APRECIA INC
Form 10-K
June 20, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-K

x ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2009

oTRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from __________ to __________

APRECIA, INC.
(Exact name of registrant as specified in its charter)

Commission File No.: 333-138625

Delaware (State or other jurisdiction of incorporation or organization)	20-4378866 (I.R.S. Employer Identification Number)

9 Dolson Road, Monsey, NY 10952
(Address of principal executive offices)

646-378-8008
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act

NONE

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, $0.0001 par value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes x No o

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes x No o

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter: $333,392.

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date.

Number of shares of the registrant’s common stock outstanding as of June 30, 2009, was 16,761,597.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

NONE

APRECIA, INC.

FORM 10-K

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “anticipates,” “expects,” “intends,” “plans,” “may,” “will,” “potential,” “projects,” “predicts,” “continue,” or “should,” or, in each case, their other variations or comparable terminology. Such statements include, but are not limited to, any statements relating to our ability to consummate any acquisition or other business combination and any other statements that are not statements of current or historical facts. These statements are based on management’s current expectations, but actual results may differ materially due to various factors, including, but not limited to, our:

- being a development stage company with very limited operating history;
- dependence on key personnel;
- personnel allocating their time to other businesses and potentially having conflicts of interest with our business;
- potentially being unable to obtain additional financing to complete an initial transaction;
- limited pool of prospective business opportunities;
- securities ownership being concentrated; and
- potential change in control if we sell the Company or acquire a businesses for stock;

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report on Form 10-K. In addition, even if our results of operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Annual Report on Form 10-K, those results or developments may not be indicative of results or developments in subsequent periods.

These forward-looking statements are subject to numerous risks, uncertainties and assumptions about us described in our filings with the Securities and Exchange Commission. The forward-looking events we discuss in this Annual Report on Form 10-K speak only as of the date of such statement and might not occur in light of these risks, uncertainties and assumptions. Except as required by applicable law, we undertake no obligation and disclaim any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Unless otherwise provided in this Annual Report on Form 10-K., references to “Aprecia,” “the Company,” “the Registrant,” “we,” “us” and “our” refer to Aprecia, Inc.

PART I

ITEM 1. BUSINESS

General

Aprecia Inc. (“we,” “Aprecia,” or the “Company”) was formed to become a leading edge provider of applied artificial intelligence solutions for thoroughbred and lottery applications. We developed MonitorPlus, an analysis tool designed to help the thoroughbred racing and lottery industry by providing alerts when potential wagering fraud or money laundering is detected. We have marketed our products through a partner/distributor primarily to regulatory bodies. Our success was largely dependent on the market acceptance of MonitorPlus, efficient utilization of our infrastructure, successful ongoing development of advanced process technologies and generation of sufficient return on research and development investments.

The Company is currently inactive.

Going Concern

As reflected in the accompanying financial statements, the Company had an accumulated deficit at June 30, 2009, a net loss and net cash used in operating activities for the interim period then ended, respectively. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

While the Company is attempting to commence operations and generate sufficient revenues, the Company’s cash position may not be sufficient enough to support the Company’s daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate sufficient revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company’s ability to further implement its business plan and generate sufficient revenues.

Our Management continues to meet operating deficits primarily through short-term borrowings and is attempting to utilize other debt and dilutive and non-dilutive equity financing alternatives to sustain operations. Whether such financing will be available as needed and the ultimate form of such financing is uncertain and the effects of this uncertainty could ultimately lead to bankruptcy.

Our goal was to become a leading edge provider of applied artificial intelligence solutions for thoroughbred and lottery applications. We developed MonitorPlus, an analysis tool designed to help the thoroughbred racing and lottery industry by providing alerts when potential wagering fraud or money laundering is detected.

We intended to generate revenue through (i) the licensing of our technology to parties engaged in the regulation of the thoroughbred racing industry, and (ii) the licensing of our technology to third parties which were expected to develop and sell specifically tailored software solutions for customers based on our technology. However, we were unable to enter into any meaningful agreement for the sale or license of our technology and as a result our operations were not profitable. We had planned to introduce MonitorPlus to the thoroughbred industry as an entry point into the marketplace, and then planned to develop complementary products based on MonitorPlus. However, we were unable to do either.

Our success was largely dependent on the market acceptance of MonitorPlus, efficient utilization of our infrastructure, successful ongoing development of advanced process technologies and generation of sufficient return on research and development investments. However, we were unable to satisfy these objectives, and as a result, we substantially curtailed our operations.

Following a reassessment of our business goals and objectives, our Board of Directors concluded that shareholder value would be better enhanced by either a sale of the Company or an acquisition of a business enterprise rather than the continuation of our efforts to commercialize the MonitorPlus products. Consequently, in fiscal 2009 our management was authorized to develop a business strategy to either sell the Company or acquire a business enterprise. In addition, our management was directed to explore financing alternatives available to us in the event we were to effect an acquisition of a business enterprise. We have not yet been able to consummate either objective, nor can we give any assurance that we will be successful in our efforts to sell the Company, acquire another business enterprise which will prove profitable, or obtain additional financing to fund our operations in the event we were to do so.

Current Status of the MonitorPlus Technology

MonitorPlus was built to enhance cyber security in the thoroughbred industry by allowing security scenarios to be applied to wagering activity and then issuing alerts for suspect activity; such as for fraud detection and anti-money laundering. MonitorPlus receives wagering information from external sources such as a database of historical wagers and then evaluates such information. Once a fraudulent wagering scenario has been created and a source of wagering data has been attached, MonitorPlus is able to analyze wagering activity data and produce alerts. MonitorPlus is based on proven open source induction technology. MonitorPlus is comprised of two main functional components: a scenario builder and a scenario execution engine. In addition to wager activity analysis, MonitorPlus allows analysts to create “what-if” scenarios. For what-if scenarios, analysts are able to specify a test set of security rules (a “test scenario”) and view test alerts.

The MonitorPlus application was designed as an industry specific application of open source induction technology for fraud detection in the thoroughbred industry. Proprietary design for user screens and user interaction were under construction but never completed. The underlying algorithm for induction is open source. The Company never applied for patent protection and has no intention of doing do.

We currently do not intend to undertake any further research, development or marketing efforts with respect to the Monitor Plus technology or products based on such technology.

Limited Operations and Revenues

We have not generated revenues from planned principal operations and we are considered a development stage company with limited operations. For the fiscal year ended June 30, 2009, we incurred a net loss of $202,762 and for the period from December 15, 2005 (inception) to June 30, 2009, we incurred a net loss of $1,515,094. We anticipate that we will have to rely on external financing for all of our capital requirements. Future losses will continue unless we successfully implement our business plan or sell the Company. Currently, we are dependent upon external financing to fund our operations. We have no assurance that any third party will lend us funds given our current financial condition. If such funds are not available, we will discontinue entirely our operations unless we can sell the Company. If we incur any problems in any of these scenarios, we will experience significant liquidity and cash flow problems and will have to cease operations unless we can sell the Company or acquire a business enterprise in connection with which we are able to secure necessary financing.

Competition

As stated above our current objective is to either sell the Company or acquire a business enterprise in connection with which we can obtain the necessary financing to sustain renewed business activities. In identifying, evaluating and selecting a target business, we may encounter intense competition from other entities having a business objective similar to ours. Additionally, we may be subject to competition from other companies looking to expand their operations through the acquisition of a business enterprise. Many of these entities are well established and have extensive experience identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater technical, human and other resources than us and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe there are numerous potential businesses enterprises we could acquire our ability to compete in acquiring certain sizable target businesses will be limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of business enterprises.

Risk Management

We believed that risk mitigation is a proactive function that preserves asset value if properly executed. Accordingly, we had established policies, procedures and risk limits to balance the risk/reward relationship of physical and financial assets, and we took a disciplined approach to the execution of these policies to assist in achieving value preservation. Nonetheless, we were unable to preserve the value of our assets and there is substantial doubt as to our ability to continue as a going concern.

Employees

As of June 30, 2009, we had no full-time employees

Available Information

We are subject to the information requirements of the Exchange Act. Therefore, we file periodic reports, proxy statements and other information with the United States Securities and Exchange Commission (the “SEC”). Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NW, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. Before investing in our common stock you should carefully consider the following risks, together with the financial and other information contained in this prospectus. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be adversely affected. In that case, the trading price of our common stock would likely decline and you may lose all or a part of your investment.

There Is Substantial Doubt As To Our Ability To Continue As A Going Concern

As reflected in the accompanying financial statements, the Company had an accumulated deficit at June 30, 2009, a net loss and net cash used in operating activities for the fiscal year then ended, respectively. These factors raise substantial doubt about the Company’s ability to continue as a going concern. As of June 30, 2009, we had $17,383 in cash. This balance is insufficient to satisfy our cash requirements for the remainder of 2009. Accordingly, we will have to obtain short-term financing from third parties to continue to sustain our limited operations. However, there is no assurance that we will be able to do so; if we are unsuccessful in obtaining such funding we will need to further curtail operations or cease operations entirely.

As of the date of this Report, our focus is the sale of the Company or the potential acquisition of a business enterprise. However, we can offer no assurance that such effort will be success, of if we do indeed sell the Company, what the terms of such sale would be. Absent the successful sale of the Company, Management believes that we would have to cease operations, liquidate the Company and/or file for bankruptcy, all of which would have a material adverse effect on the Company, its business, operations, finances and common stock.

We Lost Money For The Fiscal Year Ended June 30, 2009, And Since Inception, And We Expect Losses to Continue In The Fiscal Year Ending June 30, 2010.

For the fiscal year ended June 30, 2009, we incurred a net loss of $202,762 and for the period from December 15, 2005 (inception) through June 30, 2009, we incurred a net loss of $1,515,094. We also expect to incur losses in the fiscal year ending June 30, 2010. We anticipate that we will have to rely on external financing for all of our capital requirements. Future losses will continue unless we successfully implement our business plan or sell the Company. Currently, we are dependent upon external financing to fund our operations. We have no assurance that any third party will lend us funds given our current financial condition. If such funds are not available, we will discontinue entirely our operations unless we can sell the Company. If we incur any problems in any of these scenarios, we will experience significant liquidity and cash flow problems and will have to cease operations unless we can sell the Company.

We Rely On Our CEO And Will Be Harmed If He Leaves.

Our ability to continue as a going concern until we are able to sell the Company or acquire a business enterprise is largely dependent on the efforts of Isaac Onn, our Chief Executive Officer and Interim Chief Financial Officer. We do not have an employment agreement with Mr. Onn. If he becomes unable or unwilling to continue in that role, our prospects for a successful sale or acquisition will be adversely affected.

There Currently Is No Public Trading Market For Our Common Stock.

From inception, there has been no public trading market for our common stock and there can be no assurance that an active trading market for our common stock will ever develop. This could adversely affect shareholders' ability to sell the Company's common stock in short time periods, or possibly at all. In addition, we believe that factors such as quarterly fluctuations in our financial results and changes in the overall economy or the condition of the financial markets, could cause the price of our common stock to fluctuate substantially.

Our Net Operating Loss Carry-forwards May Be Limited.

Utilization of the tax benefits of these carry-forwards are subject to limitations imposed by Section 382 of the Internal Revenue Code. The determination of the limitations is complex and requires significant judgment and analysis of past transactions. Accordingly, some portion or all of our carry-forwards may not be available to offset any future taxable income.

