Decision Diagnostics Corp.

OTC Pink Balance Sheet, Statements of Equity& Cash Flows, Footnotes to Balance Sheet

Quarterly Report for Period Ended September 30, 2016

The following pages present the unaudited financial statements along with Statements of Equity and Cash Flows, and the Footnotes to the Balance Sheet for Decision Diagnostics Corp., for the quarters ended September 30, 2016, and 2015. The financial statements have been prepared in accordance with generally accepted accounting principles.

Trading Symbol: **DECN**
CUSIP Number: **243443 108**

Decision Diagnostics Corp.
Condensed Consolidated Balance Sheets
(Unaudited)

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash	$ 1,406,303	$ 626,429
Accounts receivable, net	347,240	125,287
Inventory	415,967	4,450
Prepaid expenses	1,612,704	1,609,175
Total current assets	3,782,214	2,365,341
Fixed assets:		
Specialty manufacturing equipment	560,995	260,995
	560,995	260,995
Less accumulated depreciation	-	-
Fixed assets, net	560,995	260,995
Other assets:		
Intellectual property	499,630	732,705
Patent licenses, net value	1,075,825	-
Total other assets	1,575,455	732,705
Total assets	$ 5,918,664	$ 3,359,041
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 723,906	$ 864,158
Accrued interest	296,970	-
Contingent legal fees	240,000	-
Subscriptions payable	-	77,500
Notes payable and short term debt (Note 5)	2,137,336	1,060,175
Total current liabilities	3,398,212	2,001,833
	384,002	
Deriviative liabilities	-	610,316
Contingencies	245,069	245,069
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value, 3,738,500 shares		
authorized, no shares issued and outstanding		
as of September 30, 2016 and December 31, 2015	-	-
Preferred series "B" stock, $0.001 par value, 2,500 shares		
authorized, 1,000 issued and outstanding		
as of September 30, 2016 and December 31, 2015	1	1
Preferred series "C" stock, $0.001 par value, 10,000 shares		
authorized, 6,235 and 4,085 shares issued and outstanding		
as of September 30, 2016 and December 31, 2015	6	4
Preferred series "D" stock, $0.001 par value, 500 shares		
authorized, no shares issued and outstanding as of		
as of September 30, 2016 and December 31, 2015	-	-
Preferred series "E" stock, $0.001 par value, 1,250,000 shares		
authorized, 843,240 and 687,540 issued and outstanding		
as of September 30, 2016 and December 31, 2015	844	688
Common stock, $0.001 par value, 494,995,000 shares authorized,		
81,955,005 and 58,782,484 shares issued and outstanding		
as of September 30, 2016 and December 31, 2015	81,756	58,784
Common stock unissued, 1,410,000 shares		
as of September 30, 2016 and December 31, 2015	1,411	1,411
Subscription receivable	(82,250)	(77,250)
Unit offering finders' fees	(321,344)	(321,344)
Additional paid-in capital	43,748,253	39,025,467
Retained (deficit)	(41,153,294)	(38,185,937)
Total stockholders' equity	2,275,383	501,823
Total liabilities and stockholders' equity	$ 5,918,664	$ 3,359,041

The accompanying Notes are an integral part of these financial statements.

