exercise proper jurisdiction over Mr. Fife under FINRA Rule 8210. Mr. Fife never has been a FINRA member, nor has he at any time been a "person associated with a member" within the meaning ascribed by Article I of the FINRA By-laws. Given FINRA's lack of jurisdiction, Mr. Fife notified FINRA that he would not appear to testify. On that basis alone, and in reliance on FINRA Rule 9552, FINRA suspended Mr. Fife on January 27, 2012 from associating with any FINRA member in any capacity. FINRA's suspension was not based upon any a finding of wrongdoing by Mr. Fife, nor has he admitted any such wrongdoing.

9) Third Party Providers

Legal Counsel

General Counsel

Name: Eric M. Fogel
Firm: SmithAmundsen LLC
Address 1: 150 N. Michigan Ave, Suite 3300
Address 2: Chicago, IL 60601
Phone: (312) 894-3325
Email: efogel@salawus.com

Counsel reviewing Annual Report (Quarterly Reports, including this report, are not subject to review)

Name: John M. Kamins
Firm: Foster Swift Collins & Smith PC
Address 1: 28411 Northwestern Hwy., Suite 500
Address 2: Southfield, MI 48034
Phone: (248) 785-4727
Email: jkamins@fosterswift.com

[Remainder of page intentionally left blank]

PART II – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

United American Healthcare Corporation and Subsidiaries
UNAUDITED CONSOLIDATED BALANCE SHEET
(in thousands)

	September 30, 2017	December 31, 2016
Assets		
Current Assets		
Cash and cash equivalents	$ 667	$ 1,139
Accounts Receivable, net	1,682	882
Inventories	810	795
Prepaid Expenses and other	136	98
Interest Receivable	27	—
Investments, at fair value		
Available-for-sale debt securities	7,242	—
Warrants	7,938	—
Total Investments, at fair value	15,180	—
Total Current Assets	18,502	2,914
Goodwill	5,000	5,000
Property and equipment, net	1,228	1,292
Other intangibles, net	—	117
Total assets	$ 24,730	$ 9,323
Liabilities and Shareholders' Equity		
Current Liabilities		
Put obligation on Common Stock	$ 11,905	$ 12,833
Redeemable preferred member units of subsidiary, current portion	4,080	4,084
Long-term debt, current portion	3,211	1,595
Accounts payable	336	284
Accrued expenses	206	176
Other current liabilities	1,007	865
Total current liabilities	20,745	19,837
Long-term debt, less current portion	—	—
Capital lease obligations, less current portion	10	15
Total Liabilities	$ 20,755	$ 19,852
Commitments and Contingencies		
Shareholders' equity		
Preferred Stock, 5,000,000 shares authorized; none issued	—	—
Common Stock, $0.001 par value, 150,000,000 shares authorized; 145,989,679 outstanding at September 30, 2017 and 70,042,766 outstanding at December 31, 2016	145	69
Additional paid in capital	29,115	29,115
Accumulated deficit	(31,224)	(39,713)
Accumulated other comprehensive income	5,939	—
Total shareholders' equity	3,975	(10,529)
Total Liabilities and Shareholders' Equity	$ 24,730	$ 9,323

See accompanying Notes to the Unaudited Consolidated Financial Statements.

United American Healthcare Corporation and Subsidiaries
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Contract manufacturing revenue	$ 2,676	$ 2,171	$ 7,923	$ 6,727
Operating expenses				
Cost of contract manufacturing services	$ 1,775	1,335	$ 4,697	$ 4,290
Marketing, general and administrative	692	766	2,244	2,265
Total operating expenses	2,467	2,101	6,941	6,555
Operating income	209	70	982	172
Change in value of preferred member units of subsidiary	(79)	(84)	(246)	(251)
Change in fair value of put obligation	(202)	111	928	991
Change in fair value of derivatives - warrants	7,137	—	7,137	—
Interest and other income (expense), net	18	(71)	(87)	(221)
Income from continuing operations, before income tax	7,083	26	8,714	691
Income tax expense	—	—	(13)	(13)
Income from continuing operations	7,083	26	8,701	678
Discontinued Operations				
Income from discontinued operations	—	896	—	898
Income tax expense from discontinued operations	—	—	—	—
Income from discontinued operations	—	896	—	898
Net Income	$ 7,083	$ 922	8,701	1,576
Income per common share from continuing operations – basic and diluted				
Income per common share	$ 0.07	$ 0.00	$ 0.08	$ 0.01
Weighted average shares outstanding	103,797	70,043	103,797	70,043

Unaudited Consolidated Statement of Comprehensive Income continued on Page 14

Income per common share from discontinued operations – basic and diluted				
Income per common share	$ 0.00	$ 0.01	$ 0.00	$ 0.01
Weighted average shares outstanding	103,797	70,043	103,797	70,043
Net income per common share – basic and diluted				
Net income per common share	$ 0.07	$ 0.00	$ 0.08	$ 0.02
Weighted average shares outstanding	103,797	70,043	103,797	70,043
Other comprehensive income, net of tax				
Changes in unrealized gains related to available-for-sale debt securities	5,939	—	5,939	—
Other comprehensive income	5,939	—	5,939	—
Comprehensive Income	13,022	922	14,640	1,576

United American Healthcare Corporation and Subsidiaries
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Operating Activities		
Net Income	$ 8,701	$ 1,576
Less: Net Income from discontinued operations	—	898
Net Income from continuing operations	8,701	678
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	458	616
Change in value of preferred member units of subsidiary	246	251
Change in fair value of put obligation	(929)	(991)
Change in fair value of derivatives - warrant	(7,137)	—
Net changes in other operating assets and liabilities	(790)	(412)
Net cash provided by operating activities of continuing operations	549	142
Net cash provided by operating activities of discontinued operations	—	898
Net cash provided by operating activities	549	1,040
Investing activities		
Purchase of Convertible Note and Warrant	(2,000)	—
Leasehold improvements	(18)	(83)
Purchase of furniture, equipment and software	(259)	(137)
Net cash used in investing activities by continuing operations	(2,277)	(220)
Net cash provided by investing activities by discontinued operations	—	—
Net cash used in investing activities	(2,277)	(220)
Financing activities		
Purchase of Common Stock	(441)	—
Payments on Debt	(299)	(301)
Proceeds from affiliate borrowing	2,000	—
Payments on capital lease obligation	(4)	(66)
Net cash used in financing activities by continuing operations	1,256	(367)
Net cash used in financing activities by discontinued operations	—	—
Net cash used in financial activities	1,256	(367)
Net increase (decrease) in cash and cash equivalents	(472)	453
Cash and cash equivalents at beginning of period	1,139	507
Cash and cash equivalents at end of period	$ 667	$ 960
Supplemental disclosure of cash flow information:		
Interest Paid	$ 106	$ 23

NOTE 1 – BASIS OF PREPARATION

The accompanying unaudited consolidated financial statements include the accounts of United American Healthcare Corporation ("UAHC" or the "Company"), and its wholly owned subsidiaries Pulse Systems, LLC ("Pulse"), UAHC Ventures LLC ("UAHC Ventures"), and UAHC Cryptocurrency Mining LLC ("UAHC Crytpo Mining"). All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements of the Company have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), with modification as it applies to interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

For all periods presented in the accompanying unaudited consolidated statements of comprehensive income, the Company's managed care business of UAHC-TN is classified as discontinued operations based on the fact that the Company has performed substantially all of its contractual obligations.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations and cash flows have been included. The results of operations for the nine months ended September 30, 2017 are not necessarily indicative of the results of operations expected for the full fiscal year ended December 31, 2017 ("Fiscal 2017") or for any other period. The accompanying interim unaudited consolidated financial statements and related notes should be read in conjunction with our unaudited consolidated financial statements and related notes contained in our most recent annual report published through the OTC Markets Disclosure & New Service on March 21, 2017.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Goodwill**. Goodwill resulting from business acquisitions is carried at cost. The carrying amount of goodwill is tested for impairment at least annually at the reporting unit level, as defined, and will only be reduced if it is found to be impaired or is associated with assets sold or otherwise disposed of. There were no goodwill impairment charges recorded during the nine months ended September 30, 2017 and 2016.

b. **Inventories.** Inventories are valued at the lower of cost, on a first-in, first- out method, or market. Work in process and finished goods include materials, labor and allocated overhead. Inventories consist of the following at September 30, 2017 and December 31, 2016, (in thousands):

		September 30, 2017		December 31, 2016
Raw materials	$	401	$	603
Work in process		349		183
Finished goods		60		9
Total Inventories	$	810	$	795

c. **Other Intangibles.** Intangible assets are amortized over their estimated useful lives using the straight-line method. The following is a summary of intangible assets subject to amortization as of September 30, 2017 and December 31, 2016, including the retroactive adjustments for final valuation of such intangible assets (in thousands):

		September 30, 2017		December 31, 2016
Customer list	$	2,927	$	2,927
Less: accumulated amortization		(2,927)		(2,810)
Intangible assets, net	$	—	$	117

Amortization expense was $117K for the nine months ended September 30, 2017.

d. **Investment Transactions and Related Investment and Interest Income.** Convertible debt investments are classified as available-for-sale debt securities and reported at fair value and are subject to quarterly impairment testing. Unrealized gains and losses (other than impairment losses) are reported, net of the related tax effect, in other comprehensive income (OCI). Upon sale, realized gains and losses are reported in net income. Interest income, including amortization of any discount, is calculated using the effective interest rate method and included in net income. Discounts to the face value amount of debt securities that are not expected to be realized are not accreted.

e. **Derivatives.** The Company records derivative instruments at fair value. Gains and losses from derivative instruments are reported in net income as net realized gain (loss) from derivatives or the change in unrealized gains and losses on derivatives.

f. **Fair Value – Definition and Hierarchy.** Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Company are consistent with the market or income approaches. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurements.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity specific measure. Therefore, even when observable inputs are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the market place, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgement exercised by the Company in determining fair value is greatest for investments categorized in Level 3.