Our Common Stock Is Deemed To Be "Penny Stock", Which May Make It More Difficult For Investors To Sell Their Shares Due To Suitability Requirements.

Although shares of our common stock have never traded in the public markets and we can offer no assurances that it ever will, our common stock is nonetheless deemed to be "penny stock" as that term is defined in Rule 3a51-1 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Penny stocks are stock:

With a price of less than $5.00 per share;

That are not traded on a "recognized" national exchange;

Whose prices are not quoted on a NASDAQ automated quotation system (NASDAQ-listed stock must still have a price of not less than $5.00 per share); or

Stock in issuers with net tangible assets less than $2,000,000 (if the issuer has been in continuous operation for at least three years) or $5,000,000 (if in continuous operation for less than three years), or with average revenues of less than $6,000,000 for the last three years.

Broker-dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker-dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. These requirements may reduce the potential market for the Company's common stock by reducing the number of potential investors. This may make it more difficult for investors in the Company's common stock to sell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline.

Shareholders should be aware that, according to the SEC, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) “boiler room” practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired consequent investor losses.

Our Management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, Management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities.

Failure To Maintain Effective Internal Controls In Accordance With Section 404 Of The Sarbanes-Oxley Act Of 2002 Could Have A Material Adverse Effect On Our Stock Price Should A Trading Market Develop.

Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC require annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm attesting to and reporting on these assessments. If we fail to adequately maintain compliance with, or maintain the adequacy of, our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC. If we cannot favorably assess, or our independent registered public accounting firm is unable to provide an unqualified attestation report on our assessment of the effectiveness of our internal control over financial reporting, investor confidence in the reliability of our financial reports may be adversely affected, which could have a material adverse effect on our stock price.

Anti-Takeover Provisions Could Make A Third-Party Acquisition Of Us Difficult Which May Adversely Affect The Market Price And The Voting And Other Rights Of The Holders Of Our Common Stock.

Certain provisions of the Delaware General Corporation Law may delay, discourage or prevent a change in control. The provisions may discourage bids for our common stock at a premium over the market price. Furthermore, the authorized but unissued shares of our common stock are available for future issuance by us without our stockholders' approval. These additional shares may be utilized for a variety of corporate purposes including but not limited to future public or direct offerings to raise additional capital, corporate acquisitions and employee incentive plans. The issuance of such shares may also be used to deter a potential takeover of us that may otherwise be beneficial to our stockholders. A takeover may be beneficial to stockholders because, among other reasons, a potential suitor may offer stockholders a premium for their shares above the then market price.

Future Sales By Our Stockholders May Adversely Affect Our Stock Price And Our Ability To Raise Funds In Future Equity Offerings.

Should a public trading market for our common stock develop, sales of our common stock in the public market, by our existing shareholders can be expected to lower the market price of our common stock. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

In order to reduce operating costs, we are structured as a "virtual" company. As such, we do not currently own or rent any real estate property.

ITEM 3. LEGAL PROCEEDINGS

To the knowledge of our management, there is no litigation currently pending or contemplated against us or any of our officers or directors in their capacity as such.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of stockholders during the quarter ended June 30, 2009.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The SEC declared our first and only registration statement on Form SB-2 effective on January 29, 2007; subsequently, the then National Association of Securities Dealers, Inc. approved our Form 15c2-11 and granted us the stock symbol "ACIA.OB" on Feb 9, 2007. While there were originally three market makers for our common stock at such time, no public trading market for our common stock ever developed and one does not exist at the time of this Report, nor can we offer any assurance that such a market will ever exist.

As of June 30, 2009, there were 55 holders of record of our common stock.

Dividends

We have never paid any dividends to our equity holders. We have intended to retain our earnings, if any were ever generated, to support the development of the business and therefore did not anticipate paying cash dividends. Payment of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including current financial condition, operating results and current and anticipated cash needs.

Securities Authorized for Issuance Under Equity Compensation Plans

As of June 30, 2009, we have not adopted an equity compensation plan under which our common stock is authorized for issuance.

Currently, there are no compensation plans in effect under which our equity securities are authorized for issuance that were adopted without the approval of security holders.

Repurchases of Equity Securities

During the fiscal year ended June 30, 2009, we did not repurchase any shares as part of any publicly announced plans or programs or otherwise.

ITEM 6.SELECTED FINANCIAL DATA

We are a smaller reporting company as defined in Regulation S-K; as such pursuant to Regulation S-K we are not required to make disclosures under this Item.

ITEM 7.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINCNAICAL CONDITION AND RESULTS

OF
OPERATIONS.

Results of Operations

Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our financial statements and the related notes thereto which are included in this annual report and the Company's audited financial statements and notes thereto included elsewhere in this Report.

Revenues

We have not generated revenues from planned principal operations and we are considered a development stage company.

Our goal was to become a leading edge provider of applied artificial intelligence solutions for thoroughbred and lottery applications. We developed MonitorPlus, an analysis tool designed to help the thoroughbred racing and lottery industry by providing alerts when potential wagering fraud or money laundering is detected.

We intended to generate revenue through (i) the licensing of our technology to parties engaged in the regulation of the thoroughbred racing industry, and (ii) the licensing of our technology to third parties which were expected to develop and sell specifically tailored software solutions for customers based on our technology. However, we were unable to enter into any meaningful agreement for the sale or license of our technology and as a result our operations were not profitable. We had planned to introduce MonitorPlus to the thoroughbred industry as an entry point into the marketplace, and then planned to develop complementary products based on MonitorPlus. However, we were unable to do either.

Our success was largely dependent on the market acceptance of MonitorPlus, efficient utilization of our infrastructure, successful ongoing development of advanced process technologies and generation of sufficient return on research and development investments. However, we were unable to satisfy these objectives, and as a result, we substantially curtailed our operations.

Following a reassessment of our business goals and objectives, our Board of Directors concluded that shareholder value would be better enhanced by either a sale of the Company or an acquisition of a business enterprise rather than the continuation of our efforts to commercialize the MonitorPlus products. Consequently, in 2007 our management was authorized to develop a business strategy to either sell the Company or acquire a business enterprise. In addition, our management was directed to explore financing alternatives available to us in the effect we were to effect an acquisition of a business enterprise. We have not yet been able to consummate either objective, nor can we give any assurance that we will be successful in our efforts to sell the Company, acquire another business enterprise which will prove profitable, or obtain additional financing to fund our operations in the event we were to do so.

Costs and Expenses

Costs and expenses were $48,520 for the fiscal year ended June 30, 2009 as compared to $111,900 for the fiscal year ended June 30, 2008, and consisted primarily of officer’s compensation, software development and administrative expenses. The decrease was primarily due to our cessation of research, development and marketing activities with respect to the MonitorPlus technology and products based on the technology. Costs and expenses for the period from December 15, 2005 (inception) to June 30, 2009 were $801,238.

Going Concern

The Company had an accumulated deficit of $1,515,094 at June 30, 2009, a net loss of $202,762 and net cash used in operating activities of $31,266 for the fiscal year then ended, respectively. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

There can be no assurance that sufficient funds required for us to sustain operations will be generated from operations or that funds will be available from external sources such as debt or equity financings or other potential sources. The lack of additional capital resulting from the inability to generate cash flow from operations or to raise capital from external sources would force the Company to substantially curtail or cease operations and would, therefore, have a material adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have a significant dilutive effect on the Company's existing stockholders.

The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should we be unable to continue as a going concern.

We are attempting to address our lack of liquidity by raising additional funds, either in the form of debt or equity or some combination thereof, but since June 30, 2008, we have not been able to raise funds through the sale of equity securities. There can be no assurances that we will be able to raise the additional funds we may require.

Our Management continues to meet operating deficits primarily through short-term borrowings and is attempting to utilize other debt and dilutive and non-dilutive equity financing alternatives to sustain operations. Whether such financing will be available as needed and the ultimate form of such financing is uncertain and the effects of this uncertainty could ultimately lead to bankruptcy.

Financing Activities

Common Stock

In March 2006, the Company sold 4,510,000 shares of common stock valued at $451 to the founders of the Company.

In March 2006, the Company issued 9,700,000 shares of common stock valued at $970 for software development costs.

In March 2006, the Company sold 2,083,000 shares of common stock to a private investor for $50,000, and paid cash commissions of $5,000.

In October 2006, the Company completed a private placement of 468,264 shares of its common stock for gross proceeds of $56,190.

Debt Financings

In March 2006, we entered into a Securities Purchase Agreement dated as of March 10, 2006, with four investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the “1933 Act”), of 7% Convertible Debentures in the principal amount of $500,000 (the “Debentures”). Accrued interest on the convertible debentures as of June 30, 2009, was $172,196.

The Debentures are collateralized by all of the now owned and hereafter acquired rights, title and interest of the Company’s assets. The debentures mature 24 months from the closing. The Debentures are convertible at the option of the holder into our common stock at the rate of $0.12 per share. Expenses incurred in connection with the private offering of the debentures were $185,000. Such expenses are carried as deferred finance costs and were amortized over the term of the debt.

In May 2007 the Company sold $187,000 principal of 7% secured promissory notes (the “Notes”) and 500,000 Common Stock purchase warrants (the “Warrants”) (collectively, the “Securities”) for an aggregate purchase price of $170,000. The Notes were due September 2007 and are secured by the Company’s assets. The Warrants have an exercise price of $.18 per share and a term of five years. In connection with the sale of the Securities, the Company issued as broker’s fees: (i) 83,111 common stock purchase warrants ($.18 exercise price, five year term) and (ii) a promissory note in the amount of $14,960. In addition, the Company incurred legal fees of $30,512 in connection with the sale of the Notes. The aggregate costs of $55,813 are amortized over the life of the related Notes. The Company is currently accruing interest at the default rate of 18% per annum. Total accrued interest as of June 30, 2009, is $79,121.

In November 2007, and February 2008 a stockholder loaned the Company a total of $64,000. The loan bears interest at 6% per annum and is due November 2008. Total accrued interest at June 30, 2009, is $4,704.

Access to capital markets has historically been important to us. Depending on market conditions, we may issue registered or unregistered securities to raise capital to fund a portion of our operations. However, as of the date of this Report, we are attempting to sell the Company but can offer no assurances that we will be successful, or, if we are successful, what the terms of such sale will be.

Contractual Obligations

The Debentures matured on March 10, 2008, and are currently in default. The Debentures are convertible at the option of the holder into the Company's common stock at the rate of $0.12 per share. Expenses incurred in connection with the private offering of the debentures were $185,000. Such expenses are carried as deferred finance costs and were amortized over the term of the debt.

Since a registration statement covering the underlying common stock was not filed within 90 days, the Company is required to pay liquidated damages of 2% of the principal amount of $500,000 per month plus interest at the rate of 18% if the Company fails to pay the liquidated damages within seven days. Accordingly, the Company accrued $106,667 in liquidated damages (until registration statement was filed and $50,050 interest on the liquidated damages as of June 30, 2009.

Liquidity and Capital Resources

As of June 30, 2009, we had $17,383 in cash and. This balance is insufficient to satisfy our cash requirements for the remainder of 2009 and as such we will have to obtain short-term financing from third parties. However, there is no assurance that such funding will be available is in sufficient amount, if at all, to fund the Company as a going concern; if we are unable to obtain such financing in a very short period of time, must continue our efforts to sell the Company or cease operations. Our inability to achieve these objectives will have a material adverse effect on our operations and finances. If we issue additional equity and/or debt securities to meet our future capital requirements, the terms of any future equity financings may be dilutive to our stockholders and the terms of any debt financings may contain restrictive covenants negatively affecting our stockholders. As of the date of this Report, we have no plans to issue additional equity and/or debt securities and instead we are attempting to sell the Company. However, we can offer no assurances that we will be successful, or, if we are successful, what the terms of such sale will be.