Decision Diagnostics Corp.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2016	2015	**2016**	**2015**
Revenue	$ 309,088	$ 111,781	$ 725,484	$ 292,033
Cost of sales	223,561	30,787	449,918	97,272
Gross profit	85,527	80,994	275,566	194,761
Expenses:				
General & administrative expenses	171,775	90,746	427,192	325,801
Consulting	273,019	54,178	498,916	118,474
Payroll expense	8,600	9,121	26,800	25,697
Professional fees	581,862	103,915	1,948,407	1,708,972
Total expenses	1,035,256	257,960	2,901,315	2,178,944
Net operating (loss)	(949,729)	(176,966)	(2,625,749)	(1,984,183)
Other income (expense):				
Financing costs	(247,253)	-	(920,416)	(16,965)
Interest expense, net	(64,389)	(63,116)	(176,056)	(202,208)
Loss on obsolete inventory	(31,277)	-	(242,736)	-
Gain on patent licenses	-	-	1,000,000	-
Total other income (expense)	(342,919)	(63,116)	(339,208)	(219,173)
Taxes				
State	-	(1,600)	(2,400)	(2,812)
Net loss	$ (1,292,648)	$ (241,682)	$ (2,967,357)	$ (2,206,168)
Add: Dividends declared on preferred stock	-	-	-	-
Income available to common shareholders'	$ (1,292,648)	$ (241,682)	$ (2,967,357)	$ (2,206,168)
Weighted average number of common shares outstanding - basic and fully diluted	75,110,933	52,354,632	66,451,145	49,405,778
Net income (loss) per share - basic and fully diluted	$ (0.02)	$ (0.00)	$ (0.04)	$ (0.04)

The accompanying Notes are an integral part of these financial statements.

Decision Diagnostics Corp.

Statements of Shareholders' Equity

(Unaudited)