Available for Sale Securities – Convertible Debt

The fair value of convertible debt securities takes in consideration the likeliness and ability of the issuer of the debt security to repay all or portions of the debt in cash versus the likeliness of the debt instrument to be repaid, all or in part, through conversion of the debt into unregistered shares of the issuer's common stock that may be sold on an exchange. Further, unregistered shares of common stock are subject to certain statutory requirements that can restrict the timing and pace of stock sales. The valuation model for convertible debt considers the type and duration of any existing regulatory restrictions, to the extent the restriction is specific to the underlying common stock of a debt security deemed likely to be repaid through conversion. Additionally, the valuation model takes in account the contractual debt terms including but not limited to stock sale volume limitations, conversion price, redemption features as well as multiple inputs including time value, implied volatility, equity prices, and interest rates. In no event does the valuation exceed the listed price of the underlying common stock on the OTC multiplied by the as-converted number of shares. Investments in convertible debt securities of public companies are generally categorized in Level 2 of the fair value hierarchy.

Warrants

The fair value of detachable warrants is determined using the Black-Scholes option pricing model, a valuation technique that follows the income approach. This pricing model takes into account the contract terms (including maturity, cashless exercise features) as well as multiple inputs including time value, implied volatility, equity prices, and interest rates. Warrants exercisable into stock that trades on the OTC market are classified in Level 2 of the fair value hierarchy.

Put Options

The Company has entered into certain contracts that give parties the option to put shares of the Company's common stock back to the Company at a specified price. If exercised, these options may require the Company to purchase shares of its common stock at a strike price that exceeds the listed price of the common stock on the OTC. The fair value of the put obligation and the amount of the liability recorded in the balance sheet is determined using the Black-Scholes option pricing model, a valuation technique that follows the income approach. This pricing model takes into account the contract terms (including maturity) as well as multiple inputs including time value, implied volatility, equity prices, and interest rates. The put options are classified in Level 2 of the fair value hierarchy.

NOTE 3 – FAIR VALUE

To prioritize the inputs the Company uses in measuring fair value, the Company applies a three-tier fair value hierarchy. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, reflects management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration was given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model. Determining which hierarchical level an asset or liability falls within requires significant judgment. The Company evaluates its hierarchy disclosures on a quarterly basis.

The following tables summarize the financial instruments measured at fair value on a recurring basis in the Consolidated Balance Sheet as of September 30, 2017 and December 31, 2016 (in thousands):

September 30, 2017	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Available for Sale Securities	$ —	$ 7,242	$ —	$ 7,242
Warrants held for Investment	$ —	$ 7,938	$ —	$ 7,938
Liabilities				
Put obligation on Common Stock	$ —	$ 11,905	$ —	$ 11,905

December 31, 2016	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Available for Sale Securities	$ —	$ —	$ —	$ —
Warrants held for Investment	$ —	$ —	$ —	$ —
Liabilities				
Put obligation on Common Stock	$ —	$ 12,833	$ —	$ 12,833

NOTE 4 – DERIVATIVES

In connection with the Company's purchase of convertible debt securities, as additional inducement to enter such transactions, the Company may receive detachable warrants to purchase shares of an issuer's common stock. The warrants provide the Company with exposure and potential gains upon equity appreciation of the issuer's share price. The aggregate transaction purchase price is allocated between the related debt instrument and the detachable warrant based upon their free-standing relative fair values on the issuance date. The fair value of warrants classified as derivatives are included as a separate line item in the balance sheet with changes in fair value reflected as realized gains (losses) or change in unrealized gains (losses) on derivatives within the statement of comprehensive income.

Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of the amount of the instrument's purchase price. The primary underlying risk related to a warrant is the equity price. Additionally, the Company is exposed to counterparty risk due to the inability of its counterparties to meet the terms of their contracts.

The value of a warrant has two components: time value and intrinsic value. A warrant has a limited life and expires on a certain date. As time to the expiration date of a warrant approaches, the time value of a warrant will decline. In addition, if the stock underlying the warrant declines in price, the intrinsic value of an "in the money" warrant will decline. Further, if the price of the stock underlying the warrant does not exceed the strike price of the warrant on the expiration date, the warrant will expire worthless. As a result, there is the potential for the Company to lose its entire investment in a warrant.

The Company is exposed to counterparty risk from the potential failure of an issuer of a warrant to settle its exercised warrants. The maximum risk of loss from counterparty risk to the Company is the fair value of the contract. The Company considers the effects of counterparty risk when determining the fair value of its investments in warrants.

The Company considers the notional amounts at September 30, 2017, categorized by primary underlying risk, to be representative of the volume of its derivative activities during the nine months ended September 30, 2017 (in thousands):

	Long Exposure		Short Exposure	
Primary Underlying Risk	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Equity price				
Warrants [a]	$9,173	1	—	—
	$9,173	1	—	—
	$9,173	1	—	—

[a] Notional amounts for warrants are based on the number of contracts times the fair value of the underlying Instruments as-if exercised at September 30, 2017.

The following table identifies the fair value amounts of derivative contracts included in the balance sheet, categorized by primary underlying risk, at September 30, 2017. The table also identifies the realized and unrealized gain and loss amounts included in the statement of operations as "Change in value of derivatives – warrants" categorized by primary underlying risk, for the nine months ended September 30, 2017 (in thousands):

Primary Underlying Risk	Derivative assets	Derivative liabilities	Realized gain (loss)	Unrealized gain (loss)
Equity price				
Warrants	$ 7,938	—	—	$ 7,137
Total Equity Price Risk	$ 7,938	—	—	—
Gross derivative assets and liabilities	$ 7,938	—	—	$ 7,137
Less: Effect of netting arrangements	--	--		
Less: Cash collateral applied	--	--		
Net derivative assets and liabilities	$ 7,938	--		

See Note 18 – "Subsequent Events" for additional discussion of derivative contracts.

NOTE 5 – INVESTMENTS

On July 27, 2017, the Company formed UAHC Ventures LLC, as a Nevada limited liability company, ("UAHC Ventures") and wholly owned subsidiary of the Company, with the purpose of pursuing investment opportunities within the newly formed subsidiary. As of September 30, 2017, the Company, through UAHC Ventures, has invested, in aggregate, $2 million towards the purchase of convertible debt and warrant securities.

Convertible debt securities are debt instruments that either require or permit the investor to convert the instrument into equity shares of the issuer. The Company records its convertible debt investments as debt securities under ASC 320. At the inception of the investment the Company evaluates any embedded conversion option under ASC 815 to determine if it should be accounted for separately from the host debt as a derivative. As of September 30, 2017, all convertible debt securities are classified as "available-for-sale" and recorded at fair value inclusive of their conversion options. Unrealized gains and losses (other than impairment losses) on securities designated as available-for-sale, if any, are reported, net of the related tax effect, in other comprehensive income (OCI). Upon sale, realized gains and losses are reported in net income. Interest income from these debt securities, including the amortization of any original issue discount and loan origination costs, are computed using the effective interest method and are reported in period net income.

In connection with the Company's purchase of convertible debt securities, as additional inducement to enter such transactions, the Company may receive detachable warrants to purchase shares of an issuer's common stock. The aggregate transaction purchase price is allocated between the debt instrument and detachable warrant based upon their free-standing relative fair values on the issuance date. As of September 30, 2017, all warrant securities are classified as "derivatives" and recorded at fair value. See Note 4 – "Derivatives" for additional discussion of warrants.

Subsequent to conversion of debt or exercise of warrants, if applicable, the resulting equity shares are measured at fair value in accordance with ASC 321.

<u>MGT Capital Investments, Inc. Convertible Note Receivable</u>

On August 21, 2017, the Company, through its subsidiary, UAHC Ventures, executed a Securities Purchase Agreement by and between UAHC Ventures and MGT Capital Investments, Inc., a Delaware corporation ("MGT Capital"), whereby UAHC Ventures invested $2,000,000.00 ("Purchase Price") to purchase (i) a Secured Convertible Promissory Note in the original principal amount of $2,410,000.00 ("Original Principal Amount") effective dated August 18, 2017 (the "MGTI Note"), and (ii) a Warrant (the "MGTI Warrant") to purchase shares of MGT Capital's Common Stock, par value $0.001 per share (the "Common Stock"). The Original Principal Amount of the MGTI Note includes the Purchase Price plus a $400,000.00 original issue discount ("MGTI OID") and $10,000.00 of loan origination fees ("Origination Fees"). The MGTI Note is secured by certain assets of MGT Capital's subsidiary, MGT Mining Two, Inc., a Delaware corporation.

In accordance with the terms of the MGTI Note issued to UAHC Ventures, beginning on November 21, 2017, UAHC has the right to redeem certain portions of the MGTI Note. Payment of redemption amounts due may be made by MGT Capital to UAHC Ventures in (i) cash, or (ii) by converting the redemption amount into shares of Common Stock. The MGTI Note matures in twenty-four (24) months from the purchase date. Interest accrues on the outstanding balance of the MGTI Note at rate of 10% per annum. The effective interest rate of the MGTI Note is 99.9%. Interest income related to the MGTI OID and Origination Fees are recognized over the expected life of the investment at the effective interest rate.

The MGTI Warrant issued to UAHC Ventures, has an effective issue date of August 18, 2017 (the "Issue Date") and grants UAHC Ventures the right, as of the Issue Date, to purchase 861,905 shares of MGT Capital's Common Stock ("Warrant Shares"), as such Warrant Share number may be adjusted from time to time pursuant to the terms of the MGTI Warrant. As of September 30, 2017, the "as-exercised" number of shares of Common Stock deliverable to the Company subsequent to a cashless exercise of that date would be 3,276,182. The MGTI Warrant expires on the last calendar month in which the fifth anniversary of the Issue Date occurs. See Note 18 – "Subsequent Events" for additional discussion of the warrant.