Off- Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

Inflation and Seasonality

The effect of inflation on our revenue and operating results was not significant. Our business is not seasonal.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires our Management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Estimates and judgments are based on historical experience, forecasted future events and various other assumptions that the Company believes to be reasonable under the circumstances. Estimates and judgments may vary under different assumptions or conditions. We evaluate our estimates and judgments on an ongoing basis. Management believes the accounting policies below are critical in the portrayal of our financial condition and results of operations and require management's most difficult, subjective or complex judgments.

Contingencies

The Company is subject to the possibility of losses from various contingencies. Considerable judgment is necessary to estimate the probability and amount of any loss from such contingencies. An accrual is made when it is probable that a liability has been incurred or an asset been impaired and the amount of loss can re reasonably estimated. The Company accrues a liability and charges operations for the estimated costs of adjudication or settlement of asserted and unasserted claims existing as of the balance sheet date.

Research and Development

Costs related to the conceptual formulation and design of products and processes are expensed as research and development when incurred. Determining when product development is complete requires judgment by the Company. The Company deems development of a product complete once the product has been thoroughly reviewed and tested for performance and reliability.

Equity Instruments Issued to Parties Other Than Employees for Acquiring Goods or Services

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of Subtopic 505-50 of the FASB Accounting Standards Codification (“Subtopic 505-50”).

Pursuant to Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur.

The fair value of share options and similar instruments is estimated on the date of grant using the Cox, Ross & Rubenstein Binomial Lattice Model or Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

> Expected term of share options and similar instruments: Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and holder’s expected exercise behavior into the fair value (or calculated value) of the instruments. Pursuant to paragraph 718-50-S99-1, it may be appropriate to use the simplified method, if (i) A company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term due to the limited period of time its equity shares have been publicly traded; (ii) A company significantly changes the terms of its share option grants or the types of employees that receive share option grants such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term; or (iii) A company has or expects to have significant structural changes in its business such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term. The Company uses the simplified method to calculate expected term of share options and similar instruments as the company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.
>
> Expected volatility of the entity’s shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for it to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected term of the share options or similar instruments as its expected volatility. If shares of a company are

thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

> Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected term of the share options and similar instruments.
>
> Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the share options and similar instruments.

Pursuant to ASC paragraph 505-50-25-7, if fully vested, non-forfeitable equity instruments are issued at the date the grantor and grantee enter into an agreement for goods or services (no specific performance is required by the grantee to retain those equity instruments), then, because of the elimination of any obligation on the part of the counterparty to earn the equity instruments, a measurement date has been reached. A grantor shall recognize the equity instruments when they are issued (in most cases, when the agreement is entered into). Whether the corresponding cost is an immediate expense or a prepaid asset (or whether the debit should be characterized as contra-equity under the requirements of paragraph 505-50-45-1) depends on the specific facts and circumstances. Pursuant to ASC paragraph 505-50-45-1, a grantor may conclude that an asset (other than a note or a receivable) has been received in return for fully vested, non-forfeitable equity instruments that are issued at the date the grantor and grantee enter into an agreement for goods or services (and no specific performance is required by the grantee in order to retain those equity instruments). Such an asset shall not be displayed as contra-equity by the grantor of the equity instruments. The transferability (or lack thereof) of the equity instruments shall not affect the balance sheet display of the asset. This guidance is limited to transactions in which equity instruments are transferred to other than employees in exchange for goods or services. Section 505-50-30 provides guidance on the determination of the measurement date for transactions that are within the scope of this Subtopic.

Pursuant to ASC paragraphs 505-50-25-8 and 505-50-25-9, an entity may grant fully vested, non-forfeitable equity instruments that are exercisable by the grantee only after a specified period of time if the terms of the agreement provide for earlier exercisability if the grantee achieves specified performance conditions. Any measured cost of the transaction shall be recognized in the same period(s) and in the same manner as if the entity had paid cash for the goods or services or used cash rebates as a sales discount instead of paying with, or using, the equity instruments. A recognized asset, expense, or sales discount shall not be reversed if a stock option that the counterparty has the right to exercise expires unexercised.

Pursuant to ASC paragraph 505-50-30-S99-1, if the Company receives a right to receive future services in exchange for unvested, forfeitable equity instruments, those equity instruments are treated as unissued for accounting purposes until the future services are received (that is, the instruments are not considered issued until they vest). Consequently, there would be no recognition at the measurement date and no entry should be recorded.

Income Taxes

The Company is required to estimate its provision for income taxes and amounts ultimately payable or recoverable in numerous tax jurisdictions around the world. Estimates involve interpretations of regulations and are inherently complex. Resolution of income tax treatments in individual jurisdictions may not be known for many years after completion of any fiscal year. The Company is also required to evaluate the realizability of its deferred tax assets on an ongoing basis in accordance with GAAP, which requires the assessment of the Company's performance and other relevant factors when determining the need for a valuation allowance with respect to these deferred tax assets.

Realization of deferred tax assets is dependent on the Company's ability to generate future taxable income.

Recent Accounting Pronouncements

FASB Accounting Standards Update No. 2011-05

In June 2011, the FASB issued the FASB Accounting Standards Update No. 2011-05 "Comprehensive Income" ("ASU 2011-05"), which was the result of a joint project with the IASB and amends the guidance in ASC 220, Comprehensive Income, by eliminating the option to present components of other comprehensive income (OCI) in the statement of stockholders' equity. Instead, the new guidance now gives entities the option to present all non-owner changes in stockholders' equity either as a single continuous statement of comprehensive income or as two separate but consecutive statements. Regardless of whether an entity chooses to present comprehensive income in a single continuous statement or in two separate but consecutive statements, the amendments require entities to present all reclassification adjustments from OCI to net income on the face of the statement of comprehensive income.

The amendments in this Update should be applied retrospectively and are effective for public entity for fiscal years, and interim periods within those years, beginning after December 15, 2011.

FASB Accounting Standards Update No. 2011-08

In September 2011, the FASB issued the FASB Accounting Standards Update No. 2011-08 “Intangibles—Goodwill and Other: Testing Goodwill for Impairment” (“ASU 2011-08”). This Update is to simplify how public and nonpublic entities test goodwill for impairment. The amendments permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. Under the amendments in this Update, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount.

The guidance is effective for interim and annual periods beginning on or after December 15, 2011. Early adoption is permitted.

FASB Accounting Standards Update No. 2011-10

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-10 “Property, Plant and Equipment: Derecognition of in Substance Real Estate-a Scope Clarification” (“ASU 2011-09”). This Update is to resolve the diversity in practice as to how financial statements have been reflecting circumstances when parent company reporting entities cease to have controlling financial interests in subsidiaries that are in substance real estate, where the situation arises as a result of default on nonrecourse debt of the subsidiaries.
The amended guidance is effective for annual reporting periods ending after June 15, 2012 for public entities. Early adoption is permitted.

FASB Accounting Standards Update No. 2011-11

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-11 “Balance Sheet: Disclosures about Offsetting Assets and Liabilities” (“ASU 2011-11”). This Update requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS.

The amended guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods.

FASB Accounting Standards Update No. 2011-12

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-12 “Comprehensive Income: Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05” (“ASU 2011-12”). This Update is a deferral of the effective date pertaining to reclassification adjustments out of accumulated other comprehensive income in ASU 2011-05. FASB is to going to reassess the costs and benefits of those provisions in ASU 2011-05 related to reclassifications out of accumulated other comprehensive income. Due to the time required to properly make such a reassessment and to evaluate alternative presentation formats, the FASB decided that it is necessary to reinstate the requirements for the presentation of reclassifications out of accumulated other comprehensive income that were in place before the issuance of Update 2011-05.

All other requirements in Update 2011-05 are not affected by this Update, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Public entities should apply these requirements for fiscal years, and interim periods within those years, beginning after December 15, 2011.

Other Recently Issued, but not yet Effective Accounting Pronouncements

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Market risk is the sensitivity of income to changes in interest rates, foreign exchange rates, commodity prices, equity prices, and other market-driven rates or prices. Our current business and, accordingly, the risks associated with foreign exchange rates, commodity prices, and equity prices are not significant. We have not engaged in any hedging activities with respect to the market risk to which we are exposed. Our only material market risk exposure relates to fluctuations in interest rates. Given our limited risk in our exposure to money market funds, we do not view the interest rate risk to be significant.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES

Contents	Page

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Aprecia, Inc.
Monsey, New York

We have audited the accompanying balance sheets of Aprecia, Inc., (the "Company") as of June 30, 2009 and the related statements of operations, stockholders' deficit and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The Company's financial statements as of June 30, 2008 and for the fiscal year then ended was audited by other auditors whose report dated November 10, 2008, on those statements included an explanatory paragraph that described a going concern uncertainty due to the fact that the Company had an accumulated deficit at June 30, 2008, and had a net loss and net cash used in operating activities for the fiscal year then ended, discussed in Note 3 to the financial statements. The other auditors' reports have been furnished to us, and our opinion, insofar as it relates to amounts included for such prior periods, is based solely on the reports of such other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2009 and 2008 and the results of its operations and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/Li & Company, PC
Li & Company, PC

Skillman, New Jersey
June 15, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Aprecia, Inc.
Monsey, New York

I have audited the accompanying balance sheet of Aprecia, Inc. (a development stage company) as of June 30, 2008 and the related statements of operations, stockholders' deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aprecia, Inc. (a development stage company) as of June 30, 2008 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company's significant net losses raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is not required to have, nor was I engaged to perform, an audit of its internal control over financial reporting. My audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company's internal control over financial reporting. Accordingly, I express no such opinion.

/s/ Michael F. Albanese, C.P.A.
Michael F. Albanese, C.P.A.

Parsippany, New Jersey
November 10, 2008

Aprecia, Inc.

Balance Sheets

	June 30, 2009	June 30, 2008
ASSETS		
CURRENT ASSETS:		
Cash	$17,383	$6,149
Total Current Assets	17,383	6,149
Property and Equipment		
Property and equipment	2,862	2,862
Accumulated depreciation	(2,862)	(1,908)
Property and Equipment, Net	-	954
Total Assets	$17,383	$7,103
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accrued expenses	$18,450	$2,150
Accrued interest	306,071	152,588
Accrued liquidated damages	106,667	106,667
Convertible debentures	515,466	500,000
Loan payable - stockholder	64,000	64,000
Notes payable	228,994	201,960
Total Current Liabilities	1,239,648	1,027,365
DERIVATIVE WARRANT LIABILITY	53,646	-
Total Liabilities	1,293,294	1,027,365
STOCKHOLDERS' DEFICIT:		
Preferred stock: $0.0001 par value; 10,000,000 shares authorized; none issued or outstanding	-	-
Common stock: $0.0001 par value; 250,000,000 shares authorized; 16,761,597 shares issued and outstanding	1,676	1,676
Additional paid-in capital	237,507	290,394
Accumulated deficit	(1,515,094)	(1,312,332)
Total Stockholders' Deficit	(1,275,911)	(1,020,262)
Total Liabilities and Stockholders' Deficit	$17,383	$7,103

See accompanying notes to the financial statements.