		Preferred "B"		Preferred "C"		Preferred "E"		Common Stock			Authorized	Subscription	Finders'		
Date	Shareholder	# Shares	Amt	# Shares	Amt	# Shs	Amt	# Shs	Amt	APIC	Unissued	Receivable	Fees	RE	Total
BALANCE, December 31, 2015		***1,000***	***1***	***4,085***	***4***	***687,540***	***688***	***58,782,484***	***58,782***	***39,025,468***	***1,410***	***(77,250)***	***(321,344)***	***(38,185,937)***	***623,437***
2/2/2016	New Issuance-Alpha Capital Anstalt							970,980	971	154,386					155,357
2/17/2016	New Issuance-Alpha Capital Anstalt							1,614,248	1,614	224,380					225,995
2/25/2016	New Issuance-Robert Herskowiz					100,000	100	750,000	750	119,150					120,000
3/21/2016	New Issuance-Paradigm Capital Holdings			800	1			1,400,000	1,400	488,599					490,000
3/21/2016	New Issuance-Robert Herskowitz							200,000	200	69,800					70,000
3/29/2016	New Issuance-Alpha Capital Anstalt							404,630	405	141,216					141,621
3/29/2016	New Issuance-James J Loures							500,000	500	29,500					30,000
	Net loss													(1,461,372)	***(1,461,372)***
BALANCE, March 31, 2016		***1,000***	***1***	***4,885***	***5***	***787,540***	***788***	***64,622,342***	***64,622***	***40,252,500***	***1,410***	***(77,250)***	***(321,344)***	***(39,647,309)***	***395,037***
4/13/2016	New Issuance-Robert Herskowitz							280,000	280	28,280					28,560
4/13/2016	New Issuance-Robert Herskowitz							280,000	280	28,280					28,560
4/13/2016	New Issuance-Robert Herskowitz 2011 Irv TR							140,000	140	14,140					14,280
4/13/2016	New Issuance-Chase Financial							148,160	148	14,964					15,112
4/13/2016	New Issuance-Mark Herskowittz							185,195	185	18,707					18,892
4/13/2016	New Issuance-Andrew Schoenzeit							37,040	37	3,741					3,778
4/13/2016	New Issuance-Robert Herskowitz 2011 Irv TR							431,376	432	43,568					44,000
4/26/2016	New Issuance-LICGO Partners							1,837,500	1,838	185,486					187,324
4/26/2016	Conversion-Mayer & Associates					(14,300)	(14)	200,200	-	14					-
5/2/2016	New Issuance-Robert Herskowitz							472,106	472	47,683					48,155
5/5/2016	New Issuance-Alpha Capital Anstalt							998,099	998	100,808					101,806
5/17/2016	New Issuance-Alpha Capital Anstalt							422,669	423	42,689					43,112
5/17/2016	New Issuance-Navesink			(125)	-			625,000	625	(500)					-
5/18/2016	New Issuance-LICGO Partners							525,000	525	53,025					53,550
5/18/2016	Conversion-Mayer & Associates							220,000	220	(220)					-
6/1/2016	New Issuance-Alpha Capital Anstalt							814,314	814	82,095					83,060
6/6/2016	New Issuance-Mark Herskowitz							1,000,000	1,000	101,000					102,000
6/6/2016	New Issuance-Chase Financing Inc Profit Sh.							1,050,000	1,050	106,050					107,100
6/6/2016	New Issuance-Robert Herskowitz							280,000	280	28,280					28,560
6/6/2016	New Issuance-Robert Herskowitz 2011 Irv TR							70,000	70	7,070					7,140
6/6/2016	New Issuance-Mark Herskowitz 401K Trust					100,000	100	-	-	(100)					-
6/6/2016	New Issuance-Chase Financing Inc Profit Sh.					35,000	35	-	-	(35)					-
6/6/2016	New Issuance-Chase Financing					25,000	25	-	-	(25)					-
6/8/2016	New Issuance-Alpha Capital Anstalt							484,148	484	48,900					49,384
6/27/2016	New Issuance-Navesink			(125)	-			625,000	625	(500)					-
6/30/2016	New Issuance-LICGO Partners			1,725	1					549,999					550,000
6/30/2016	Closed preferred offering								-	1,562,500		(5,000)			1,557,500
	Net loss													***(213,337)***	***(213,337)***
BALANCE, June 30, 2016		***1,000***	***1***	***6,360***	***6***	***933,240***	***934***	***75,748,149***	***75,549***	***43,318,398***	***1,411***	***(82,250)***	***(321,344)***	***(39,860,646)***	***3,132,059***
7/18/2016	New Issuance-Cadence Holdings LLC							100,000	100	13,900					14,000
7/18/2016	New Issuance-TPC Holdings Group							150,000	150	20,850					21,000
7/21/2016	New Issuance-Robert Herskowitz					(30,000)	(30)	420,000	420	(390)					-
7/21/2016	New Issuance-Robert Herskowitz							270,000	270	32,130					32,400
7/21/2016	New Issuance-Robert Herskowitz 2011 Irv TR							70,000	70	9,030					9,100
7/21/2016	New Issuance-Chase Financial					(67,500)	(68)	945,000	945	(878)					-
8/2/2016	New Issuance-Navesink			(125)	-			625,000	625	(625)					-
8/29/2016	New Issuance-Alpha Capital Anstalt							954,925	955	142,284					143,239
9/7/2016	New Issuance-Chase Financial					(67,500)	(68)	945,000	945	(878)					-
9/19/2016	New Issuance-Alpha Capital Anstalt							521,784	522	62,092					62,614
9/19/2016	New Issuance-Mark Herskowitz							805,147	805	95,812					96,618
9/19/2016	New Issuance-Marc Berger							400,000	400	47,600					48,000
9/19/2016	New Issuance-Chase Financing Inc Profit Sh.					75,000	75			8,925					9,000
	Rounding									1					1
	Net loss													***(1,292,648)***	***(1,292,648)***
BALANCE, September 30, 2016		***1,000***	***1***	***6,235***	***6***	***843,240***	***844***	***81,955,005***	***81,755***	***43,748,253***	***1,411***	***(82,250)***	***(321,344)***	***(41,153,294)***	***2,275,383***