UAHC's unrealized gain from the change in value of available-for-sale debt securities included in other comprehensive income was $5.9 million and $0 for the nine months ended September 30, 2017 and 2016, respectively.

UAHC's interest income from its available-for-sale debt securities included in income was $131.8K and $0 for the nine months ended September 30, 2017 and 2016, respectively.

UAHC's unrealized gain from the change in value of derivatives – warrants included in net income was $7.1 million and $0 for the nine months ended September 30, 2017 and 2016, respectively.

See Note 18 – "Subsequent Events" for additional discussion of Investments.

NOTE 6 – ACQUISITION

On June 18, 2010, the Company entered into the Securities Purchase Agreement and Warrant Purchase Agreement dated that date with certain members of Pulse Systems, LLC to acquire 100% of the outstanding common units and warrants to purchase common units of Pulse. The consideration paid to acquire the common units and warrants of Pulse totaled approximately $9.46 million, which consisted of (a) cash paid at closing of $3.40 million, (b) a non-interest bearing note payable of $1.75 million (secured by a subordinated pledge of all the common units of Pulse), (c) 1,608,039 shares of UAHC Common Stock determined based on an initial value of $1.6 million, (d) an estimated purchase price adjustment of $210,364 based on targeted levels of net working capital, cash and debt of Pulse at the acquisition date, and (e) the funding of $2.5 million for certain obligations of Pulse as discussed below. The shares of UAHC Common Stock were issued on July 12, 2010, upon approval by the Company's board of directors on July 7, 2010 and, therefore, were revalued at June 30, 2010. The shares of UAHC Common Stock had a fair value of $1.05 million as of June 30, 2010, which has been recorded as accrued purchase price at that date, and a fair value of $884,000 on July 12, 2010, the date the shares were issued and recorded. The Company also assumed Pulse's term loan indebtedness to a bank of $4.25 million, after making a payment at closing as discussed below.

In connection with the acquisition of the Pulse common units, Pulse entered into a redemption agreement with the holders of its preferred units to redeem the preferred units for $3.99 million. Under the redemption agreement, Pulse was allowed to redeem the preferred units only if UAHC would make additional cash equity contributions to Pulse in an amount necessary to fully fund each such redemption. UAHC funded an initial payment of $1.75 million to the preferred unitholders on June 18, 2010. Pulse agreed to redeem the remaining preferred units over a two-year period that was scheduled to end in June of 2012. Finally, as an additional condition of closing, UAHC funded a $750,000 payment reducing Pulse's outstanding term loan indebtedness to a bank and pledged all of the common units of Pulse to the bank as additional security for the remaining $4.25 million outstanding balance. The initial payment of $1.75 million to the preferred unit holders and the $750,000 payment to the bank by UAHC are considered additional consideration paid by UAHC for its acquisition of Pulse. The funding of the remaining redemption payments totaling $2.24 million and the assumption of Pulse's revolving and term loans are not included in the $9.46 million purchase price listed above. See Note 10 – "Redeemable Preferred Member Units" for additional discussion of the preferred redemption payments.

During the three months ended September 30, 2010, the Company finalized its valuation of all assets acquired, primarily related to long-lived tangible and intangible assets and restated the balance sheet at June 30, 2010 to reflect the final purchase price allocation.

NOTE 7 – DISCONTINUED OPERATIONS

On April 22, 2008, the Company learned that UAHC-TN would no longer be authorized to provide managed care services as a TennCare contractor when its TennCare contract expired on June 30, 2009. UAHC-TN's TennCare members transferred to other managed care organizations on November 1, 2008, after which UAHC-TN continued to perform its remaining contractual obligations through its TennCare contract expiration date of June 30, 2009.

From January 2007 to December 2009, UAHC-TN served as a Medicare contractor with CMS. The contract authorized UAHC-TN to offer an SNP to its eligible members in Shelby County, Tennessee (including the City of Memphis), and to operate a Voluntary Medicare Prescription Drug Plan. The Company did not seek renewal of the Medicare contract, which expired December 31, 2009. The Company completed the wind down of the Medicare business during the three months ended December 31, 2010.

During fiscal year 2011, the Company recognized a liability for certain costs associated with an exit or disposal activity and measured the liability initially at its fair value in the period in which the liability was incurred. The costs recognized included employee termination benefits, lease termination and costs to relocate the Company’s facility. As of June 30, 2011, all amounts were paid.

In connection with the discontinuance of the TennCare and CMS contracts, the Company reduced its workforce, subleased its leased Tennessee facility to a third party effective April 2009 and ending December 31, 2010, and relocated the Tennessee office. The discontinuance of the TennCare and CMS contracts has had a material adverse impact on the Company’s operations and financial statements.

In May of 2014, the Company received approximately $246K from TennCare as a settlement in the matter of United American Healthcare Corp. v. State of Tennessee which related to amounts the Company deposited in escrow with TennCare on August 5, 2005 as security for possible money damages that may have been owed to the Bureau of TennCare. Pursuant to the terms of the settlement, the State of Tennessee returned one-half of the monies held in escrow in consideration for UAHC and the State of Tennessee agreeing to dismiss the lawsuit with prejudice.

Ultramedix Distribution

As more fully explained following this paragraph, during 2016 UAHC received two distributions in an aggregate amount of $918,439.46, which had been held in receivership by the Florida Department of Financial Services (“FDFS”) since 1998. UAHC received a first distribution of $895,694.11 in July 2016. On November 15, 2016, UAHC received an additional distribution in the amount of $22,745.35. The distributions constitute UAHC’s share of excess funds from the estate of Ultramedix Healthcare Systems, Inc. (“UHS”), as a result of UAHC’s 80% ownership of the now-dissolved United American of Florida, Inc. (“UAF”), which in turn owned 51.4% of UHS.

In 1998, the Circuit Court of the Second Judicial Circuit in Leon County, Florida (the “Florida Court”) appointed FDFS as receiver for UHS and UAF. In September 2012, Joel S. Mutnick and Fiske and Company (the “Authorized Agents”), acting on behalf of all UHS and UAF shareholders, filed a “class 10” shareholder claim with FDFS and the Florida Court. They took this action in response to a change in Florida’s insurance receivership laws that otherwise could have resulted in forfeiture of remaining assets held in the UHS and UAF receivership estates.

On June 7, 2016, the Florida Court ruled in favor of UHS, UAF, and the Authorized Agents, and ordered a distribution of certain funds held in receivership to the Authorized Agents within 45 days of the order. The order further required the Authorized Agents to distribute the funds to shareholders of UHS within 120 business days after receiving the funds.

UAHC does not expect to receive any additional funds related to this matter or its ownership interest in UAF.

For all periods presented in the consolidated statements of comprehensive income, the Company's managed care business is classified as discontinued operation due to the fact that the

Company had performed substantially all of its contractual obligations. There were no major classes of assets nor liabilities related to discontinued operations as of September 30, 2017 and December 31, 2016.

UAHC's income from discontinued operations was $0 and $898K for the nine months ended September 30, 2017 and 2016, respectively.

NOTE 8 – NOTES PAYABLE

The Company's long-term borrowings consist of the following at September 30, 2017 and December 31, 2016 (in thousands):

		September 30, 2017		December 31, 2016
Notes payable to third party	$	—	$	—
Notes payable to related party		3,211		1,595
Total debt		3,211		1,595
Less: current portion		(3,211)		(1,595)
Total long-term debt	$	—	$	—

Convertible Promissory Notes

On September 28, 2011, the Company issued a promissory note dated that date (the "First Promissory Note") to St. George, a related party, in exchange for a loan in the amount of $400,000 made by St. George to the Company. The Company used the proceeds of the loan for working capital purposes. Interest on the First Promissory Note accrues at an annual rate of 10% and increases to a rate of 18% per annum upon an event of default (as defined in the First Promissory Note). Principal and interest payments were due at the original maturity date of December 31, 2014, or upon any earlier sale by the Company of substantially all of its assets. The maturity date was extended to June 30, 2019 as part of the St. George Forbearance Agreement (defined below). The First Promissory Note became convertible into newly issued shares of the Company's Common Stock as the result of events of default that occurred prior to August 17, 2017, which is the execution date of the St. George Forbearance Agreement (the "St. George Forbearance Date"). These default conversion rights give St. George the option to convert all or part of the principal amount and the unpaid accrued interest at the current conversion price of $0.004323 per share of Common Stock. St. George did not forbear on its default conversion rights as part of the St. George Forbearance Agreement; however, the First Promissory Note is no longer in default as of the St. George Forbearance Date.

On December 9, 2011, the Company issued a promissory note dated that date (the "Second Promissory Note") to St. George, a related party, in exchange for a loan in the amount of $300,000 made by St. George to the Company. The Company used the proceeds of the loan for working capital purposes. Interest on the Second Promissory Note accrues at an annual rate of 10% and increases to a rate of 18% per annum upon an event of default (as defined in the Second Promissory Note). No payments of principal or interest on the Second Promissory Note were due until it matured, on the earlier of (a) December 31, 2014, or (b) the date of (i) the sale of all or substantially all of the assets of the Company or Pulse Systems, (ii) the merger of the Company or Pulse Systems, or (iii) the sale of all or substantially all of the equity of the Company or Pulse Systems. The maturity date was extended to June 30, 2019 as part of the St. George Forbearance Agreement (defined below). The Second Promissory Note became convertible into newly issued shares of the Company's Common Stock as the result of events of default that occurred prior to the St. George Forbearance Date. These default conversion rights give St. George the option to convert all or part of the principal amount and the unpaid accrued interest at the current conversion price of $0.004323 per share of Common Stock. St. George did not forbear on its default conversion rights as part of the St. George Forbearance Agreement; however, the Second Promissory Note is no longer in default as of the St. George Forbearance Date.