Aprecia, Inc.

Statements of Operations

	For the Fiscal Year Ended June 30, 2009	For the Fiscal Year Ended June 30, 2008
NET REVENUES	$ -	$ -
OPERATING EXPENSES:		
Salaries and wages - Officer	-	46,573
Software development	-	14,000
General and administrative expenses	48,520	51,327
Total operating expenses	48,520	111,900
Loss from Operations	(48,520)	(111,900)
Other (Income) Expense:		
Amortization of debt discount	-	37,654
Amortization of deferred financing costs	-	99,837
Change in the fair value of derivative liability	759	-
Interest expense	153,483	89,851
Total other (income) expense	154,242	227,342
Loss before Income Tax Provision	(202,762)	(339,242)
Income Tax Provision	-	-
NET LOSS	$ (202,762)	$ (339,242)
NET LOSS PER COMMON SHARE:		
- BASIC AND DILUTED	$ (0.01)	$ (0.02)
Weighted average common shares outstanding:		
- basic and diluted	16,761,597	16,761,597

See accompanying notes to the financial statements.

F-5

Aprecia, Inc.

Statement of Stockholders' Deficit
For the Fiscal Year Ended June 30, 2009 and 2008

	Common Stock, $0.0001 Par Value		Additional		Total
	Number of Shares	Amount	Paid-in Capital	Accumulated Deficit	Stockholders' Deficit
Balance, June 30, 2007	16,761,597	$1,676	$147,796	$ (973,090)	$ (823,618)
Amortization of deferred financing costs			6,026		6,026
Forgiveness of debt by stockholder			136,572		136,572
Net loss				(339,242)	(339,242)
Balance, June 30, 2008	16,761,597	1,676	290,394	(1,312,332)	(1,020,262)
Reclassification of additional paid-in capital to derivative warrant liability at January 1, 2009 upon adoption of FASB ASC 815-40-15 (formerly "EITF 07-5")			(52,887)		(52,887)
Net loss				(202,762)	(202,762)
Balance, June 30, 2009	16,761,597	$1,676	$237,507	$ (1,515,094)	$ (1,275,911)

See accompanying notes to the financial statements.

Aprecia, Inc.

Statements of Cash Flows

	For the Fiscal Year Ended June 30, 2009	For the Fiscal Year Ended June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(202,762)	$(339,242)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	954	954
Amortization of debt discount	-	37,654
Amortization of deferred financing costs	-	99,837
Changes in operating assets and liabilities:		
Accrued expenses	16,300	(7,529)
Accrued interest	153,483	89,851
Derivative warrant liability	759	-
NET CASH USED IN OPERATING ACTIVITIES	(31,266)	(118,475)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible debentures	15,466	-
Proceeds from loans payable - stockholder	-	64,000
Proceeds from issuance of notes payable	27,034	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	42,500	64,000
NET CHANGE IN CASH	11,234	(54,475)
Cash at beginning of the year	6,149	60,624
Cash at end of the year	$17,383	$6,149
SUPPLEMENTAL DISCLOSUREOF CASH FLOWS INFORMATION:		
Interest paid	$-	$-
Income tax paid	$-	$-
NON CASH FINANCING AND INVESTING ACTIVITIES:		
Forgiveness of debt by a stockholder and officer	$-	$136,572

See accompanying notes to the financial statements.

Aprecia, Inc.
June 30, 2009 and 2008
Notes to the Financial Statements

Note 1 – Organization and Operations

Aprecia, Inc.

Aprecia, Inc. (the “Company”), was incorporated on December 15, 2005 under the laws of the State of Delaware.

The Company originally intended to become a leading edge provider of applied artificial intelligence solutions for thoroughbred and lottery applications through the development of MonitorPlus, an analysis tool designed to help the thoroughbred racing and lottery industry by providing alerts when potential wagering fraud or money laundering is detected. The Company intended to generate revenue through (i) the licensing of our technology to parties engaged in the regulation of the thoroughbred racing industry, and (ii) the licensing of our technology to third parties which were expected to develop and sell specifically tailored software solutions for customers based on its technology. However, the Company was unable to enter into any meaningful agreement for the sale or license of its technology. The Company had planned to introduce MonitorPlus to the thoroughbred industry as an entry point into the marketplace, and then planned to develop complementary products based on MonitorPlus. However, the Company was unable to do either, and as a result, the Company substantially curtailed its operations.

Following a reassessment of its business goals and objectives, the Company's Board of Directors concluded that shareholder value would be better enhanced by either a sale of the Company or an acquisition of a business enterprise rather than the continuation of its efforts to commercialize the MonitorPlus products. Consequently, in fiscal 2008 its management was authorized to cease the development of its applied artificial intelligence solutions and develop a business strategy to either sell the Company or acquire a business enterprise instead. The Company has not yet been able to consummate either objective.

The Company is currently inactive.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amounts of revenues and expenses during the reporting period.

The Company’s significant estimates and assumptions include the fair value of financial instruments; expected term of share options and similar instruments, expected volatility of the entity’s common shares and the method used to estimate it, expected annual rate of quarterly dividends, and risk free interest rate(s); income tax rate, income tax provision, deferred tax assets and valuation allowance of deferred tax assets; and the assumption that the Company will continue as a going concern. Those significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to those estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly.

Actual results could differ from those estimates.

Fair Value of Certain Financial Instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of certain of its financial instruments and has adopted paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of certain of its financial instruments except for the effects of derivative financial instruments relating to its convertible debt, redeemable Series A convertible preferred stock, and related warrants. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1	Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
Level 2	Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
Level 3	Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company's financial assets and liabilities, such as cash, accrued interest and accrued liquidated damages, approximate their fair values because of the short maturity of these instruments.

The Company's convertible debentures and notes payable approximate the fair value of such instruments based upon management's best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2009 and 2008.

The Company's Level 3 financial liabilities consist of the derivative warrant liability, bifurcated embedded conversion option or other embedded derivative instruments in its notes payable and convertible instruments. There is no current market for these securities such that the determination of fair value requires significant judgment or estimation. The Company revalues its derivative warrant liability or bifurcates the embedded conversion option or other embedded derivative instruments in its notes and convertible instruments at each reporting period and recognizes gains or losses in the statements of operations that are attributable to the change in the fair value of the derivative warrant liability.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

It is not, however, practical to determine the fair value of advances from stockholders due to their related party nature.

Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

Level 3 financial liabilities – Derivative warrant liabilities

The Company is required to use Level 3 of the fair value hierarchy to measure the fair value of the derivative liabilities and revalues its derivative warrant liability at every reporting period and recognizes gains or losses in the statements of operations that are attributable to the change in the fair value of the derivative warrant liability.

Carrying Value, Recoverability and Impairment of Long-Lived Assets

The Company follows paragraph 360-10-05-4 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. When long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The Company considers the following to be some examples of important indicators that may trigger an impairment review: (i) significant under-performance or losses of assets relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; (v) a significant decline in the Company's stock price for a sustained period of time; and (vi) regulatory changes. The Company evaluates acquired assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

The key assumptions used in management's estimates of projected cash flow deal largely with forecasts of sales levels, gross margins, and operating costs of the manufacturing facilities. These forecasts are typically based on historical trends and take into account recent developments as well as management's plans and intentions. Any difficulty in manufacturing or sourcing raw materials on a cost effective basis would significantly impact the projected future cash flows of the Company's manufacturing facilities and potentially lead to an impairment charge for long-lived assets. Other factors, such as increased competition or a decrease in the desirability of the Company's products, could lead to lower projected sales levels, which would adversely impact cash flows. A significant change in cash flows in the future could result in an impairment of long lived assets.

The impairment charges, if any, is included in operating expenses in the accompanying statements of operations.

Fiscal Year End

The Company elected June 30th as its fiscal year end date upon its formation.

Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

Discount on Debt

The Company allocates the proceeds received from convertible debt instruments between the underlying debt instruments and records the conversion feature as a liability in accordance with subtopic 470-20 of the FASB Accounting Standards Codification ("Subtopic 470-20"). The conversion feature and certain other features would be considered embedded derivative instruments, if it had a conversion reset provision, a penalty provision or a redemption option, and be recorded at their fair value within the terms of Subtopic 470-20 as the fair value can be separated from the convertible note and its conversion is independent of the underlying note value.

Pursuant to ASC Paragraph 470-20-30-27, the carrying amount of the liability component shall be determined for purposes of paragraph 470-20-25-23 by measuring the fair value of a similar liability (including any embedded features other than the conversion option) that does not have an associated equity component. Pursuant to ASC Paragraph 470-20-30-28, the carrying amount of the equity component represented by the embedded conversion option shall be determined for purposes of paragraph 470-20-25-23 by deducting the fair value of the liability component from the initial proceeds ascribed to the convertible debt instrument as a whole.

The derivative and conversion liability is marked to market each reporting period with the resulting gains or losses shown on the statements of operations as other income or loss. The Company has also recorded the resulting discount on debt related to the warrants and conversion feature and is amortizing the discount using the effective interest rate method over the life of the debt instruments.

Derivative Instruments and Hedging Activities

The Company accounts for derivative instruments and hedging activities in accordance with paragraph 810-10-05-4 of the FASB Accounting Standards Codification ("Paragraph 810-10-05-4"). Paragraph 810-10-05-4 requires companies to recognize all derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value of a derivative instrument depends upon: (i) whether the derivative has been designated and qualifies as part of a hedging relationship, and (ii) the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument based upon the exposure being hedged as either a fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation.

Derivative Warrant Liability

The Company evaluates its notes, convertible debt, share options, warrants or other contracts, if any, to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 810-10-05-4 and Section 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as either an asset or a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the date of conversion, exercise or cancellation and then that the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

On January 1, 2009, the date when Section 815-40-15 became effective, the Company adopted Section 815-40-15 of the FASB Accounting Standards Codification ("Section 815-40-15") to determine whether an instrument (or an embedded feature) is indexed to the Company's own stock. Section 815-40-15 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. The adoption of Section 815-40-15 has affected the accounting for certain freestanding warrants that contain exercise price adjustment features.

The Company marks to market the fair value of the embedded derivative warrants at each balance sheet date and records the change in the fair value of the remaining embedded derivative warrants as other income or expense in the statements of operations.

Commitments and Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time that these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

Revenue Recognition

The Company applies paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement exists, (ii) the product has been shipped or the services have been rendered to the customer, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. The Company derives its revenues from sales contracts with customers with revenues being generated upon the shipment of goods.

Equity Instruments Issued to Parties Other Than Employees for Acquiring Goods or Services

The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of Subtopic 505-50 of the FASB Accounting Standards Codification ("Subtopic 505-50").

Pursuant to Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur.

The fair value of share options and similar instruments is estimated on the date of grant using the Cox, Ross & Rubenstein Binomial Lattice Model or Black-Scholes option-pricing valuation model. The ranges of assumptions for inputs are as follows:

- o Expected term of share options and similar instruments: Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and holder's expected exercise behavior into the fair value (or calculated value) of the instruments. Pursuant to paragraph 718-50-S99-1, it may be appropriate to use the simplified method, if (i) A company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term due to the limited period of time its equity shares have been publicly traded; (ii) A company significantly changes the terms of its share option grants or the types of employees that receive share option grants such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term; or (iii) A company has or expects to have significant structural changes in its business such that its historical exercise data may no longer provide a reasonable basis upon which to estimate expected term. The Company uses the simplified method to calculate expected term of share options and similar instruments as the company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.