Decision Diagnostics Corp.
Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities		
Net loss	$ (2,967,357)	$ (2,206,169)
Adjustments to reconcile net loss to		
net cash (used) by operating activities:		
Shares and options issued for services	582,100	622,750
Shares issued for financing fees	920,417	16,965
Gain on patent license	(825,000)	-
Loss on writedown of obsolete inventory	242,736	-
Changes in operating assets and liabilities		
Accounts receivable	(221,953)	(160,594)
Inventory	(654,253)	87,437
Prepaid and other assets	(3,529)	(23,089)
Accounts payable and accrued liabilities	(140,252)	431,711
Contingent legal fees	240,000	-
Accrued interest	296,970	202,208
Net cash (used) by operating activities	(2,530,121)	(1,028,781)
Cash flows from investing activities		
Fixed assets	(300,000)	(214,975)
Intellectual property	(17,750)	(270,667)
Net cash (used) by investing activities	(317,750)	(485,642)
Cash flows from financing activities		
Proceeds from notes payable	1,567,745	307,666
Subscriptions payable	(77,500)	-
Shares issued and options exercised for cash	2,137,500	-
Net cash provided by financing activities	3,627,745	307,666
Net decrease in cash	779,874	(1,206,757)
Cash - beginning	626,429	1,750,002
Cash - ending	$ 1,406,303	$ 543,245
Supplemental disclosures:		
Interest paid	$ -	$ -
Income taxes paid	$ 2,400	$ 2,812
Non-cash transactions:		
Shares and options issued for services	$ 582,100	$ 622,750
Shares issued for financing activities	$ 920,417	$ 16,965
Shares issued for debt and derivative liabilities	$ 1,100,900	$ 701,250

The accompanying Notes are an integral part of these financial statements.

DECISION DIAGNOSTICS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

NOTE 1 – Basis of presentation and accounting policies

Basis of Presentation

The condensed consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the consolidated financial statements of the Company for the period ended December 31, 2015 and notes thereto included in the Company's annual filing. The Company follows the same accounting policies in the preparation of consolidated interim reports.

Results of operations for the interim periods are not indicative of annual results.

Recent Accounting Pronouncements

Management has analyzed all pronouncements issued during the six months ended September 30, 2016 by the FASB or other authoritative accounting standards groups with future effective dates, and have determined that they are not applicable or are not expected to be significant to the financial statements of the Company.

Year-end

We have adopted December 31 as our fiscal year end.

NOTE 2 – Going concern

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern. Our ability to continue as a going concern is dependent upon attaining profitable operations based on the development of distributions platforms through which our products that can be sold. We intend to use borrowings and security sales to mitigate the effects of our cash position, however, no assurance can be given that debt or equity financing, if required, will be available. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should we be unable to continue in existence.

NOTE 3 – Fair value

Our financial instruments consist principally of notes payable and lines of credit. Notes payable and lines of credit are financial liabilities with carrying values that approximate fair value. Management determines the fair value of notes payable and lines of credit based on the effective yields of similar obligations and believe all of the financial instruments' recorded values approximate fair market value because of their nature and respective durations.

We comply with the provisions of ASC 820, *"Fair Value Measurements and Disclosures"* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements required under other accounting pronouncements. ASC 820-10-35, *"Fair Value Measurements and Disclosures - Subsequent Measurement"* ("ASC 820-10-35"), clarifies that fair value is an exit price, representing the

amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820-10-35 also requires that a fair value measurement reflect the assumptions market participants would use in pricing an asset or liability based on the best information available. Assumptions include the risks inherent in a particular valuation technique (such as a pricing model) and/or the risks inherent in the inputs to the model. The Company also follows ASC 825 *"Interim Disclosures about Fair Value of Financial Instruments"*, to expand required disclosures.

ASC 820-10-35 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-35 are described below:

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

Level 2. Valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.

Level 3. Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company utilizes the best available information in measuring fair value. The following table summarizes, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of September 30, 2016 and 2015:

	FYE 2016 Fair Value Measurements			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Intellectual property	$ -	$ -	$ 499,630	$ 499,630
Patent licenses, net value			1,075,825	1,075,825
Liabilities				
Notes payable	-	(2,137,336)	-	(2,137,336)
Total	$ -	$ (2,137,336)	$ 1,575,455	$ (561,881)

	FYE 2015 Fair Value Measurements			
	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Intellectual property	$ -	$ -	$ 732,705	$ 732,705
Liabilities	-	-	-	-
Notes payable	-	(1,060,175)	-	(1,060,175)
Total	$ -	$ (1,060,175)	$ 732,705	$ (327,470)