On February 9, 2012, the Company issued a promissory note dated that date (the "Third Promissory Note") to St. George, a related party, in exchange for a loan in the amount of $350,000 made by St. George to the Company. The Company used the proceeds of the loan for working capital purposes. Interest on the Third Promissory Note accrues at an annual rate of 10% and increases to a rate of 18% per annum upon an event of default (as defined in the Third Promissory Note). No payments of principal or interest on the Third Promissory Note were due until it matured, on the earlier of (a) December 31, 2014, or (b) the date of (i) the sale of all or substantially all of the assets of the Company or Pulse Systems, (ii) the merger of the Company or Pulse Systems, or (iii) the sale of all or substantially all of the equity of the Company or Pulse Systems. The maturity date was extended to June 30, 2019 as part of the St. George Forbearance Agreement (defined below). The Third Promissory Note became convertible into newly issued shares of the Company's Common Stock as the result of events of default that occurred prior to the St. George Forbearance Date. These default conversion rights give St. George the option to convert all or part of the principal amount and the unpaid accrued interest at the current conversion price of $0.004323 per share of Common Stock. St. George did not forbear on its default conversion rights as part of the St. George Forbearance Agreement; however, the Third Promissory Note is no longer in default as of the St. George Forbearance Date.

On May 16, 2012, the Company issued a promissory note dated that date (the "Fourth Promissory Note") to St. George, a related party, in exchange for a loan in the amount of $75,000 made by St. George to the Company. The Company used the proceeds of the loan for working capital purposes. Interest on the Fourth Promissory Note accrues at an annual rate of 10% and increases to a rate of 18% per annum upon an event of default (as defined in the Fourth Promissory Note). No payments of principal or interest on the Fourth Promissory Note were due until it matured, on the earlier of (a) December 31, 2014, or (b) the date of (i) the sale of all or substantially all of the assets of the Company or Pulse Systems, (ii) the merger of the Company or Pulse Systems, or (iii) the sale of all or substantially all of the equity of the Company or Pulse Systems. The Fourth Promissory Note became convertible into newly issued shares of the Company's Common Stock as the result of events of default that occurred prior to the St. George Forbearance Date. These default conversion rights give St. George the option to convert all or part of the principal amount and the unpaid accrued interest at the current conversion price of \$0.004323 per share of Common Stock. St. George did not forbear on its default conversion rights as part of the St. George Forbearance Agreement; however, the Fourth Promissory Note is no longer in default as of the St. George Forbearance Date.

On August 14, 2012, in connection with the execution of both the St. George Pledge Agreement (defined below) and the Pulse Security Agreement (defined below), the First, Second, Third and Fourth Promissory Notes were amended to reflect that the indebtedness under each of those originally unsecured promissory notes were now secured on par with the Fifth Promissory Note by (a) all assets of the Company, and (b) all of the Company's ownership interest in its subsidiary, Pulse.

The Company entered into the Note Purchase Agreement dated August 14, 2012 between the Company and St. George ("St. George Note Purchase Agreement") whereby the Company issued a secured promissory note dated that date (the "Fifth Promissory Note") to St. George, a related party, in exchange for a loan in the amount of \$370,000 made by St. George to the Company. The Company contributed the proceeds from the loan to Pulse, which then used the contributed capital to reduce the outstanding principal balance and to complete a restructuring under an amended loan agreement between Pulse and Fifth Third Bank. Interest on the Fifth Promissory Note accrued at an annual rate of 10% and increased to a rate of 18% per annum upon an event of default (as defined in the Fifth Promissory Note).

On August 14, 2012, the Company entered into the Pledge and Security Agreement dated that date between the Company and St. George ("St. George Pledge Agreement") and the Security Agreement dated August 14, 2012 between the Company and St. George securing the Fifth Promissory Note by (a) all assets of the Company, and (b) all the Company's ownership interest in its subsidiary, Pulse.

Also on August 14, 2012, Pulse entered into the Security Agreement with St. George dated that date ("Pulse Security Agreement"), under which the Fifth Promissory and the First, Second, Third and Fourth Promissory Notes were secured by interests in all assets of Pulse. Pulse also guarantied payment of the First, Second, Third, Fourth, and Fifth Promissory Notes by executing the Guaranty dated August 14, 2012 (the "Pulse Guaranty") in favor of St. George.

On June 25, 2013, the Company issued 5,600,000 shares of unregistered restricted Common Stock to St. George, at a price of \$0.004323 per share, representing a payment to St. George, in lieu of cash, of \$24,208.80 of the outstanding balance of the Fifth Promissory Note.

On October 24, 2014, the Company issued 12,750,000 shares of unregistered restricted Common Stock to St. George, at a price of \$0.004323 per share, representing a payment to St. George, in lieu of cash, of \$55,118.25of the outstanding balance of the Fifth Promissory Note.

On July 23, 2015, St. George elected to convert \$138,336.00 of the outstanding balance of the Fifth Promissory Note, whereupon the Company issued to St. George 32,000,000 shares of unregistered restricted Common Stock at the conversion price of \$0.004323 per share.

On May 19, 2017, the Company issued 77,000,000 shares of unregistered restricted Common Stock to St. George, at a price of $0.004323 per share, representing a payment to St. George, in lieu of cash, of $332,871.00 of the outstanding balance of the Fifth Promissory Note ("May Debt Conversion"). Further, subsequent to the delivery of the Common Stock due under the May Debt Conversion, St. George agreed to forgive the remaining $29,817.23 balance due under the Fifth Promissory Note. The May Debt Conversion shares were delivered on May 26, 2017 extinguishing the outstanding balance of the Fifth Promissory Note and certain security obligations related to the Fifth Promissory Note under the St. George Pledge Agreement, Pulse Security Agreement, and the Pulse Guaranty.

On October 10, 2012, the Company issued an unsecured promissory note dated that date (the "Sixth Promissory Note") to St. George, a related party, in exchange for a loan in the amount of $50,000 made by St. George to the Company. The Company used the proceeds of the loan for working capital purposes. Interest on the Sixth Promissory Note accrued at an annual rate of 10% and increased to a rate of 18% per annum upon an event of default (as defined in the Sixth Promissory Note). No payments of principal or interest on the Sixth Promissory Note were due until it matured, on the earlier of (a) December 31, 2014, or (b) the date of (i) the sale of all or substantially all of the assets of the Company or Pulse Systems, (ii) the merger of the Company or Pulse Systems, or (iii) the sale of all or substantially all of the equity of the Company or Pulse Systems. Only upon an event of default (as defined in the Sixth Promissory Note), the holder of the Sixth Promissory Note could elect to convert all or any part of the outstanding principal of, and the accrued but unpaid interest on, the Sixth Promissory Note into newly issued shares of Common Stock of the Company. The conversion price is $0.004323 per share. On May 31, 2013, the Sixth Promissory Note was assigned to the Dove Foundation. The note was not paid by its maturity date and remains in default as of September 30, 2017.

On June 25, 2013, the Company issued 875,000 shares of unregistered restricted Common Stock to Dove, at a price of $0.004323 per share, representing a payment to Dove, in lieu of cash, of $3,782.63 of the outstanding balance of the Sixth Promissory Note.

On October 24, 2014, the Company issued 2,000,000 shares of unregistered restricted Common Stock to Dove, at a price of $0.004323 per share, representing a payment to Dove, in lieu of cash, of $8,646.00 of the outstanding balance of the Sixth Promissory Note.

On July 23, 2015, Dove elected to convert $21,615.00 of the outstanding balance of the Sixth Promissory Note, whereupon the Company issued to Dove 5,000,000 shares of unregistered restricted Common Stock at the conversion price of $0.004323 per share.

On October 10, 2013, the Company issued a promissory note (the "Seventh Promissory Note") in favor of St. George, a related party, in exchange for a loan in the amount of $50,000 made by St. George to the Company. The Company used the proceeds of the loan for working capital purposes. Interest on the Seventh Promissory Note accrues at an annual rate of 10% increases to a rate of 18% per annum upon an event of default (as defined in the Seventh Promissory Note). No payments of principal or interest on the Seventh Promissory Note were due until it matured, on the earlier of (a) December 31, 2015, or (b) the date of (i) the sale of all or substantially all of the assets of the Company or Pulse Systems, (ii) the merger of the Company or Pulse System, or (iii) the sale of all or substantially all of the equity of the Company or Pulse Systems. The maturity date was extended to June 30, 2019 as part of the St. George Forbearance Agreement (defined below). The Seventh Promissory Note became convertible into newly issued shares of the Company's Common Stock as the result of events of default that occurred prior to the St. George Forbearance Date. These default conversion rights give St. George the option to convert all or part of the principal amount and the unpaid accrued interest at the current conversion price of $0.004323 per share of Common Stock. St. George did not forbear on its default conversion rights as part of the St. George Forbearance Agreement; however, the Seventh Promissory Note is no longer in default as of the St. George Forbearance Date.

Pursuant to the terms of the First, Second, Third, Fourth, Fifth, and Sixth Promissory Notes, if the Company issues any security convertible into newly issued shares of its Common Stock with a conversion price lower than that in the aforementioned promissory notes issued by the Company to St. George, the conversion price for that promissory note or notes automatically reduces to the lower conversion price. Accordingly, as of October 10, 2013, the conversion price for the First, Second, Third, Fourth, Fifth and Sixth Promissory Notes was reduced to $0.004323 per share of the Company's Common Stock. If St. George were to elect to convert the $1,175,000 initial aggregate principal amount (excludes accrued interest and fees as of September 30, 2017) of all of its promissory notes that are outstanding as of September 30, 2017 and that contain an option for conversion, the Company would be obligated to issue to St. George 271,801,989 shares of Common Stock. If required, these share issuances would exceed the number of the Company's authorized shares of Common Stock that are available to be issued. An issuance of all of the Company's remaining authorized but unissued shares of Common Stock to St. George would be highly dilutive to the other holders of the Company's Common Stock.