- o Expected volatility of the entity's shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for it to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected term of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.

- o Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected term of the share options and similar instruments.

- o Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the share options and similar instruments.

Pursuant to ASC paragraph 505-50-25-7, if fully vested, non-forfeitable equity instruments are issued at the date the grantor and grantee enter into an agreement for goods or services (no specific performance is required by the grantee to retain those equity instruments), then, because of the elimination of any obligation on the part of the counterparty to earn the equity instruments, a measurement date has been reached. A grantor shall recognize the equity instruments when they are issued (in most cases, when the agreement is entered into). Whether the corresponding cost is an immediate expense or a prepaid asset (or whether the debit should be characterized as contra-equity under the requirements of paragraph 505-50-45-1) depends on the specific facts and circumstances. Pursuant to ASC paragraph 505-50-45-1, a grantor may conclude that an asset (other than a note or a receivable) has been received in return for fully vested, non-forfeitable equity instruments that are issued at the date the grantor and grantee enter into an agreement for goods or services (and no specific performance is required by the grantee in order to retain those equity instruments). Such an asset shall not be displayed as contra-equity by the grantor of the equity instruments. The transferability (or lack thereof) of the equity instruments shall not affect the balance sheet display of the asset. This guidance is limited to transactions in which equity instruments are transferred to other than employees in exchange for goods or services. Section 505-50-30 provides guidance on the determination of the measurement date for transactions that are within the scope of this Subtopic.

Pursuant to ASC paragraphs 505-50-25-8 and 505-50-25-9, an entity may grant fully vested, non-forfeitable equity instruments that are exercisable by the grantee only after a specified period of time if the terms of the agreement provide for earlier exercisability if the grantee achieves specified performance conditions. Any measured cost of the transaction shall be recognized in the same period(s) and in the same manner as if the entity had paid cash for the goods or services or used cash rebates as a sales discount instead of paying with, or using, the equity instruments. A recognized asset, expense, or sales discount shall not be reversed if a stock option that the counterparty has the right to exercise expires unexercised.

Pursuant to ASC paragraph 505-50-30-S99-1, if the Company receives a right to receive future services in exchange for unvested, forfeitable equity instruments, those equity instruments are treated as unissued for accounting purposes until the future services are received (that is, the instruments are not considered issued until they vest). Consequently, there would be no recognition at the measurement date and no entry should be recorded.

Income Tax Provision

The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income and Comprehensive Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (“Section 740-10-25”). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty (50) percent likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

Uncertain Tax Positions

The Company did not take any uncertain tax positions and had no adjustments to its income tax liabilities or benefits pursuant to the provisions of Section 740-10-25 for the fiscal year ended June 30, 2009 or 2008.

Net Income (Loss) per Common Share

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through convertible debt or preferred stock, contingent share arrangements, stock options and warrants.

The following table shows the weighted-average number of potentially outstanding dilutive shares excluded from the diluted net loss per share calculation for the fiscal year ended June 30, 2009 and 2008 as they were anti-dilutive:

	Potentially Outstanding Dilutive Common Shares	
	For the Fiscal Year Ended June 30, 2009	For the Fiscal Year Ended June 30, 2008
Convertible debentures, at 7% interest per annum, convertible at the option of the holder, to the Company's common stock at $0.12 per common share, issued on March 10, 2006 matured on March 10, 2008, 24 months from the date of the issuance, which is past due.	4,295,550	4,166,667
Warrants issued in connection with the notes payable issued on May 18, 2007 with an exercise price of $0.18 per common share expiring five (5) years from the date of issuance	500,000	500,000
Warrants issued as broker's fees in connection with notes payable issued on May 18, 2007 with an exercise price of $0.18 per share expiring five (5) years from the date of issuance	83,111	83,111
Total potentially outstanding dilutive common shares	4,878,661	4,749,778

Cash Flows Reporting

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method ("Indirect method") as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

Subsequent Events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued.

Recently Issued Accounting Pronouncements

FASB Accounting Standards Update No. 2011-05

In June 2011, the FASB issued the FASB Accounting Standards Update No. 2011-05 “Comprehensive Income” (“ASU 2011-05”), which was the result of a joint project with the IASB and amends the guidance in ASC 220, Comprehensive Income, by eliminating the option to present components of other comprehensive income (OCI) in the statement of stockholders’ equity. Instead, the new guidance now gives entities the option to present all non-owner changes in stockholders’ equity either as a single continuous statement of comprehensive income or as two separate but consecutive statements. Regardless of whether an entity chooses to present comprehensive income in a single continuous statement or in two separate but consecutive statements, the amendments require entities to present all reclassification adjustments from OCI to net income on the face of the statement of comprehensive income.

The amendments in this Update should be applied retrospectively and are effective for public entity for fiscal years, and interim periods within those years, beginning after December 15, 2011.

FASB Accounting Standards Update No. 2011-08

In September 2011, the FASB issued the FASB Accounting Standards Update No. 2011-08 “Intangibles—Goodwill and Other: Testing Goodwill for Impairment” (“ASU 2011-08”). This Update is to simplify how public and nonpublic entities test goodwill for impairment. The amendments permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. Under the amendments in this Update, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount.

The guidance is effective for interim and annual periods beginning on or after December 15, 2011. Early adoption is permitted.

FASB Accounting Standards Update No. 2011-10

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-10 “Property, Plant and Equipment: Derecognition of in Substance Real Estate-a Scope Clarification” (“ASU 2011-09”). This Update is to resolve the diversity in practice as to how financial statements have been reflecting circumstances when parent company reporting entities cease to have controlling financial interests in subsidiaries that are in substance real estate, where the situation arises as a result of default on nonrecourse debt of the subsidiaries.

The amended guidance is effective for annual reporting periods ending after June 15, 2012 for public entities. Early adoption is permitted.

FASB Accounting Standards Update No. 2011-11

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-11 "Balance Sheet: Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). This Update requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS.

The amended guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods.

FASB Accounting Standards Update No. 2011-12

In December 2011, the FASB issued the FASB Accounting Standards Update No. 2011-12 "Comprehensive Income: Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05" ("ASU 2011-12"). This Update is a deferral of the effective date pertaining to reclassification adjustments out of accumulated other comprehensive income in ASU 2011-05. FASB is to going to reassess the costs and benefits of those provisions in ASU 2011-05 related to reclassifications out of accumulated other comprehensive income. Due to the time required to properly make such a reassessment and to evaluate alternative presentation formats, the FASB decided that it is necessary to reinstate the requirements for the presentation of reclassifications out of accumulated other comprehensive income that were in place before the issuance of Update 2011-05.

All other requirements in Update 2011-05 are not affected by this Update, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Public entities should apply these requirements for fiscal years, and interim periods within those years, beginning after December 15, 2011.

Other Recently Issued, but not yet Effective Accounting Pronouncements

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

Note 3 – Financial Condition

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the accompanying financial statements, the Company had an accumulated deficit at June 30, 2009, a net loss and net cash used in operating activities for the fiscal year then ended, respectively. These factors raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to commence operations and generate sufficient revenues, the Company's cash position may not be sufficient enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to generate sufficient revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company’s ability to further implement its business plan and generate sufficient revenues.

The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 4 - Convertible Debentures

Principal of Convertible Debentures

On March 10, 2006 the Company entered into four (4) Securities Purchase Agreements (“Securities Purchase Agreements”) maturing 24 months from the date of the issuance, with investors relating to the issuance and sale, in a private placement, exempt from the registration requirements, of the Securities Act of 1933, as amended (the “1933 Act”), of 7% Convertible Debentures in the principal amount of $500,000. The debentures are collateralized by all of the now owned and hereafter acquired rights, title and interest of the Company’s assets and convertible at the option of the holder to the Company’s common stock at $0.12 per common share. Expenses incurred in connection with the private offering of the debentures were $185,000, which were carried as deferred financing costs and being amortized over the term of the convertible debentures.

Allonge No. 1

On December 15, 2008, the Allonge No. 1 to three (3) of the Convertible Debentures were made by and between the Company and the debenture holders. Except as amended hereby, the terms of the Note remain as originally stated.

The Principal Amounts as stated on the face of certain Debentures were increased by $1,547, $6,188 and $7,731, respectively, or $15,466 in aggregate, to $515,466. Interest on the increased portion of the Principal Amounts shall accrue from the date of this Allonge. The amendment to the Principal Amounts due and owing on the Note described herein notwithstanding, Lender does not waive interest that may have accrued at a default rate of interest and liquidated damages, if any, that may have accrued on the Note through the date of this Allonge, which default interest and liquidated damages, if any, remain outstanding and payable.

Interest and Late Fees

The Company shall pay interest to the Holder on the aggregate unconverted and then outstanding principal amount of this Debenture at the rate of 7% per annum. All overdue accrued and unpaid principal and interest to be paid hereunder shall entail a late fee at the rate of 18% per annum (or such lower maximum amount of interest permitted to be charged under applicable law) ("Late Fees") which should accrue daily.

Liquidated Damages and Related Interest

Since a registration statement covering the underlying common stock was not filed within 90 days, the Company is required to pay liquidated damages of 2% of the principal amount of $500,000 plus interest at 18% per annum, if the Company fails to pay the liquidated damages within seven (7) days. The Company accrued $106,667 in liquidated damages.

Summary of Convertible Debentures, Accrued Interest, Liquidated Damages and Related Interest

Convertible debentures, accrued interest, liquidated damages and related interest at June 30, 2009 and 2008 consisted of the following:

	June 30, 2009	June 30, 2008
Convertible debentures	515,466	500,000
Accrued interest	172,196	80,694
Accrued liquidated damages	106,667	106,667
Accrued interest on liquidated damages	50,050	30,850

Note 5 – Loans Payable - Stockholder

In November 2007 a stockholder loaned the Company $28,000 for working capital purposes. Such loan bears interest at 6% per annum, matured on November 30, 2008 and is now past due.

In February 2008 a stockholder loaned the Company $11,000 for working capital purposes. Such loan bears interest at 6% per annum, matured on February 28, 2009 and is now past due.

In June 2008 a stockholder loaned the Company $25,000. The loan bears interest at 6% per annum, matured on June 30, 2009 and is now past due.

Loans payable – stockholder and related interest at June 30, 2009 and 2008 consisted of the following:

	June 30, 2009	June 30, 2008
Loans payable – Stockholder	64,000	64,000
Accrued interest	4,704	864

Note 6 – Notes Payable

Notes Payable

Principal, Attached Warrants and Related Offering Costs. On May 18, 2007 the Company sold two (2) $93,500 each, or $187,000, in aggregate, of 7% secured promissory notes (the “Notes”) maturing four (4) months from the date of issuance along with two (2) warrants to purchase 250,000 shares each, or 500,000 shares in aggregate, of common stock at an exercise price of $0.18 per share expiring five (5) years from the date of issuance (the “2007 Warrants”) (collectively, the “Securities” or “2007 Notes Offering”) for an aggregate purchase price of $170,000. The Notes were past due as of September 18, 2007 and are secured by all of the now owned and hereafter acquired rights, title and interest of the Company’s assets. In connection with the sale of the 2007 Notes Offering, the Company issued as broker’s fees: (i) a warrant to purchase 83,111 shares of common stock at an exercise price of $0.18 per share expiring five (5) years from the date of issuance, valued at $9,641 on the date of grant and (ii) a promissory note in the amount of $14,960. In addition, the Company incurred legal fees of $30,512 in connection with the sale of the 2007 Notes Offering. The aggregate costs of $55,813 were carried as deferred financing costs and amortized over the term of the notes payable of four (4) months.