NOTE 4 – Equipment – Specialty Manufacturing Instruments

On June 1, 2015 the company entered into a wide-ranging manufacturing and product development agreement with a large venture funded Korean concern. On July 8, 2015 the company enhanced its role in this agreement through the purchase of and investment in computer controlled, specialty manufacturing equipment that is now located in the Korean facility of the Company's R&D and contract manufacturing partner. The company completed this purchase through a $550,000 derivative financing lead by Alpha Credit Anstalt. The company began regular shipments in the 2Q 2016, and the products are commercially available as of September 30, 2016. The company is obligated to abide by

new FDA regulation regarding product identification and registration, the so-called FDA UDI initiative, and has had to alter packaging and its establishment registrations to accommodate this change. Shipments using the new FDA UDI packaging began on September 22, 2016. Changeover to the FDA UDI product packaging format has necessitated a withdrawal of non-UDI inventory from stock, valued at $0 due to its obsolescence. This process began in the period ended June 30, 2016 and September 30, 2016 and are reflected herein. The company expects to sell this obsolete but suitable product in International markets.

NOTE 5 – Patents

During the first quarter, 2015, we acquired two patents, U.S. Patent 6,153,069 Apparatus for Amerometric Diagnostic Analysis and 6,413,411 Method and Apparatus for Amperometric Diagnostic Analysis, for cash totaling $250,000.

During the first quarter, 2016, we completed assignments of the two aforementioned patents for cash totaling $275,000.

During the second quarter, 2016, we acquired patent licenses through litigation valued by us at $1,000,000 (gain on patent licenses), with a capitalized net book value of $550,000.

NOTE 6 – Acquisition of Certain Properties

In March 2014 the Company agreed to acquire certain properties from Shasta Technologies LLC. The agreement covering this acquisition is now the subject of two litigations, one litigation related to the remaining proceeds of an IP defense insurance policy, the other litigation concerning damages the company is trying to collect from Shasta Technologies LLCowing to Shasta's subsequent undisclosed issues with the U.S. FDA. The original purchase price for this property was expected to be $2,000,000 (cash). The company is anticipating offsetsmuch higher than the assets purchase price. The Company has not yet recorded this acquisition on its books for several reasons: (1) Shasta's on-going issues with the FDA, total lack of documentation, and untruthfulness lead to the company's redesign of the product, and (2) acquisition terms have not yet been fully determined and the final acquisition price to be determined by the court.A Mediation expected to be held late in August 2016 was delayed by the Shasta Defendants. Should this Mediation occur and be successful the company can then value its Genstrip assets fairly and end its communications with Shasta. The company did register this FDA cleared product with the US FDA in 2014, 2015 and 2016 and hasrecently re-registered the product for 2017. The registration process changed in 2016 due to the FDA's implementation of its UDI product registration and reporting regulations. The company has complied with these regulations, prior to their September 24, 2016 effective date.

NOTE 7 – Interest and financing expenses

We have recorded interest and financing expense in connection with our notes payable totaling $176,056 and $920,416 and $202,208 and $16,965 for the six months ended September 30, 2016 and 2015, respectively.

NOTE 8 – Stockholder's equity

We are authorized to issue up to 494,950,000 shares of $0.001 par value common stock and 5,000,000 shares of various classes of $0.01 par value preferred stock. In March of 2011, we amended our preferred stock designations as follows: 1) withdrawal of Series "A" designation on 750,000 shares of preferred stock, 2) Amendment of Series "C" designation on to 10,000 shares of preferred stock, 3) Designation of Series "B" on 2,500 shares of preferred stock, 4) Designation of Series "D" on 500 shares of preferred stock and 5) increased the number of preferred shares designated as Series "E" from 1,000,000 to 1,250,000. All presentation of preferred stock contained herein has been retroactively presented to reflect the designations and amendments.