<u>St. George Forbearance Agreement</u>

On August 17, 2017 the Company and St. George entered into a forbearance agreement dated that date ("St. George Forbearance Agreement"), whereby St. George, for due consideration, agreed to forbear from exercising certain of its rights related to events of default that have occurred under the First, Second, Third, Fourth, and Seventh Promissory Notes (Collectively referred to herein as the "Default Notes").

Under the terms of the Forbearance Agreement, St. George agreed to forbear from further exercising its rights related to Events of Default that occurred under the Default Notes prior to August 17, 2017 (the "Forbearance Date"), except related to its conversion rights and certain of its rights to accrue interest at the default rate of 18% per annum. Specifically, St. George preserved its right to convert all or parts of the outstanding balances due under each of the Default Notes into newly issued shares of Common Stock regardless of whether or not any additional future Event of Defaults occur under the Default Notes. Further, St. George preserved its right to earn interest at the default rate of 18% per annum from the date of the earliest Event of Default until the Forbearance Date. Subsequent to the Forbearance Date, unless additional

Events of Default occur under the Default Notes, interest shall accrue at the rate of 10% per annum.

Additionally, St. George agreed to postpone the maturity dates of each of the Default Notes to June 30, 2019. St. George has also agreed to temporarily suspend the Company's obligation to maintain a reserve of authorized but unissued shares of Common Stock (as required by provisions contained in the Default Notes) until June 30, 2019.

In consideration for St. George's forbearance, postponement of maturity dates, and postponement of share reserve requirements, as detailed in the Forbearance Agreement, the Company agreed to pay an extension fee calculated individually for each of the First, Second, Third, Fourth, and Seventh Promissory Notes as 1% per annum of the outstanding Principal Amount of the note as of August 17, 2017 for each year the maturity date of the respective note was extended. The aggregate extension fee charged in total for all the Default Notes was $52,375.00 and is included in interest expense as of September 30, 2017.

Other Non-Convertible Debt

At the time of and following its acquisition by the Company, Pulse Systems was a party to the Loan and Security Agreement, as amended ("Loan Agreement"), with Fifth Third Bank, which related to a revolving loan not to exceed $0.5 million and an outstanding term loan. Effective July 31, 2014, the Loan Agreement was amended due to an event of default by Pulse Systems. The amended agreement required repayment of the revolving loan and the term loan balances on or before August 15, 2014.

On August 15, 2014, Tonaquint, Inc., a Utah corporation ("Tonaquint"), entered into a Non-Recourse Loan Sale Agreement with Fifth Third Bank. Tonquint is an affiliate of John M. Fife, who is the Company's Chairman, President, CEO, and controlling shareholder. Pursuant to the Non-Recourse Loan Sale Agreement, Tonaquint purchased the debt that Pulse Systems owed to Fifth Third Bank for approximately $753,000 (including principal, accrued interest and fees). The principal balances of the term loan and revolving loan as of the date of the sale were $333,333 and $405,299, respectively.

The annual interest rate on the term loan was calculated based on 1 Month LIBOR plus 4.00%. Term loan principal payments of $167,667 were due quarterly through December 31, 2014. Pulse Systems did not make its final December 31, 2014 quarterly principal term loan payment by the maturity date, however, Pulse Systems subsequently made term loan payments and the full outstanding term loan balance was repaid as of January 8, 2016.

The revolving loan interest is calculated based on 1 Month LIBOR plus 3.75%. Pulse Systems made no draws against the line of credit in fiscal year 2016 or in the nine months ending September 30, 2017. Pulse Systems made a principal payment of $126,214 in the nine months ending September 30, 2017. The outstanding balance of the revolving loan including accrued interest is zero as of September 30, 2017. The revolving loan interest, if any, is payable to Tonaquint on a monthly basis. The Tonaquint revolving loan is secured by a lien on all of the assets of Pulse Systems.

On August 17, 2017, the Company executed a loan agreement by and between the Company and St. George to borrow up to $2,000,000.00 (the "UAHC Ventures Loan Agreement") on terms set forth in a promissory note issued by the Company in favor of St. George on August 17, 2017 (the "Eighth Promissory Note"). The Company may request advances under the Eighth Promissory Note for up to an aggregate principal amount of $2,000,000.00. Interest on the Eighth Promissory Note accrues at a rate of 8% per annum on the unpaid principal balance. The Eighth Promissory Note matures on the date that is five (5) years after the date the first advance under the Promissory Note is made. Principal and interest repayments may be requested by St. George from time to time on or after the date that is six (6) months following the date the first advance under the Eighth Promissory Note is made. The Eighth Promissory Note is not convertible into shares of the Company's Common Stock.

Proceeds from advances received by the Company under the terms of the UAHC Ventures Loan Agreement and Eighth Promissory Note are to be used solely for funding contributions to the Company's wholly owned subsidiary, UAHC Ventures, to pursue investment opportunities as approved by the Company's board of directors.

St. George advanced the Company $2,000,000.00 under the Eighth Promissory Note on August 18, 2017, the proceeds of which were contributed to UAHC Ventures to fund an investment. See Note 5 – "Investments" for additional discussion of the UAHC Ventures investment funding.

Interest expense was $219.5K and $220.8K for the nine months ended September 30, 2017 and 2016, respectively.

See Note 18 – "Subsequent Events" for additional discussion of Notes Payables.

NOTE 10 – REDEEMABLE PREFERRED MEMBER UNITS

In connection with the acquisition of Pulse Systems by UAHC, Pulse Systems entered into a Redemption Agreement, dated June 18, 2010 (the "Redemption Agreement"), with Pulse Systems Corporation ("Pulse Corp"), the holder of all of the outstanding preferred units in Pulse Systems. The aggregate redemption price was $3.99 million for the preferred units, including the accrued but unpaid return on such units, which reflected a $0.83 million reduction from the actual outstanding amount as of the date of the agreement. In addition, the 14% dividend rate on the preferred units was eliminated, subject to reinstatement if there was a default as explained in the next sentence. Failure to make any of the redemption payments would result in the increase of the redemption price for the preferred units by $0.83 million and a 14% per annum cumulative (but not compounded) return on the aggregate amounts of the unredeemed preferred units plus the $0.83 million ("Incremental Redemption Price") commencing on the date of default. Pulse Corp agreed to the redemption of its preferred units over a two-year period, commencing with a cash payment made at closing of $1.75 million. On August 30, 2011, St. George Investments LLC purchased the preferred units held by Pulse Corp in Pulse Systems.

On January 1, 2012, Pulse Systems was in default under the Redemption Agreement. As a result, the $0.83 million reduction from the amount outstanding at June 18, 2010 was reinstated. In addition, the 14% preferred return on the Adjusted Redemption Price began accruing from the default date of January 1, 2012. For the nine-months ending September 30, 2017, Pulse Systems accrued $246,134 of 14% preferred return under the Redemption Agreement.

On August 9, 2017, Pulse Systems made a $250,000.00 redemption payment to St. George Investments, LLC as a reduction of the outstanding Incremental Redemption Price.

The redeemable preferred units and related preferred return were recorded as liabilities in the September 30, 2017 and December 31, 2016 consolidated balance sheets at the aggregate amounts of $4.1 million and $4.1 million, respectively.

NOTE 11 – NET INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per share excluding dilution has been computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted net income (loss) per share, if applicable, is computed using the treasury stock method for outstanding stock options and warrants.

NOTE 12 – COMPREHENSIVE INCOME (LOSS)

The Company included other comprehensive income of $5.9 million from the change in value of its available-for-sale debt securities in the consolidated statement of comprehensive income for the nine months ended September 30, 2017. The Company had no items of comprehensive income or loss for the nine months ended September 30, 2016 resulting in comprehensive income being the same amount as net income for that period.

NOTE 13 – INCOME TAXES

The Company recognizes the impact of a tax position if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The Company had no unrecognized tax benefits as of September 30, 2017 and 2016. As of December 31, 2016, the Company’s available net operating loss carryforward from prior years was $28.3 million. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As a result of recent income generating events in the current year, management will continue to review the likeliness of realizing its available tax benefits. If determined that an adjustment is necessary, management may make significant increases in unrecognized tax benefits within one year of September 30, 2017. The Company has no interest or penalties relating to income taxes recognized in the consolidated statement of comprehensive income for the nine months ended September 30, 2017 and 2016 or in the consolidated balance sheet as of September 30, 2017 and 2016.

NOTE 14 – SHARE BASED COMPENSATION

The Company recognizes the compensation cost relating to share-based payment transactions in the Company's consolidated financial statements. That cost is measured based on the fair value of the equity instruments issued on the date of grant. There was no stock-based compensation expense for the nine months ended September 30, 2017 and 2016.

NOTE 15 – RELATED PARTY TRANSACTIONS

Convertible Note

On September 28, 2011, the Company issued a promissory note dated that date (the "First Promissory Note") to St. George Investments, LLC ("St. George"), an affiliate of John M. Fife, who is the Company's Chairman, President, CEO, and controlling shareholder, in exchange for a loan in the amount of $400,000 made by St. George to the Company.

On December 9, 2011, the Company issued a promissory note dated that date (the "Second Promissory Note") to St. George (an affiliate of John M. Fife as described above), in exchange for a loan in the amount of $300,000 made by St. George to the Company.

On February 9, 2012, the Company issued a promissory note dated that date (the "Third Promissory Note") to St. George (an affiliate of John M. Fife as described above), in exchange for a loan in the amount of $350,000 made by St. George to the Company.

On May 16, 2012, the Company issued a promissory note dated that date (the "Fourth Promissory Note") to St. George (an affiliate of John M. Fife as described above), in exchange for a loan in the amount of $75,000 made by St. George to the Company.

On August 14, 2012, the Company issued a secured promissory note dated that date (the "Fifth Promissory Note") to St. George (an affiliate of John M. Fife as described above), in exchange for a loan in the amount of $370,000 made by St. George to the Company. St. George converted the balance of this note on May 19, 2017 and the note was extinguished on May 26, 2017.