Interest Rate. Interest payable on this Note shall accrue at a rate per annum (the "Interest Rate") of seven percent (7%). Interest on the Principal Amount shall accrue from the date of this Note and shall be payable, in arrears, together with Principal Amount payments as described below and on the Maturity Date, whether by acceleration or otherwise.

Default Interest. The Company shall have a five (5) business day grace period to pay any monetary amounts due under this Note, after which grace period and during the pendency of an Event of Default (as defined in Article III) a default interest rate of eighteen percent (18%) per annum shall apply to the amounts owed hereunder.

Fair Value of Warrants on the Date of Grant. The Company estimated the fair value of the 2007 warrants, estimated on the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Expected life (year)	5
Expected volatility	91.00%
Risk-free interest rate	1.55%
Expected annual rate of quarterly dividends	0.00%

The contractual term of the share options or similar instruments is used as the expected term of the share options or similar instruments for the Company as it has no historical data for the instrument holders’ exercise behavior. As a thinly-traded public entity it is not practicable for the Company to estimate the expected volatility of its share price, The Company selected four (4) comparable public companies listed on the NYSE Amex and NASDAQ Capital Market within the software industry which the Company used to calculate the expected volatility. The Company calculated those four (4) comparable companies’ historical volatility over the expected life and averaged them as its expected volatility. The risk-free interest rate is based on a yield curve of U.S. treasury interest rates on the date of valuation based on the expected term of the share options or similar instruments. Expected annual rate of quarterly dividends is based on the Company’s dividend history and anticipated dividend policy.

The relative fair value of the 2007 warrants to purchase 500,000 common shares issued to the note holders, estimated on the date of grant, was $43,246, which was originally recorded as additional paid-in capital with the remaining balance of the net proceeds of $143,754 assigned to notes payable.

Allonge No. 1

On December 15, 2008, the Allonge No. 1 to one of the Notes was made by and between the Company and the note holder. Except as amended hereby, the terms of the Note remain as originally stated.

The Principal Amount as stated on the face of the Note shall be increased by $21,250 to $114,750. Interest on the increased portion of the Principal Amount shall accrue from the date of this Allonge. The amendment to the Principal Amount due and owing on the Note described herein notwithstanding, Lender does not waive interest that may have accrued at a default rate of interest and liquidated damages, if any, that may have accrued on the Note through the date of this Allonge, which default interest and liquidated damages, if any, remain outstanding and payable.

The notes are currently in default and the Company is accruing interest at the default rate of 18% per annum.

Notes payable and related interest at June 30, 2009 and 2008 consisted of the following:

	June 30, 2009	June 30, 2008
Notes payable	228,994	201,960
Accrued interest	79,121	40,180

Note 7 – Related Party Transactions

Free Office Space from Majority Stockholder and Chief Executive Officer

The Company has been provided office space by its majority stockholder and Chief Executive Officer at no cost. The management determined that such cost is nominal and did not recognize the rent expense in its financial statements.

Note 8 – Derivative Warrant Liability

The notes payable are hybrid instruments which contain an embedded derivative feature which would individually warrant separate accounting as a derivative instrument under Paragraph 815-10-05-4. The embedded derivative feature includes the warrants attached to the Notes. Pursuant to Paragraph 815-10-05-4, the value of the embedded derivative liability have been bifurcated from the debt host contract and recorded as a derivative liability resulting in a reduction of the initial carrying amount (as unamortized discount) of the notes, which are amortized to interest expense using the effective interest method over the life of the convertible notes.

The compound embedded derivatives within the notes have been valued using a layered discounted probability-weighted cash flow approach, recorded at fair value at the date of issuance; and marked-to-market at each reporting period end date with changes in fair value recorded in the Company’s statements of operations as “Derivative instrument (income) expense, net”.

Warrants Issued on May 18, 2007

Description of Warrants

In connection with the sale of Notes, the Company issued (i) warrants to purchase 500,000 shares of common stock to the Notes holders and (ii) a warrant to purchase 83,111 shares of common stock to the broker, or 583,111 common shares in aggregate (“2007 Warrants”) with an exercise price of $0.18 per share expiring on May 18, 2012, all of which have been earned upon issuance.

F-20

Derivative Analysis

The exercise price of the 2007 warrants and the number of shares issuable upon exercise is subject to reset adjustment in the event of stock splits, stock dividends, recapitalization, most favored nation clause and similar corporate events. Pursuant to the most favored nation provision of the 2007 Notes Offering, if the Company issues any common stock or securities other than the excepted issuances, to any person or entity at a purchase or exercise price per share less than the share purchase price of the 2007 warrant exercise price without the consent of the subscriber holding purchased notes, warrants or warrant shares of the 2007 Notes Offering, then the subscriber shall have the right to apply the lowest such purchase price or exercise price of the offering or sale of such new securities to the purchase price of the purchased shares then held by the subscriber (and, if necessary, the Company will issue additional shares), the reset adjustments are also referred to as full reset adjustments.

Because these warrants have full reset adjustments tied to future issuances of equity securities by the Company, they are subject to derivative liability treatment under Section 815-40-15 of the FASB Accounting Standard Codification ("Section 815-40-15") (formerly FASB Emerging Issues Task Force ("EITF") Issue No. 07-5: Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock ("EITF 07-5")). Section 815-40-15 became effective for the Company on January 1, 2009 and as of that date the Warrants issued in the 2007 Notes Offering have been measured at fair value using a Binomial pricing model at each reporting period end date with gains and losses from the change in fair value of derivative liabilities recognized on the statements of operations.

Valuation of Derivative Liability

(a) Valuation Methodology

The Company's 2007 warrants do not trade in an active securities market, as such, the Company developed a lattice model that values the derivative liability of the warrants based on a probability weighted discounted cash flow model. This model is based on future projections of the various potential outcomes. The features that were analyzed and incorporated into the model included the exercise feature and the full ratchet reset.

Based on these features, there are two primary events that can occur; the Holder exercises the Warrants or the Warrants are held to expiration. The model analyzed the underlying economic factors that influenced which of these events would occur, when they were likely to occur, and the specific terms that would be in effect at the time (i.e. stock price, exercise price, volatility, etc.). Projections were then made on these underlying factors which led to a set of potential scenarios. As the result of the large Warrant overhang we accounted for the dilution affects, volatility and market cap to adjust the projections.

Probabilities were assigned to each of these scenarios based on management projections. This led to a cash flow projection and a probability associated with that cash flow. A discounted weighted average cash flow over the various scenarios was completed to determine the value of the derivative warrant liability.

(b) Valuation Assumptions

The Company's 2007 derivative warrants were valued at each period ending date using the Cox, Ross & Rubenstein Binomial Lattice Model with the following assumptions:

- The underlying stock price was used as the fair value of the common stock on period end date;
- The stock price would fluctuate with the Company's projected volatility. The projected volatility curve for each valuation period was based on its historical volatility;

- o The Holder would exercise the warrant at maturity if the stock price was above the exercise price;
- o Reset events projected to occur are based on no future projected capital needs;

- o The Holder would exercise the warrant as they become exercisable at target prices of $0.18 per common share for the 2007 Notes Offering, and lowering such target as the warrants approached maturity;

- o The probability weighted cash flows are discounted using the risk free interest rates.

- o Expected volatility: Due to limited to no trading volume, the Company selected comparables to determine expected volatility. The Company analyzed companies in the comparable industry and selected early staged, similarly capitalized companies. The Company performed an analysis of the comparable companies' volatility and utilized the average of the comparable companies' volatility as its expected volatility.

- o The risk-free interest rate is based on a yield curve of U.S treasury interest rates on the date of valuation based on the contractual life of the warrants

- o Expected annual rate of quarterly dividends is based on the Company's dividend history and anticipated dividend policy.

(c) Fair Value of Derivative Warrants

The fair value of the 2007 derivative warrants was computed using the Cox, Ross & Rubenstein Binomial Lattice Model with the following assumptions at June 30, 2009 and December 31, 2008, the date when Section 815-40-15 became effective:

	June 30, 2009		December 31, 2008	
Expected life (year)	2.88		3.38	
Expected volatility	97.00	%	91.00	%
Expected annual rate of quarterly dividends	0.00	%	0.00	%
Risk-free interest rate	2.54	%	1.55	%

The Company initially classified the warrants to purchase 583,111 shares of its common stock issued in connection with its 2007 Notes Offering as additional paid-in capital upon issuance. Upon the adoption of Section 815-40-15, these warrants are no longer deemed to be indexed to the Company's own stock and were reclassified from equity to a derivative warrant liability. The difference between the fair value of the 2007 warrants estimated on December 31, 2008 and the relative fair value of the 2007 warrants estimated on the date of grant was immaterial. On January 1, 2009, the Company reclassified $52,887, the amount originally classified as additional paid-in capital upon issuance of the warrants on May 18, 2007, to the derivative warrant liability.

The table below provides a summary of the fair value of the derivative warrant liability and the changes in the fair value of the derivative warrants, including net transfers in and/or out, of derivative warrants measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at June 30, 2009 and for the fiscal year then ended:

	Fair Value Measurement Using Level 3 Inputs	
	Derivative warrants Assets (Liability)	Total
Balance, December 31, 2008, the date when Section 815-40-15 became effective	$ (52,887)	$ (52,887)
Total gains or losses (realized/unrealized) included in:		

Net income (loss)	(759)	(759)
Other comprehensive income (loss)	-	-
Purchases, issuances and settlements	-	-
Transfers in and/or out of Level 3	-	-
Balance, June 30, 2009	$ (53,646)	$ (53,646)

Warrants Activities

The table below summarizes the Company's derivative warrant activity through June 30, 2009:

	Derivative Shares	Non-derivative Shares	Total Warrant Shares	Fair Value of Derivative Warrants	APIC Reclassification of Derivative Liability	(Gain) Loss Change in Fair Value of Derivative Liability
Derivative warrants at December 31, 2008	583,111	-	583,111	$ (52,887)	$ -	$ -
Exercise of warrants	(-)	-	(-)	-	(-)	-
Exercise of warrants – Cashless	(-)	-	(-)	-	(-)	-
Total warrant exercised	(-)	-	(-)	-	(-)	-
Extinguishment of warrant liability resulting from waiver of anti-dilution	(-)	-	(-)	-	(-)	-
Derivative warrants remaining	583,111	-	583,111	(52,887)	-	-
Mark to market	-	-		(759)	-	759
Derivative warrants at June 30, 2009	583,111	-	583,111	(53,646)	-	759

The following table summarizes information concerning outstanding and exercisable warrants as of June 30, 2009:

	Warrants Outstanding			Warrants Exercisable		
Range of Exercise Prices	Number Outstanding	Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$0.18	583,111	2.88	$ 0.18	583,111	2.88	$0.18
$0.18	583,111	2.88	$ 0.18	583,111	2.88	$0.18

Note 9 – Stockholders' Deficit

Shares Authorized

Upon formation the Company is authorized to issue two classes of stock. One class of stock shall be Common Stock, par value $0.0001, of which the Corporation shall have the authority to issue 250,000,000 shares. The second class of stock shall be Preferred Stock, par value $0.0001, of which the Corporation shall have the authority to issue 10,000,000 shares. The Preferred Stock, or any series thereof, shall have such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as shall be expressed in the resolution or resolutions providing for the issue of such stock adopted by the board of directors and may be made dependent upon facts ascertainable outside such resolution or resolutions of the board of directors, provided that the matter in which such facts shall operate upon such designations, preferences, rights and qualifications; limitations or restrictions of such class or series of stock is clearly and expressly set forth in the resolution or resolutions providing for the issuance of such stock by the board of directors.