Series “B” convertible preferred stock

We have designated 2,500 shares of our $0.001 preferred stock as Series “B”. Holders of series “B”: convertible stock shall not have the right to vote on matters that come before the shareholders. Each share of Series “B” Preferred stock is valued at $10,000. Series “B” convertible preferred stock may be converted, the number of shares into which one share of Series “B” Preferred Stock shall be convertible into common stock shares shall be 15,000. Series “B” convertible stock shall rank senior to common stock in the event of liquidation. Holders’ of Series “B” convertible stock shall not be entitled to a mandatory monthly dividend. Series “B” convertible stock shall have a redemptions price equal to 101% of the purchase price per share, subject to adjustments resulting from stock splits, recapitalization, or share combination.

Series “C” convertible preferred stock

We have designated 10,000 shares of our $0.001 preferred stock as 2011 Series “C”. Each share of 2011 Series C Preferred stock is valued at $1,000. Holders of series “C”: convertible stock shall not have the right to vote on matters that come before the shareholders. 2011 Series “C” convertible preferred stock may be converted after 36 months, but not before unless by Board Resolution, the number of shares into which one share of 2011 Series “C” Preferred Stock shall be convertible on a pro-rata basis into common stock shares, each share of common stock valued at $0.20. 2011 Series “C” convertible stock shall rank junior to all other classes of Preferred stock in the event of liquidation. Holders of 2011 Series “C” convertible stock shall not be entitled to a mandatory monthly dividend.

Series “D” convertible preferred stock

We have designated 500 shares of our $0.001 preferred stock as 2012 Series “D”. We have not issued any shares of this issue of Preferred stock. Holders of series “D”: convertible stock shall not have the right to vote on matters that come before the shareholders. 2012 Series “D” convertible preferred stock may be converted immediately upon distribution. The number of shares into which one share of 2012 Series “D” Preferred Stock shall be convertible into common stock shares is 1 for 120,000 shares of $0.001 par value common stock. 2012 Series “D” convertible stock shall rank junior to all other classes of Preferred stock in the event of liquidation. Holders of 2012 Series “D” convertible stock shall not be entitled to a mandatory monthly dividend.

Series E convertible preferred stock

We have designated 1,250,000 shares of our $0.001 preferred stock as Series “E”. Holders of series “E”: convertible stock shall not have the right to vote on matters that come before the shareholders. Series “E” convertible preferred stock may be converted, the number of shares into which one share of Series “E” Preferred Stock shall be convertible into common stock shares shall be 14. Series “E” convertible stock shall rank senior to common stock in the event of liquidation. Holders’ of Series “E” convertible stock shall not be entitled to a mandatory monthly dividend. Series “E” convertible stock shall have a redemptions price equal to 101% of the purchase price per share, subject to adjustments resulting from stock splits, recapitalization, or share combination.

2016 Issuances

Preferred

Series “C”:
During the quarter ended September 30, 2016, we issued 1,725 shares of preferred series “C” shares for cash of $550,000 pursuant to the terms of our preferred series “C” offering memorandum.

During the quarter ended June 30, 2016, 250 shares of preferred series “C” shares were converted into 1,250,000 shares of our $0.001 par value common stock.

During the quarter ended September 30, 2016, 125 shares of preferred series “C” shares were converted into 625,000 shares of our $0.001 par value common stock.

Series "E":

During the quarter ended March 31, 2016, we issued 100,000 shares of preferred series "E" shares along with 750,000 shares of $0.001 par value common stock for financing costs ($32,656)and derivative liability ($87,344) totaling $120,000.

During the quarter ended June 30, 2016, we issued 160,000 shares of preferred series "E" shares for financing costs. During the quarter ended June 30, 2016, 14,300 preferred series "E" shares were exchanged for 200,200 shares of $0.001 par value common stock.

During the quarter ended September 30, 2016, we issued 75,000 shares of preferred series "E" shares for financing costs totaling $9,000.

During the quarter ended September 30, 2016, 165,000 preferred series "E" shares were exchanged for 2,310,000 shares of $0.001 par value common stock.

Common Stock

During the quarter ended March 31, 2016, we issued 1,400,000 shares of $0.001 par value common stock for consulting services valued at $490,000.