On October 10, 2012, the Company issued an unsecured promissory note dated that date (the "Sixth Promissory Note") to St. George (an affiliate of John M. Fife as described above), in exchange for a loan in the amount of $50,000 made by St. George to the Company.

On June 25, 2013, the Company issued 5,600,000 shares of unregistered restricted Common Stock to St. George (an affiliate of John M. Fife as described above), at a price of $0.004323 per share, representing a payment to St. George, in lieu of cash, of $24,208.80 of the outstanding balance of the Fifth Promissory Note. Also on June 25, 2013, the Company issued 875,000 shares of unregistered restricted Common Stock to Dove, a related party, at a price of

$0.004323 per share, representing a payment to Dove, in lieu of cash, of $3,782.63 of the outstanding balance of the Sixth Promissory Note, which had been assigned to Dove.

On October 10, 2013, the Company issued a secured promissory note dated that date (the "Seventh Promissory Note") to St. George (an affiliate of John M. Fife as described above), in exchange for a loan in the amount of $50,000 made by St. George to the Company.

On July 7, 2014, Pulse Systems issued a promissory note dated that date to Wacker Services Corp., an entity owned by Karl Fife, a director of the Company, in exchange for a loan in the amount of $300,000.

On August 15, 2014, Tonaquint, Inc., a Utah corporation ("Tonaquint"), entered into the Non-Recourse Loan Sale Agreement with Fifth Third Bank. Tonaquint is an affiliate of John M. Fife, who is the Chairman, President, CEO, and controlling shareholder of the Company. Pursuant to the Non-Recourse Loan Sale Agreement, Tonaquint purchased the debt that the Company owed to Fifth Third Bank for approximately $753,000 (including principal, accrued interest and fees).

On October 24, 2014, St. George elected to convert $55,118.25 of the outstanding balance of the Fifth Promissory Note, whereupon the Company issued to St. George 12,750,000 shares of unregistered restricted Common Stock at the conversion price of $0.004323 per share. Also on October 24, 2014, Dove elected to convert $8,646.00 of the outstanding balance of the Sixth Promissory Note, whereupon the Company issued to Dove 2,000,000 shares of unregistered restricted Common Stock at the conversion price of $0.004323 per share.

On July 23, 2015, St. George elected to convert $138,336.00 of the outstanding balance of the Fifth Promissory Note, whereupon the Company issued to St. George 32,000,000 shares of unregistered restricted Common Stock at the conversion price of $0.004323 per share. Also on July 23, 2015, Dove elected to convert $21,615.00 of the outstanding balance of the Sixth Promissory Note, whereupon the Company issued to Dove 5,000,000 shares of unregistered restricted Common Stock at the conversion price of $0.004323 per share.

On May 19, 2017, the Company issued 77,000,000 shares of unregistered restricted Common Stock to St. George, at a price of $0.004323 per share, representing a payment to St. George, in lieu of cash, of $332,871.00 of the outstanding balance of the Fifth Promissory Note.

On August 18, 2017, Pulse Systems issued a promissory note dated that date (the "Eighth Promissory Note") to St. George (an affiliate of John M. Fife as described above), in exchange for a loan in an amount up $2,000,000. St. George advanced the Company $2,000,000.00 under the Eighth Promissory Note on August 18, 2018.

See Note 8 – "Notes Payable" for additional discussion of the promissory notes discussed above.

See Note 18 – "Subsequent Events" for additional discussion of Related Party Transactions.

Reimbursement Agreement

On June 23, 2011, the Company entered into a Reimbursement Agreement and Mutual Release (the "Reimbursement Agreement") with various parties (collectively, the "Parties"), including Strategic Turnaround Equity Partners, L.P. (Cayman), a Cayman Islands limited partnership ("STEP"), Bruce R. Galloway ("Galloway"), St. George Investments, LLC, an Illinois limited liability company ("St. George"), John M. Fife, and several of their respective affiliates. St. George is controlled by John M. Fife, who is the Company's Chairman, President, CEO and controlling shareholder.

Under the Reimbursement Agreement, the Parties agreed to dismiss the litigation between them in the U.S. District Court for the Eastern District of Michigan, the Circuit Court for Wayne County, Michigan, and the Michigan Court of Appeals, as well as to release each other from liability in connection with any issue related to the litigation, in exchange for payments of $5,000 by each of the Company and St. George to STEP (for a total of $10,000). The Parties filed a Joint Stipulation of Dismissal on June 27, 2011.

As part of the Reimbursement Agreement and as further consideration for the releases, STEP, and its principals and affiliates, including Galloway, agreed that for 20 years they would not (i) purchase any shares of Common Stock of the Company, (ii) take any insurgent action against the Company, engage in any type of proxy challenge, tender offer, acquisition or battle for corporate control with respect to the Company, (iii) initiate any lawsuit or governmental proceeding against the Company, its affiliates or any of their respective directors, officers, employees or agents, or (iv) take any action that would encourage any of the foregoing.

In addition, under the Reimbursement Agreement, each of the Company and St. George agreed to reimburse STEP in the amount of $225,409 (for a total of $450,819) for expenses incurred by STEP, Galloway and their affiliates in connection with the proxy contest for the election of directors to the Company's board of directors (the "Board") in 2010. St. George made its $225,409 reimbursement payment in cash on June 27, 2011. The Company's payment of its $225,409 reimbursement amount was due and payable upon the occurrence of the earliest of (i) the Company's receipt of at least $225,409 from an escrow account held in the State of Tennessee, (ii) a refinancing of the Company's credit facility with Fifth Third Bank dated March 31, 2009, as amended June 30, 2011, or (iii) June 12, 2012. The Company was unable to make the required payments at that time.

In connection with the Reimbursement Agreement, Galloway resigned from the Board, on June 23, 2011.

In addition, in connection with the Reimbursement Agreement, on June 24, 2011, St. George purchased 774,151 shares of the Common Stock owned by STEP, Galloway and their affiliates at a price of $0.20112 per share for a total purchase price of $155,697 (the "Stock Purchase"). Finally, pursuant to the Waiver Agreement dated June 23, 2011, among St. George, the Company, STEP, Galloway and others, STEP, Galloway and their affiliates agreed to sell in the open market within 30 days all of their shares of the Company's Common Stock that were not purchased by St. George in the Stock Purchase. After thus selling such stock within the

30-day period, STEP, its principals and affiliates, including Galloway, have contractually agreed that they will own no Common Stock and are prohibited from owning Common Stock for the ensuing 20 years.

On November 14, 2012, the Company entered into a Settlement Agreement and Mutual Release (the “Settlement Agreement”) with various parties (collectively, the “Parties”), including Strategic Turnaround Equity Partners, L.P. (Cayman), a Cayman Islands limited partnership (“STEP”), Bruce R. Galloway (“Galloway”), St. George Investments, LLC, an Illinois limited liability company (“St. George”), John M. Fife, and several of their respective affiliates. St. George is controlled by John M. Fife, who is the Company’s Chairman, President, CEO and controlling shareholder. Under the Settlement Agreement, the Company paid $125,410 to STEP on November 14, 2012. The Company also agreed in the Settlement Agreement to assign to STEP the rights to the sale proceeds of particular artwork with a market value of $58,500, of which the first installment and second installment totaling $22,500 were paid on November 14, 2012. Under the Settlement Agreement, the Company also assigned to STEP the right to receive an aggregate amount of up to $41,500 in net proceeds from the sale of certain other artwork or from the release of money from an escrow account maintained with the State of Tennessee, whichever occurs first. In exchange for these payments and assignments, which total $225,409, STEP, Galloway and their affiliates released UAHC from making its $225,409 reimbursement payment required under the Reimbursement Agreement. On July 31, 2014, the Company made a final settlement payment to STEP in the amount of $36,500. There are no additional amounts due under the Settlement Agreement.

<u>Standstill Agreement</u>

On March 19, 2010, the Company and St. George Investments, LLC (“St. George”), which on that date was a 23.13% beneficial owner of the capital stock of the Company, entered into a Voting and Standstill Agreement (the “Standstill Agreement”).

On August 18, 2017, the Company entered into an Ninth Amendment to Voting and Standstill Agreement (the "Ninth Amendment") with St. George and Dove Foundation. St. George is an affiliate of John M. Fife, who is the Chairman, President, CEO and controlling shareholder of the Company.

The Ninth Amendment further amends the Voting and Standstill Agreement dated March 19, 2010, between the Company and St. George, which was previously amended by: (i) the Amendment to Voting and Standstill Agreement dated June 7, 2010; (ii) the Agreement to Join the Voting and Standstill Agreement by Dove dated June 7, 2010; (iii) the Acknowledgment and Waiver of Certain Provisions of the Voting and Standstill Agreement dated June 18, 2010; (iv) the Second Amendment to Voting and Standstill Agreement dated November 3, 2011; (v) the Third Amendment to Voting and Standstill Agreement dated May 15, 2012; (vi) the Fourth Amendment to Voting and Standstill Agreement dated January 10, 2013; (vii) the Fifth Amendment to Voting and Standstill Agreement dated October 9, 2013; (viii) the Sixth Amendment to Voting and Standstill Agreement dated October 27, 2014; (viiii) the Seventh Amendment to Voting and Standstill Agreement dated July 23, 2015; (x) the Eigth Amendment to Voting and Standstill Agreement dated September 27, 2016; and (xi) the Ninth Amendment to

Voting and Standstill Agreement dated August 18, 2017 (as so amended, the "Voting and Standstill Agreement").

In connection with the Ninth Amendment, St. George and Dove agreed to forbear on exercising their rights to cause the Company to purchase their respective shares of the Company's common stock (the “Put Option”), and the Company agreed to postpone the Put Option commencement date, for shares not included in the put exercise discussed below, until April 1, 2018. As a result, the “Put Exercise Period” (as defined in the Voting and Standstill Agreement) will commence on April 1, 2018 and will end on September 30, 2018.