Common Stock

On December 15, 2005, the Company issued 4,510,000 shares of common stock to the founders at par for cash of $451.

On March 6, 2006, the Company issued 9,700,000 shares of common stock at $0.01 per share for total cash proceeds of $97,000.

On March 10, 2006, the Company issued 2,083,333 shares of common stock at $0.024 per share for total cash proceeds of $50,000.

On October 31, 2006, the Company issued 468,264 shares of common stock at $0.12 per share for total cash proceeds of $56,192.

Note 10 – Income Tax Provision

Deferred Tax Assets

At June 30, 2009, the Company has available for federal income tax purposes net operating loss ("NOL") carry-forwards of $1,462,207, net of $52,887 of the fair value of warrants included in the debt discounts and deferred financing costs and that may be used to offset future taxable income through the fiscal year ending June 30, 2029. No tax benefit has been reported with respect to these net operating loss carry-forwards in the accompanying financial statements since the Company believes that the realization of its net deferred tax asset of approximately $497,150 was not considered more likely than not and accordingly, the potential tax benefits of the net loss carry-forwards are fully offset by the full valuation allowance.

Deferred tax assets consist primarily of the tax effect of NOL carry-forwards. The Company has provided a full valuation allowance on the deferred tax assets because of the uncertainty regarding its realizability. The valuation allowance increased approximately $68,939 and $97,361 for fiscal year ended June 30, 2009 and 2008, respectively.

Components of deferred tax assets as of June 30, 2009 and 2008 are as follows:

	June 30, 2009	June 30, 2008
Net deferred tax assets – Non-current:		
Expected income tax benefit from NOL carry-forwards	497,150	428,221
Less valuation allowance	(497,150)	(428,221)
Deferred tax assets, net of valuation allowance	-	$ -

Limitation on Utilization of NOLs due to Change in Control

The Company had ownership changes as defined by the Internal Revenue Code Section 382 ("Section 382"), which may subject the NOL's to annual limitations which could reduce or defer the NOL. Section 382 imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. In the event of an ownership change, utilization of the NOLs would be subject to an annual limitation under Section 382 determined by multiplying the value of its stock at the time of the ownership change by the applicable long-term tax-exempt rate. Any unused annual limitation may be carried over to later years. The imposition of this limitation on its ability to use the NOLs to offset future taxable income could cause the Company to pay U.S. federal income taxes earlier than if such limitation were not in effect and could cause such NOLs to expire unused, reducing or eliminating the benefit of such NOLs.

Income Tax Provision in the Consolidated Statement of Operations

A reconciliation of the federal statutory income tax rate and the effective income tax rate as a percentage of income before income taxes is as follows:

	For the Fiscal Year Ended June 30, 2008	For the Fiscal Year Ended June 30, 2008
Federal statutory income tax rate	34.0%	34.0%
Change in valuation allowance on net operating loss carry-forwards	(34.0)	(34.0)
Effective income tax rate	0.0%	0.0%

Note 11 – Subsequent Events

The Company has evaluated all events that occurred after the balance sheet date through the date when the financial statements were issued to determine if they must be reported. The Management of the Company determined that there were certain reportable subsequent events to be disclosed as follows:

Issuance of Notes Payable

On September 23, 2009, the Company issued a note payable in amount of $10,000.

On May 12, 2010, the Company issued a note payable in amount of $5,000.

On October 5, 2010, the Company issued a note payable in amount of $11,500.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Termination of Michael F. Albanese, C.P.A. and Engagement of Li & Company, PC

Michael F. Albanese, C.P.A. ("Albanese") was previously the principal accountants for Aprecia, Inc. (the "Company"). Effective October 13, 2009, the Company dismissed Albanese as its principal accountant.

Except as set forth below, Albanese's audit report (the "Report") on the financial statements of the Company for the fiscal year ended June 30, 2008 (the "Financial Statements") did not contain any adverse opinion or disclaimer of opinion nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

The Report noted that "As discussed in Note 2 to the financial statements, the Company's significant net losses raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty."

In connection with Albanese's audits for the fiscal year ended June 30, 2008 and the subsequent interim period through October 13, 2009, there have been no disagreements with Albanese on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Albanese, would have caused it to make reference to the subject matter of the disagreements in connection with its audit reports on the Financial Statements. Additionally, during the two most recent fiscal years and through October 13, 2009, there have been no reportable events, as such term is defined in Item 304(a)(1)(v) of Registration S-K.

Concurrently with the dismissal of Albanese, effective October 13, 2009, the Company engaged Li & Company, PC ("Li & Company") as the Company's new independent accountants to audit the Company's financial statements for the fiscal year ending June 30, 2009.

During the two most recent fiscal years and through October 13, 2009, the Company has not consulted with Albanese regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that LI & Company concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of either a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K or the related instructions thereto) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

Resignation of Li & Company, PC

On August 24, 2010, Li & Company ceased its services as our independent accountants.

Li & Company did not issue any reports on the financial statements of the Company for the two most recent fiscal years, June 30, 2008 and 2007, or during the period from October 13, 2009, the date of engagement, through August 24, 2010, the date of the resignation.

During the Company's two most recent years ended June 30, 2008 and 2007 and any subsequent interim periods through August 24, 2010, the date of the resignation, (a) there were no disagreements with Li & Company on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Li & Company, would have caused it to make reference thereto in its reports on the financial statements for such years and (b) there were no "reportable events" as described in

Item 304(a)(1)(v) of Regulation S-K.

Re-engagement of Li & Company, PC

On September 8, 2010, the Company, upon the Audit Committee’s approval, re-engaged Li & Company as its independent registered public accounting firm to audit and review the Company’s financial statements effective immediately.

Li & Company previously served as the Company’s Independent Registered Public Accounting Firm from October 13, 2009 through August 24, 2010. Accordingly, during the two most recent years ended June 30, 2008 and 2007, and any subsequent period through the date hereof prior to the reengagement of Li & Company, the Company, or someone on its behalf, has consulted Li & Company regarding the application of accounting principles to specified transactions, either completed or proposed but has not consulted Li & Company regarding:

(i) the type of audit opinion that might be rendered on the Company’s financial statements, and either a written report was provided to the Company or oral advice was provided that the new accountant concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or

(ii) any matter that was either the subject of a disagreement as defined in paragraph 304(a)(1)(iv) of Regulation S-K or a reportable event as described in paragraph 304(a)(1)(v) of Regulation S-K.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Regulations under the Securities Exchange Act of 1934 (the “Exchange Act”) require public companies to maintain “disclosure controls and procedures,” which are defined as controls and other procedures that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO"), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of June 30, 2009, the end of the period covered by this report. Based upon that evaluation, the Company's CEO concluded that the Company's disclosure controls and procedures are not effective at the reasonable assurance level due to the material weaknesses described below.

In light of the material weaknesses described below, we performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

A material weakness is a control deficiency (within the meaning of the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2) or combination of control deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management has identified the following four material weaknesses which have caused management to conclude that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective at the reasonable assurance level:

1. We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act which is applicable to us as of the end of the period covered by this report. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. The Company's board of directors has no audit committee, independent director or member with financial expertise which causes ineffective oversight of the Company's external financial reporting and internal control over financial reporting.

3. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

4. We have had, and continue to have, a significant number of audit adjustments. Audit adjustments are the result of a failure of the internal controls to prevent or detect misstatements of accounting information. The failure could be due to inadequate design of the internal controls or to a misapplication or override of controls. Management evaluated the impact of our significant number of audit adjustments and has concluded that the control deficiency that resulted represented a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

Remediation of Material Weaknesses

We intend to remediate the material weaknesses in our disclosure controls and procedures identified above by adding independent director or member with financial expertise or hiring a full-time CFO, with SEC reporting experience, in the future when working capital permits and by working with our independent registered public accounting firm and refining our internal procedures. To date, we have not been successful in reducing the number of audit adjustments, but will continue our efforts in the coming fiscal year as more fully detailed below.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the issuer’s principal executive and principal financial officer and effected by the issuer’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the issuer; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of the end of our most recent fiscal year, management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, as of the end of the period covered by this report, such internal control over financial reporting was not effective. This was due to deficiencies that existed in the design or operation of our internal control over financial reporting that adversely affected our internal controls and that may be considered to be material weaknesses.

The matters involving internal control over financial reporting that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee due to a lack of a majority of independent members and a lack of a majority of outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives of having segregation of the initiation of transactions, the recording of transactions and the custody of assets; and (3) ineffective controls over period end financial disclosure and reporting processes. The aforementioned material weaknesses were identified by our Chief Executive Officer in connection with the review of our financial statements as of the end of the period covered by this report.

To address the material weaknesses set forth in items (2) and (3) discussed above, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only the management's report in this annual report.

Management’s Remediation Initiatives

In an effort to remediate the identified material weaknesses and other deficiencies and enhance our internal controls, we have initiated, or plan to initiate, the following series of measures:

We will increase our personnel resources and technical accounting expertise within the accounting function when funds are available to us. First, we will create a position to segregate duties consistent with control objectives of having separate individuals perform (i) the initiation of transactions, (ii) the recording of transactions and (iii) the custody of assets. Second, we will create a senior position to focus on financial reporting and standardizing and documenting our accounting procedures with the goal of increasing the effectiveness of the internal controls in preventing and detecting misstatements of accounting information. Third, we plan to appoint one or more outside directors to our board of directors who shall be appointed to an audit committee resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures such as reviewing and approving estimates and assumptions made by management when funds are available to us.

Management believes that the appointment of one or more outside directors, who shall be appointed to a fully functioning audit committee, will remedy the lack of a functioning audit committee and a lack of a majority of outside directors on our Board.

We anticipate that these initiatives will be at least partially, if not fully, implemented by December 31, 2012. Additionally, we plan to test our updated controls and remediate our deficiencies by December 31, 2012.

Changes in internal controls

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the fourth quarter of our fiscal year 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

The following person is our sole executive officer and director and holds the offices set forth opposite his name.

Name	Age	Position
Isaac Onn	58	President, Chief Executive Officer, Interim Chief Financial Officer and Director

Directors and Executive Biographies

Isaac Onn. Since 2008, Mr. Onn has served as the CEO, Treasurer and a director of Ness Energy of Israel Inc., a U.S. registered company engaged in oil exploration under licenses given by the Israeli government. Prior to that Mr. Onn was the founder, President and a director of I.P.A-Fuel Services Ltd., a company that traded fuel and fuel residual products. Mr. Onn currently serves on the Board of Directors of: Airtrax Inc. (AITX), Seeworld Inc., Intellect Neurosciences, Inc. (ILNS) and CYBRA Corporation (CYRP). Mr. Onn is a graduate of the Tel Aviv College of Management and received his LLP from the Ono Academic Law School and is a member of the Israel Bar Association.