During the quarter ended March 31, 2016, we issued 3,189,858 shares of $0.001 par value common stock for the settlement of liquidated damages due to pre-contracted terms allowing for the issuance of shares in the event certain debt covenant terms were violated. The shares were valued on date of grant at $680,316, and were recorded against derivative liability of $610,316 and financing expense of $70,000.

During the quarter ended March 31, 2016, we issued 500,000 shares of $0.001 par value common stock for an option exercise and cashtotaling $30,000.

During the quarter ended June 30, 2016, we issued 5,593,194 shares of $0.001 par value common stock for financing expenses totaling $570,506.

During the quarter ended June 30, 2016, we issued 3,862,413 shares of $0.001 par value common stock at the election of noteholders to satisfy convertible debt totaling 393,966.

During the quarter ended June 30, 2016, 250 shares of preferred series "C" shares were converted into 1,250,000 shares of our $0.001 par value common stock.

During the quarter ended June 30, 2016, 14,300 preferred series "E" shares were exchanged for 200,200 shares of $0.001 par value common stock.

On August 5, 2016 the company completed several corporate actions under the business laws of the State of Nevada, undertaken by the Board of Directors in an effort to "clean up" from its shareholder rolls over 740 lost shareholders. This clean-up included only shareholders that their individual brokers or former brokers could not find or contact for one reason or another at least since 2011. All of these people were holders of less than 25 shares each. The over-whelming majority of these lost shareholders had less than 5 shares. The cumulative number of shares previously held by these lost shareholders is approximately 4,020.

During the quarter ended September 30, 2016, we issued 720,000 shares of $0.001 par value common stock for consulting expenses totaling $582,100.

During the quarter ended September 30, 2016, we issued 1,746,709 shares of $0.001 par value common stock for financing expenses totaling $920,315.

During the quarter ended September 30, 2016, we issued 805,147 shares of $0.001 par value common stock at the election of noteholders to satisfy convertible debt totaling $96,618.

During the quarter ended September 30, 2016, 125 shares of preferred series “C” shares were converted into 625,000 shares of our $0.001 par value common stock.

During the quarter ended September 30, 2016, 165,000 preferred series “E” shares were exchanged for 2,310,000 shares of $0.001 par value common stock.

2015 Issuances

Preferred

During the quarter ended March 31, 2015, a Holder of the Company’s preferred series “E”shares elected to convert 50,366 shares into 705,124 shares of $0.001 par value common stock.

During the quarter ended March 31, 2015, the Company issued 235,000 shares of preferred series “E” shares for services valued at $58,750.

During the quarter ended March 31, 2015, the Company issued 67,860 shares of preferred series “E” shares for financing costs valued at $16,965.

During the quarter ended June 30, 2015, the Company issued 30,000 shares of preferred series “E” shares for services valued at $5,700.

During the quarter ended June 30, 2015, a Holder of the Company’s preferred series “E”shares elected to convert 67,860 shares into 950,040 shares of $0.001 par value common stock.

During the quarter ended September 30, 2015, Holders of the Company’s preferred series “E” shares elected to convert 235000 shares into 3,290,000 shares of $0.001 par value common stock.

During the quarter ended September 30, 2015, the Company issued 210,000 shares of preferred series “E” shares for services valued at $26,550.

Common

During the quarter ended March 31, 2015, the Company issued 1,875,000 shares of $0.001 par value common stock for consulting services valued at $468,750.

During the quarter ended March 31, 2015, the Company issued 850,000 shares of $0.001 par value common stock for the settlement of liquidated damages due to pre-contracted terms allowing for the issuance of shares in the event certain debt covenant terms were violated. The shares were valued on date of grant at $204,000.

During the quarter ended March 31, 2015, the Company issued 705,124 shares of $0.001 par value common stock for 50,366 shares of previously issued and converted preferred series “E” shares.

During the quarter ended June 30, 2015, the Company issued 2,540,121 shares of $0.001 par value common stock for convertible debt and the settlement of liquidated damages due to pre-contracted terms allowing for the issuance of shares in the event certain debt covenant terms were violated. The shares were valued on date of grant at $381,019.