On May 17, 2017, St. George notified the Company that it was exercising its right to cause the Company to purchase 278,936 of the Put Shares owned by St. George at the Put Price Per Share of $1.02 and 774,151 of the Put Shares owned by St. George at the Put Price Per Share of $0.20112. The aggregate number of common shares purchased by the Company as a result of St. George’s election is 1,053,087. The aggregate purchase price paid to St. George by the Company as a result of this election was $440,211.97.

Sale of Artwork

On December 20, 2014, the Company entered into an agreement with John M. Fife, who is the Chairman, President, CEO, and controlling shareholder of the Company, to sell to him the remainder of the Company’s art collection at the appraised value. The total appraised value of that artwork as of the appraisal date, December 11, 2014, was $612,400. Mr. Fife paid the purchase price of $612,000 to the Company in cash on December 29, 2014, resulting in the Company realizing a gain of $371,000 from the sale in the year ended December 31, 2014.

Laser Lease

On November 1, 2016, Pulse Systems entered into an operating lease agreement with Chicago Venture Partners, LP (an affiliate of John M. Fife as described above), to rent a Tsugami SS207-II with IMPG 250LS Laser Cutting System (“Laser Lease”). Laser Lease payments of $5,755 are due monthly over a term of 84 months.

Management Services Agreement

The Company paid $76,842 and $40,415 for the nine months ended September 30, 2017 and 2016, respectively, to Wacker Services, Inc., a related party of the Company, for consulting services and reimbursements for rent, insurance and utilities of shared office space, travel, and other expenses incurred by Wacker Services on behalf of the Company.

NOTE 15 – COMMITMENTS & CONTINGENCIES

Voting and Standstill Agreement

On March 19, 2010, the Company and St. George, which on that date was a 23.13% beneficial owner of capital stock of the Company, entered into a Voting and Standstill

Agreement (the "Standstill Agreement"). St. George is an Illinois limited liability company that is controlled by John M. Fife, who is the Company's Chairman, President, CEO and controlling shareholder. On June 7, 2010, the Company and St. George entered into a first amendment to the Voting and Standstill Agreement (the "Amendment"), and then The Dove Foundation ("Dove") became an additional party by entering into a Joinder to the Voting and Standstill Agreement. On June 18, 2010, the Company, St. George and Dove entered into an Acknowledgement and Waiver of Certain Provisions in the Voting and Standstill Agreement (the "Waiver"), whereby St. George and Dove agreed that the Pulse Systems acquisition shall not be considered a "Triggering Event" under the amended Standstill Agreement.

Under the Standstill Agreement, St. George and Dove each had the right (the "Put Option") to require the Company to purchase some or all of their respective shares of the Company's Common Stock ("Shares" or "Put Eligible Shares") at an exercise price ("Put Price Per Share") of $1.26 per share. The Put Option was initially exercisable between October 1, 2012 and March 30, 2013 (the initial "Put Exercise Period"). The Company had the right (the "Call Option") to purchase all of the Shares owned by St. George and Dove at an exercise price of $1.26 per Share, if the Call Option was exercised between July 1, 2011 and September 30, 2011. The Company did not exercise the Call Option, which expired on September 30, 2011.

Under the original Standstill Agreement, the Company agreed to maintain certain reserves of its unrestricted cash on its balance sheet, initially equal to 20% of the Company's pro forma estimate of its 2010 fiscal year end shareholders' equity and then equal to the Company's actual 2010 fiscal year-end shareholders' equity thereafter. The Company was unable to maintain such cash reserves in 2010 and entered into the Amendment and the Waiver, whereby St. George and Dove waived such cash reserve requirement, provided that the Company provided other collateral reasonably acceptable to St. George and Dove. To date, the Company has not provided such other collateral. As a result, the Company has been and is in default under the amended Standstill Agreement, which gave St. George and Dove each the right to exercise its Put Option at any time. Pursuant to the Second Amendment to Voting and Standstill Agreement dated November 3, 2011 among them and the Company, each of St. George and Dove agreed to forbear from exercising its Put Option during the then applicable Put Exercise Period in exchange for the Company's agreement to postpone the Put Option commencement date until October 1, 2012 (and either or both of St. George and Dove may exercise its Put Option during the Put Exercise Period commencing on such date), provided that the Put Option commencement date would accelerate, and either or both of St. George and Dove may elect to exercise the Put Option upon the occurrence of any one of certain events, including: 1) the Company or Pulse defaults under any loan agreement or debt instrument, including without limitation Pulse's credit facility with Fifth Third Bank, N.A. and any promissory note made by the Company in favor of St. George (including such promissory notes dated September 28, 2011, December 9, 2011, February 9, 2012, and at any time thereafter; 2) the Company ceases to be current in its periodic reporting, or 3) ceases to be subject to periodic reporting requirements, under Section 13 of the Securities Exchange Act of 1934, as amended.

On May 15, 2012, the Company entered into the Third Amendment to Voting and Standstill Agreement with St. George and Dove (the "Third Amendment"). Pursuant to the Third Amendment, St. George and Dove each agreed to forbear from exercising its Put Option during the Put Exercise Period whose commencement had been accelerated to December 31, 2012, as a result of defaults by the Company under certain loan covenants in its Loan and Security Agreement with Fifth Third Bank, as further described in Note 9 to these consolidated financial statements. The Third Amendment also reestablished October 1, 2012, as the Put Option commencement date under the amended Standstill Agreement such that any further acceleration of the Put Option commencement date shall be at the discretion of St. George or Dove, upon the occurrence of certain specified events.

On January 10, 2013, the Company entered into a Fourth Amendment to Voting and Standstill Agreement (the "Fourth Amendment") with St. George and Dove. The Fourth Amendment further amended the Voting and Standstill Agreement dated March 19, 2010, between the Company and St. George, which was previously amended by (i) the Amendment to Voting and Standstill Agreement dated June 7, 2010, (ii) the Agreement to Join the Voting and Standstill Agreement by Dove dated June 7, 2010, (iii) the Acknowledgment and Waiver of Certain Provisions of the Voting and Standstill Agreement dated June 18, 2010, (iv) the Second Amendment to Voting and Standstill Agreement dated November 3, 2011, and (v) the Third Amendment to Voting and Standstill Agreement dated May 15, 2012.

In connection with the Fourth Amendment, St. George and Dove agreed to forbear on exercising their rights to cause the Company to purchase their respective shares of the Company's Common Stock, and the Company agreed to postpone the "Put Commencement Date" (as defined in the Voting and Standstill Agreement) until October 1, 2013. As a result, the "Put Exercise Period" (as defined in the Voting and Standstill Agreement) was to end on March 30, 2014.

On October 9, 2013, the Company entered into a Fifth Amendment to Voting and Standstill Agreement (the "Fifth Amendment") with St. George and Dove. In connection with the Fifth Amendment, St. George and Dove agreed to forbear on exercising their rights to cause the Company to purchase their respective shares of the Company’s Common Stock, and the Company agreed to postpone the Put Commencement Date until October 1, 2014. As a result, the Put Exercise Period was to end on March 30, 2015. In addition, the Fifth Amendment deleted certain provisions in the Voting and Standstill Agreement which had become inapplicable or obsolete, such as proxy and standstill provisions, call options, preferred stock calls and board observation rights, and it revised the definition of “Conversion Shares” therein to include share of the Company’s Common Stock issuable upon conversion of any security or instrument issued by the Company, including any promissory note.

On October 27, 2014, the Company entered into a Sixth Amendment to Voting and Standstill Agreement (the "Sixth Amendment") with St. George and Dove. In connection with the Sixth Amendment, St. George and Dove agreed to forbear on exercising their rights to cause the Company to purchase their respective shares of the Company's Common Stock, and the Company agreed to postpone the Put Commencement Date until April 1, 2015. As a result, the Put Exercise Period was to commence on April 1, 2014, and end on September 30, 2015.

On July 23, 2015, the Company entered into a Seventh Amendment to Voting and Standstill Agreement (the "Seventh Amendment") with St. George and Dove. In connection with the Seventh Amendment, St. George and Dove agreed to forbear on exercising their rights to cause the Company to purchase their respective shares of the Company's Common Stock, and the Company agreed to postpone the Put Commencement Date until April 1, 2016. As a result, the Put Exercise Period was to commence on April 1, 2016, and end on September 30, 2016.

On September 27, 2016, the Company entered into an Eighth Amendment to Voting and Standstill Agreement (the "Eighth Amendment") with St. George and Dove Foundation. In connection with the Eighth Amendment, St. George and Dove agreed to forbear on exercising their rights to cause the Company to purchase their respective shares of the Company's Common Stock, and the Company agreed to postpone the Put Commencement Date until April 1, 2017. As a result, the Put Exercise Period commenced on April 1, 2017 and will end on September 30, 2017.

In addition, in the Eighth Amendment, St. George agreed to accept a Put Price Per Share in the amount of $1.02 for 278,926 of the Put Shares owned by St. George and $0.20112 for 774,151 of the Put Shares owned by St. George, in each case instead of a Put Price Per Share of $1.26, which remains in place for the rest of the Put Shares owned by St. George and for all of the Put Shares owned by Dove.

On May 17, 2017, St. George notified the Company that it was exercising its right to cause the Company to purchase 278,936 of the Put Shares owned by St. George at the Put Price Per Share of $1.02 and 774,151 of the Put Shares owned by St. George at the Put Price Per Share of $0.20112. The aggregate number of common shares purchased by the Company as a result of St. George's election is 1,053,087. The aggregate purchase price paid to St. George by the Company as a result of this election was $440,211.97.

On August 18, 2017, the Company entered into a Ninth Amendment to Voting and Standstill Agreement (the "Ninth Amendment") with St. George and Dove Foundation. In connection with the Ninth Amendment, St. George and Dove agreed to forbear on exercising their rights to cause the Company to purchase their respective shares of the Company's Common Stock, and the Company agreed to postpone the Put Commencement Date, for shares other than those put back to the Company prior to the Ninth Amendment, until April 1, 2018. As a result, the Put Exercise Period commenced on April 1, 201 and will end on September 30, 2018.