Board of Directors

Our Board of Directors (“Board”) are elected by the vote of a majority in interest of the holders of our voting stock and hold office until the expiration of the term for which he or she was elected and until a successor has been elected and qualified.

A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business. Both of the directors must be present at the meeting to constitute a quorum. However, any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board individually or collectively consent in writing to the action.

Directors may receive compensation for their services and reimbursement for their expenses as shall be determined from time to time by resolution of the Board. Mr. Isaac Onn, our sole director, currently receives no compensation for his service on our Board.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that a company’s directors and certain of its officers file reports of ownership and changes of ownership of such company’s common stock with the SEC. Based solely on copies of such reports provided to us, we believe that all directors and officers filed on a timely basis all such reports required of them with respect to stock ownership and changes in ownership during fiscal year ended June 30, 2009.

Code of Ethics

Our Board has not adopted a code of ethics that applies to all of our directors, employees and officers, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

Committees

Since inception, we have never had any audit committee or any other committee of the Board.

ITEM 11. EXECUTIVE COMPENSATION

The following table summarizes the compensation paid to our Chief Executive Officer for services rendered in all capacities to us during the years ended June 30, 2009, 2008 and 2007. There were no other compensated executive officers during the fiscal years ended June 30, 2009, 2008 and 2007.

	Long-Term Compensation Annual Compensation				Awards				
Name and Principal Position	Year	Salary ($)	Bonus ($)	Restricted Stock Awards ($)	Securities Underlying Options/SARs (#)	Non-Equity Incentive Plan Compensation	Non-Qualified Deferred Compensation Earnings	All Other Compensation ($)	Total Compensation ($)
Isaac Onn(1)	2009	0	0	0	0	0	0	0	0
Isidore Sobkowski	2009	0	0	0	0	0	0	0	0
	2008	46,573	0	0	0	0	0	0	0
	2007	180,000(2)	0	0	0	0	0	0	91,995

(1) Mr. Onn was appointed as our President, Chief Executive Officer and Interim Chief Financial Officer and a director on December 15, 2008, after the resignation of Mr. Sobkowski from the same positions on the same day.

(2) Of this amount, $90,000 was paid in cash and the remainder represents accrued salary, which was ultimately contributed to paid-in capital on September 30, 2007.

As of June 30, 2009, we have not entered into any employment agreements with Mr. Onn or any other individual. Mr. Onn is not currently receiving any compensation from the Company in exchange for his services; however, he is reimbursed for out of pocket expenses he incurs in providing services to the Company

Outstanding Equity Awards at June 30, 2009

As of June 30, 2009, there are no outstanding equity awards.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Set forth below is the ownership, as of June 30, 2009, of the number of shares and percentage of our common stock beneficially owned by: (i) each of our directors, (ii) each of our executive officers listed in the above summary compensation table, (iii) all of our directors and executive officers as a group, and (iv) all person or entities known to beneficially own more than 5% of our outstanding common stock.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Common Stock	Isaac Onn	0	0
Common Stock	Isidore Sobkowski	9,700,000	57.9
Common Stock	Solomon Lax	2,200,000	13.1
Common Stock	Michael Hartstein	960,000	5.7
Common Stock	Eroom Systems, Inc.	2,083,333	12.4
Common Stock	All executive officers and directors as a group	0	0

(1) Unless otherwise indicated, the address of each beneficial owner is c/o Aprecia, Inc., 9 Dolson Rd., Monsey, New York 10952.

(2) Calculated pursuant to Rule 13d-3(d) of the Exchange Act. Applicable percentage ownership is based on 16,761,597 shares of common stock outstanding as of June 30, 2009, together with securities exercisable or convertible into shares of common stock within 60 days of June 30, 2009, for each stockholder. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock that are currently exercisable or exercisable within 60 days of June 30, 2009, which are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Transactions

In March 2006, the Company sold 4,510,000 shares of common stock valued at $451 to the founders of the Company.

On March 6, 2006, we entered into the APA with Isidore Sobkowski, our former Chief Executive Officer, Interim Chief Financial Officer and director. Pursuant to the APA, we acquired certain assets from Mr. Sobkowski relating to software based on open source induction technology designed to enable the automatic discovery of patterns and the automatic creation of rules for raw data. In consideration of the purchase and sale of the Assets, we issued to Mr. Sobkowski 9,700,000 shares of our common stock.

On March 6, 2006, Isidore Sobkowski (our former Chief Executive Officer, Interim Chief Financial Officer and director), Solomon Lax (a former director) and a shareholder of our company, which collectively hold approximately 76% of our outstanding shares of common stock, entered into a Shareholder Voting Agreement. Each of the parties agreed to vote their shares for one director proposed by Mr. Sobkowski, one director proposed by Mr. Lax and one director jointly proposed by Mr. Sobkowski and Mr. Lax. Further, each party to the Shareholder Voting Agreement may only sell an amount of shares equal to 1% of the total outstanding per quarter unless the other two parties consent to a sale in excess of 1% of the total outstanding assuming such sale is legally valid.

In September 2007, the Company agreed to provide Mr. Isidore Sobkowski, our former Chief Executive Officer, Interim Chief Financial Officer and director with a full release from all non-complete and non-solicitation clauses in their agreements, either written and oral, and either explicit and implied, in exchange for full settlement of any outstanding debts owed to Mr. Isidore Sobkowski that are unpaid. Accordingly, $135,000 (the amount of indebtedness) was credited to additional paid-in capital in connection with such release. In addition, the Company granted Mr. Isidore Sobkowski a non-exclusive, worldwide, royalty-free right and license to use the Monitor Plus software source code, and all derivative works thereof, in return for agreement to render reasonable assistance in the winding down of the Company’s original business plans.

Director Independence

We do not have any independent directors.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees

Audit fees include fees for audit or review services in accordance with generally accepted auditing standards and fees for services that generally only our auditors provide, such as statutory audits and review of documents filed with the SEC.

The aggregate fees billed by Wolinetz, our then independent registered public accounting firm, for auditing services to us during the fiscal year ended June 30, 2009 and 2008, were $1,800 and $6,000, respectively.

The aggregate fees billed by Albanese, our then independent registered public accounting firm, for auditing services to us during the fiscal year ended June 30, 2009 were $12,500.

The aggregate fees billed by Li & Company, our independent registered public accounting firm, for auditing services to us during the fiscal year ended June 30, 2009, were $0.

24

Audit Related Fees

Audit-related fees include fees for assurance and related services that are traditionally performed by our auditors. These services include due diligence on acquisition targets and consultation in connection with financial and accounting standards.

The aggregate fees paid to, or accrued for Wolinetz, our then independent registered public accounting firm, for audit-related services to us during the fiscal year ended June 30, 2009 and 2008, were $0.

The aggregate fees paid to, or accrued for Albanese, our then independent registered public accounting firm, for audit-related services to us during the fiscal year ended June 30, 2009, were $0.

The aggregate fees paid to, or accrued for Li & Company, our independent registered public accounting firm, for audit-related services to us during the fiscal year ended June 30, 2009, were $0.

Tax Fees

Tax fees include fees for services that are performed by professional tax staff other than in connection with the audit. These services include tax compliance services, tax planning and tax advice.

The aggregate fees paid to, or accrued for Wolinetz, our then independent registered public accounting firm, for tax services to us during the fiscal year ended June 30, 2009 and 2008, were $0.

The aggregate fees paid to, or accrued for Albanese, our then independent registered public accounting firm, for tax services to us during the fiscal year ended June 30, 2009, were $0.

The aggregate fees paid to, or accrued for, Li & Company, our independent registered public accounting firm, for tax services to us during the fiscal year ended June 30, 2009, were $0.

All Other Fees

During the fiscal year ended June 30, 2009 and 2008, the aggregate fees paid to, or accrued for Wolinetz, our then independent registered public accountant, for all other services were $0.

During the fiscal year ended June 30, 2009, the aggregate fees paid to, or accrued for Albanese, our then independent registered public accounting firm, for all other services were $0.

During the fiscal year ended June 30, 2009, the aggregate fees paid to, or accrued for Li & Company, PC, our independent registered public accounting firm, for all other services were $0.

PART IV

ITEM 15. EXHIBITS

DESIGNATION OF EXHIBIT AS SET FORTH IN ITEM 601 OF REGULATION S-K	DESCRIPTION	LOCATION
3.1	Articles of Incorporation	Incorporated by Reference to the Registration Statement on Form SB-2 filed on November 13, 2006 (File No. 333-138625).
3.2	Bylaws	Incorporated by Reference to the Registration Statement on Form SB-2 filed on November 13, 2006 (File No. 333-138625).
4.1	Securities Purchase Agreement dated March 10, 2006 by and between the Company and Alpha Capital Aktiengesellschaft, Double U Master Fund LP, Tobanna Enterprises Corp., and CMS Capital	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).
4.2	7% Convertible Debenture dated March 10, 2006 issued to Alpha Capital Aktiengesellschaft	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).
4.3	Registration Rights Agreement dated March 10, 2006 by and between the Company and Alpha Capital Aktiengesellschaft, Double U Master Fund LP, Tobanna Enterprises Corp., and CMS Capital	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).
4.4	Security Agreement dated March 10, 2006 by and between the Company and Alpha Capital Aktiengesellschaft, Double U Master Fund LP, Tobanna Enterprises Corp., and CMS Capital and Michael Hartstein, as collateral	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).

	agent	
4.5	Collateral Agent Agreement dated March 10, 2006 by and between the Company and Alpha Capital Aktiengesellschaft, Double U Master Fund LP, Tobanna Enterprises Corp., and CMS Capital and Michael Hartstein, as collateral agent	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).
4.6	7% Convertible Debenture dated March 10, 2006	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).

4.7	7% Convertible Debenture dated March 10, 2006	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).
4.8	7% Convertible Debenture dated March 10, 2006	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).
10.1	Asset Purchase Agreement by and between Isidore Sobkowski and the Company dated March 6, 2006	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).
10.2	Voting Agreement by and between Michael Hartstein, Solomon Lax and Isidore Sobkowski	Incorporated by Reference to Amendment No. 1 to the Registration Statement on Form SB-2 filed on December 27, 2006 (File No. 333-138625).
10.3	Subscription Agreement by and among the Company, Alpha Capital Anstalt, and Harborview Master Fund L.P.	Incorporated by Reference to the Company’s Current Report of Form 8-K filed on May 30, 2007 (File No. 333-138625).
10.4	Form of Warrant issued by the Company to each of Alpha Capital Anstalt, and Harborview Master Fund L.P.	Incorporated by Reference to the Company’s Current Report of Form 8-K filed on May 30, 2007 (File No. 333-138625).
10.5	Form of Secured Note issued by the Company to each of Alpha Capital Anstalt and Harborview Master Fund L.P.	Incorporated by Reference to the Company’s Current Report of Form 8-K filed on May 30, 2007 (File No. 333-138625).
10.6	Consent Agreement by and among the Company, Alpha Capital Anstalt, and Harborview Master Fund L.P.	Incorporated by Reference to the Company’s Current Report of Form 8-K filed on May 30, 2007 (File No. 333-138625).
31.1	Certification of President and Chief Executive Officer (one person) pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act	Provided Herewith

32.1	Certification of President and Chief Executive Officer (one person) pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Provided Herewith

27

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 20, 2012	Aprecia Inc.	
	By:	/s/ Isaac Onn
	Name:	Isaac Onn
	Title:	President, Chief Executive Officer and Interim Chief Financial Officer