During the quarter ended June 30, 2015, the Company issued 350,000 shares of $0.001 par value common stock for consulting services valued at $63,000.

During the quarter ended June 30, 2015, the Company issued 950,040 shares of $0.001 par value common stock for 67,860 shares of previously issued and converted preferred series “E” shares.

During the quarter ended September 30, 2015, Holders of the Company's preferred series "E" shares elected to convert 235,000 shares into 3,290,000 shares of $0.001 par value common stock.

During the quarter ended September 30, 2015, the Company issued 210,000 shares of preferred series "E" shares for services valued at $26,550.

During the quarter ended September 30, 2015, the Company issued 700,929 shares of $0.001 par value common stock to convert$80,981of debt to equity at the election of the noteholder.

NOTE 9 – Commitments and Contingencies

Contingencies and Litigation

The Company transacts commerce in several medical products market channels. They also transact commerce by licensing our proprietary medical software that functions by moving confidential medical data through our proprietary medical information technology devices and networks. The Company's GenStrip 50 and GenUltimate! products required initial regulatory approval by the USFDA as well as on-going USFDA approvals during the product life cycle and are subject to new FDA regulation and post market overview. In 2016 the company had to meet new FDA Guidelines for product identification, tracking and standardization. Called the FDA UDI initiative, the new packaging required, and met by the company, approximates a similar standard implemented in the European Union in 2013.

Further, our products required medical patient trials and competes directly with a major platform manufacturer. Healthcare, especially those segments where the company competes, is a very litigious. Competing companies often use litigation as a marketing tool, bringing litigation as a means to protect market share and limit market exposure. The Company has in the past (and currently) defended cases brought by Plaintiffs asserting these types of claims.

The medical industry is also intertwined. From time to time, the Company has become involved in claims and litigation that arise out of the normal course of business, such as litigation that emerges from disputes over damaged, missing or contaminated product, litigation that arises over payment disputes or claims of fair value. They have defended cases of this nature. For instance, the Company has been sued in several jurisdictions over a single business transaction. Often these cases involve substantial over-prosecution where the company and its directors have been held accountable by Plaintiffs for a myriad of things including words written or posted in public forums by anonymous persons.

The Company may also become involved in disputes that arise over the business or business practices of their suppliers, payers and customers, people or entities that the Company may not be familiar with. The company maintains substantial insurance coverage against suits that may arise over issues of damaged, recalled or counterfeit product and other product liability issues. The company has also been a victim of the unapproved acts of prior management. These acts have resulted in claims from individuals and entities since the Board relieved former management of duty in 2006. Nonetheless, these claims have resulted in the use of management time and company resources to investigate, litigate, or settle. In addition, the company accrues contingent legal fees and product liability fees. As of September 30, 2016, our contingent legal fees accrual was $240,000 and our general contingencies accrual was $245,069.

From time to time, the company may also be subject to demands from individuals or entities. These demands and disputes may consume management time and company resources. Other than as noted below, if there is such a disclosure, there are no pending matters at the current time that in management's judgment may be considered material or potentially material.

NOTE 10 – Subsequent events

In accordance with ASC 855, management evaluated all activity of the Company through the issue date of the financial statements and concluded that no other subsequent events have occurred that would require recognition or disclosure in the financial statements.

On October 3, 2016 the company successfully completed an enhanced Donor Precision Study (a form of clinical trial) for its GenUltimate! product using a combination of ISO 15197:2013 and FDA 2014 Guidance standards. The performance of GenUltimate! proved to be markedly better then described in the clinical studies run on GenStrip 50.

On October 24, 2016 the company's products were approved for listing on the on-line Marketplace for Walmart Stores, Inc., and subsequent to this approval, the GenUltimate! and GenStrip 50 products now appear in approximately 500 additional on-line markets worldwide. Sales have commenced on these Marketplace sites. The company has had to reallocate resources to manage the growth in these markets.