As of September 30, 2017, the Put Option obligation is recorded at its fair value of $11,905,380 in current liabilities in the accompanying consolidated financial statements. Additionally, as of September 30, 2017 the number of common shares St. George and Dove own that are subject to the Put Option are 7,610,658 and 2,478,647 shares, respectively. If St. George and Dove were to exercise the Put Option with respect to the aforementioned eligible shares, then the costs to the Company payable to St. George and Dove would be $9,589,429 and $3,123,095, respectively. The number of common shares eligible as Put Shares may increase if St. George or Dove were to acquire additional common stock, including common stock received from a debt conversion. This could substantially increase amounts payable to St. George and Dove and the related put liability.

Litigation

From time to time, the Company may become involved in litigation relating to claims arising out of its operations in the normal course of business. The Company and its subsidiaries are not currently involved in any active litigation.

To the best of the knowledge of the Company's management, no governmental authority is contemplating any proceeding to which United American Healthcare Corporation or any of its consolidated subsidiaries is a party or to which any of its or their properties is subject, which would reasonably be likely to have a material adverse effect on the Company.

NOTE 16 – RECENTLY ENACTED ACCOUNTING PRONOUNCEMENTS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by the Company as of the effective dates. Unless otherwise discussed, management believes that the impact of recently issued standards that are not yet effective will not have a material impact on the Company's financial position or results of operations upon adoption.

[Remainder of page intentionally left blank]

NOTE 17 – UNAUDITED SEGMENT FINANCIAL INFORMATION

Summarized financial information for the Company's principal continuing operations for the nine months ended September 30, 2017 and 2016 is as follows (in thousands):

2017	Management Companies (1)	Contract Manufacturing Services (Pulse) (2)	UAHC Ventures (3)	Eliminations	Consolidated Company
Revenues – external customers	$ –	$ 7,923	$ –	$ –	$ 7,923
Revenues– intersegment	–	–	–	–	–
Total revenues	$ –	7,923	–	$ –	$ 7,923
Interest expense	$ 210	9	–	–	219
Interest income	–	–	132	–	132
Income from continuing operations, before income taxes	398	1,057	7,258	–	8,713
Segment assets	14,159	9,350	15,208	(13,987)	24,730
2016					
Revenues – external customers	$ –	$ 6,727	–	$ –	$ 6,727
Revenues– intersegment	–	–	–	–	–
Total revenues	$ –	$ 6,727	–	$ –	$ 6,727
Interest expense	$ 198	23	–	$ –	$ 221
Interest income	–	–	–	–	–
Income (Loss) from continuing operations, before income taxes	464	227	–	–	691
Segment assets	4,971	8,806	–	(4,146)	9,631

(1) Management Companies: United American Healthcare Corporation, United American of Tennessee, Inc.
(2) Pulse Systems: Provider of Contract Manufacturing Services to the medical device industry.
(3) UAHC Ventures, LLC: Pursues strategic investments in high growth potential industries.

NOTE 18 – SUBSEQUENT EVENTS

The Company has performed a review of events subsequent to the balance sheet date and has identified the following reportable events:

UAHC Ventures, LLC Investment

On October 10, 2017, the Company, through its wholly owned subsidiary, UAHC Ventures, LLC, a Nevada limited liability company ("UAHC Ventures"), executed a Securities Purchase Agreement ("SPA") by and between UAHC Ventures and SinglePoint, Inc., a Nevada corporation ("SinglePoint"), whereby UAHC Ventures invested $600,000.00 to purchase (i) a Secured Convertible Promissory Note in the original principal amount of $670,000.00 effective dated October 6, 2017 (the "Note"), and (ii) a Warrant (the "Warrant") to purchase shares of SinglePoint's common stock, par value $0.0001 per share (the "Common Stock"). SinglePoint's Common Stock trades on OTC's Pink Open Market under the ticker symbol "SING."

In accordance with the terms of the Note issued to UAHC Ventures, beginning on October 6, 2018, UAHC Ventures has the right to redeem certain portions of the Note. Payment of redemption amounts due may be made by SinglePoint to UAHC Ventures in (i) cash, or (ii) by converting the redemption amount into shares of Common Stock. The Note matures in twenty-four (24) months from the purchase date. Interest accrues on the outstanding balance of the Note at rate of 10% per annum. The Note is secured by all assets of SinglePoint whether owned as of the execution date of the SPA or acquired by SinglePoint at any time while obligations under the terms of the SPA and related transaction documents remain outstanding.

The Warrant issued to UAHC Ventures, has an effective issue date of October 6, 2017 (the "Issue Date") and grants UAHC Ventures the right, as of the Issue Date, to purchase 5,000,000 shares of SinglePoint's Common Stock ("Warrant Shares"), as such Warrant Share number may be adjusted from time to time pursuant to the terms of the Warrant. The Warrant expires on the last calendar month in which the fifth anniversary of the Issue Date occurs.

New Financing with St. George Investments, LLC

On October 2, 2017, the Company executed a loan agreement by and between the Company and St. George Investments, LLC, an Illinois limited liability company ("St. George"), and affiliate of John M. Fife, who is the Chairman, President, CEO and controlling shareholder of the Company, to borrow up to $600,000.00 ("Second Loan Agreement") on terms set forth in a promissory note issued by the Company to St. George on October 2, 2017 (the "Tenth Promissory Note").

The principal amount of the Tenth Promissory Note may be designated up to $600,000.00 and was funded in one advance at the request of the Company, as approved by St. George. Interest on the Tenth Promissory Note accrues at a rate of 8% per annum on the unpaid principal balance. The Tenth Promissory Note matures on the date that is five (5) years after the date the first advance under the Tenth Promissory Note is made. Principal and interest repayments may be requested by St. George from time to time on or after the date that is six (6) months following the date the first advance under the Tenth Promissory Note was made.

Proceeds from the advances received by the Company under the terms of the Second Loan Agreement and Tenth Promissory Note are to be used solely for funding contributions to the Company's wholly owned subsidiary, UAHC Ventures, LLC, to pursue investment opportunities as approved by the Company's board of directors.

The Tenth Promissory Note is not convertible into shares of the Company's Common Stock.

MGTI Settlement

On December 7, 2017, the Company, through its wholly owned subsidiary, UAHC Ventures, LLC, executed a Settlement Agreement (the "Settlement Agreement") by and between UAHC Ventures and MGT Capital Investments, Inc. ("MGTI") to resolve certain disputes that arose between UAHC Ventures and MGTI related to that certain Secured Convertible Promissory Note dated August 18, 2017 issued by MGTI to UAHC Ventures in the original principal amount of $2,410,000.00 (the "Note") and that certain Warrant to Purchase Shares of Common Stock (the "Warrant") purchased from MGTI by UAHC Ventures pursuant to that certain Securities Purchase Agreement dated August 18, 2017.

Pursuant to the terms of the Settlement Agreement, MGTI and UAHC Ventures have agreed that UAHC Ventures' conversion price and exercise price under the Note and the Warrant, respectively, shall each be equal to $0.75 per share of Common Stock. Further, MGTI has agreed to, as a conversion of the full outstanding debt balance, to deliver to UAHC Ventures 3,381,816 of MGTI's shares of Common Stock (the "Conversion Shares"), provided that any delivery of such Conversion Shares does not cause UAHC Ventures to own more than 4.99% of MGTI's issued and outstanding shares of Common Stock (the "Ownership Limitation"). If a delivery of all or any portion of the Conversion Shares would cause UAHC Ventures to exceed the Ownership Limitation, MGTI has agreed to only deliver a number of Conversion Shares up to the Ownership Limitation and subsequently, upon notice from UAHC Ventures', to deliver, in one or more issuances, additional shares of Common Stock until such time that UAHC Ventures has received all of the Conversion Shares. Upon UAHC Venture's receipt of all of the Conversion Shares, the entire outstanding balance of the Note shall be deemed to have been paid in full.

Additionally, pursuant to the terms of the Settlement Agreement, MGTI and UAHC Ventures have agreed to cap the number of shares of Common Stock deliverable under the Warrant to 3,620,001 (the "Warrant Shares"). UAHC Ventures delivered a notice of exercise to MGTI on December 21, 2017 exercising its right to future delivery(ies) of the Warrant Shares at a time that UAHC Ventures reserves the right to designate and that will be subject to the following conditions: 1) the Warrant Shares shall not delivered prior to February 21, 2018, and 2) future delivery(ies) of the Warrant Shares in all or part shall only be made to the extent that any delivery of Warrant Shares would not cause UAHC Ventures to exceed the aforementioned Ownership Limitation.

Further, as part of the Settlement Agreement, UAHC Ventures has agreed to certain daily and weekly volume limitations with respect to the sale of any Conversion Shares or Warrant Shares it receives. The Settlement Agreement also outlines certain cash fees that would be owed to MGTI if UAHC Ventures was to violate any of the volume limitations set forth in the Settlement Agreement.

St. George Share Donation

On December 29, 2017, St. George (an affiliate of John M. Fife as described above), donated 10,000,000 shares of the Company's Common Stock to The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints.

On January 04, 2018, St. George donated 10,000,000 shares of the Company's Common Stock to The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints (the "LDS"). As a result of this donation, the LDS became beneficial owners of 13.7% of the Company's issued and outstanding common stock as of January 04, 2018.

[Remainder of page intentionally left blank]

10) Issuer Certification

I, John M. Fife certify that:

1. I have reviewed this quarterly disclosure statement of United American Healthcare Corporation;

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

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

January 16, 2018

_/s/ John M. Fife_______ ____
John M. Fife
Chief Executive Officer

I, Christina B. Saxton certify that:

1. I have reviewed this quarterly disclosure statement of United American Healthcare Corporation;

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

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

January 16, 2018

_/s/ Christina B. Saxton_______ ____
Christina B. Saxton
Chief Financial Officer