BIOMERICA INC
Form 10QSB
October 22, 2001

FORM 10-QSB
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For Quarter Ended August 31, 2001 Commission File No. 0-8765

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

Delaware	95-2645573
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1533 Monrovia Avenue, Newport Beach, California	92663
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number including area code: (949) 645-2111

(Not applicable)
(Former name, former address and former fiscal year, if changed since last report.)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 5,050,920 shares of common Stock as of October 13, 2001.

BIOMERICA, INC.

INDEX

PART I - FINANCIAL INFORMATION
SUMMARIZED FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

BIOMERICA, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS (UNAUDITED)

	Three Months Ended August 31, 2001	2000
Net sales	$ 1,942,712	$ 1,969,990
Cost of sales	1,456,393	1,306,755
Gross profit	486,319	663,235
Operating Expenses:		

Selling, general and administrative	812,018	757,042
Research and development	57,835	100,982
	869,853	858,024
Operating loss from continuing operations	(383,534)	(194,789)
Other Expense (income):		
Interest expense	6,210	5,207
Other income, net	(5,641)	(11,629)
	569	(6,422)
Loss from continuing operations, before minority interest in net loss of consolidated subsidiaries and income taxes	(384,103)	(188,367)
Minority interest in net losses of consolidated subsidiaries	95,341	71,156
Loss from continuing operations, before income taxes	(288,762)	(117,211)
Income tax expense	800	800
Net loss from continuing operations	(289,562)	(118,011)

Discontinued operations:		
Loss from discontinued operations, net	(14,632)	(809,073)
Net loss	(304,194)	(927,084)
Other comprehensive gain (loss), net of tax		
Unrealized gain (loss) on available-for-sale securities	(3,702)	(8,554)
Comprehensive loss	$ (307,896)	$ (935,638)
Basic net loss per common share:		
Net loss from continuing operations	$ (.06)	$ (.02)
Net loss from discontinued operations	(.00)	(.18)
Basic net loss per common share	$ (.06)	$ (.20)
Diluted net loss per common share:		
Net loss from continuing operations	$ (.06)	$ (.02)
Net loss from discontinued operations	(.00)	(.18)
Diluted net loss per common share	$ (.06)	$ (.20)

Weighted average number of common and common equivalent shares:		
Basic and diluted	5,043,760	4,576,554

The accompanying notes are an integral part of these statements.

BIOMERICA, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	August 31, 2001
Assets	
Current Assets	
Cash and cash equivalents	$ 149,364
Available for-sale securities	32,628
Accounts receivable, less allowance for doubtful accounts of $190,500	1,536,570
Inventories, net	2,992,705
Notes receivable	18,394
Prepaid expenses and other	89,157
Total Current Assets	4,818,818
Inventory, non-current	15,000
Property and Equipment, net of accumulated depreciation and amortization	290,912
Intangible assets, net of accumulated amortization	273,876
Other Assets	28,531
	$5,427,137

The accompanying notes are an integral part of these statements.

BIOMERICA, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	August 31, 2001
Liabilities and Shareholders' Equity	

Current Liabilities	
Line of credit	$ 160,000
Accounts payable and accrued liabilities	1,248,124
Accrued compensation	244,655
Net liabilities from discontinued operations	399,122
Total Current Liabilities	2,051,901
Shareholder loan	225,000
Minority interest	1,951,615
Shareholders' Equity	
Common stock, $0.08 par value authorized 25,000,000 shares, subscribed or issued and outstanding 5,050,920	404,073
Additional paid-in-capital	16,880,575
Accumulated other comprehensive loss	(13,991)
Accumulated deficit	(16,072,036)
Total Shareholders' Equity	1,198,621
Total Liabilities and Equity	$ 5,427,137

The accompanying notes are an integral part of these statements.

BIOMERICA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the quarter ended August 31,	2001	2000
Cash flows from operating activities:		
Net loss from continuing operations	$(289,562)	$(118,011)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation and amortization	50,899	49,143
Realized gain on sale of available for-sale securities	(977)	(6,412)
Minority interest in net loss of consolidated Subsidiaries	(95,341)	(71,156)
Common stock issued for services rendered	-	180,000
Provision for losses on accounts receivable	(2,059)	-
Warrants and options issued for services rendered	23,453	29,902
Changes in current assets and liabilities:		
Accounts Receivable	(9,256)	78,486
Inventories	(126,749)	30,451
Prepaid expenses and other current assets	265	369
Accounts payable and other accrued liabilities	317,159	83,690
Accrued compensation	(18,622)	(52,390)

Net cash used in operating activities	(150,790)	(204,072)
Cash flows from investing activities:		
Sale of available for-sale securities	6,217	22,181
Decrease in notes receivable	-	1,700
Purchases of property and equipment	-	(5,424)
Other assets	11,007	13,336
Purchases of intangible assets	-	(16,038)
Net cash provided by investing activities	17,224	15,755
Cash flows from financing activities:		
Increase in shareholder loan	130,000	-
Private placement net of offering costs	10,199	-
Exercise of stock options	-	3,225
Increase in line of credit	20,000	40,000
Net cash provided by financing activities	160,199	43,225
Net cash used in discontinued operations	(13,568)	(259,973)
Net increase in cash and cash equivalents	13,065	(405,065)
Cash at beginning of period	136,299	615,057
Cash at end of period	$ 149,364	$ 209,992

The accompanying notes are an integral part of these statements.

BIOMERICA, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDI
FOR THE THREE MONTHS ENDED AUGUST 31, 2001

	Common Stock			Common Stock Subscribed		
	Number of Shares	Amount	Additional Paid-in Capital	Shares	Amount	Accumul Other Compreh Loss
Balance at May 31, 2001	4,890,679	$ 391,254	$ 16,748,968	146,075	$ 110,774	$ (1
Compensation expense in connection with options and						

warrants granted			23,453			
Change in unrealized gain on available for sale securities						(
Common stock issued for private placement	140,241	11,219	89,754	(126,075)	(90,774)	
Net loss						
Balance at August 31, 2001	5,030,920	$ 402,473	$ 16,862,175	20,000	$ 20,000	$ (1

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

August 31, 2001

(1) Reference is made to Note 2 of the Notes to Financial Statements contained in the Company's Annual Report on Form 10-KSB for the fiscal year ended May 31, 2001, for a summary of significant accounting policies utilized by the Company.

(2) The information set forth in these statements is unaudited and may be subject to normal year-end adjustments. The information reflects all adjustments which, in the opinion of management, are necessary to present a fair statement of results of operations of Biomerica, Inc., for the periods indicated. It does not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flow in conformity with generally accepted accounting principles.

(3) Results of operations for the interim periods covered by this Report may not necessarily be indicative of results of operations for the full fiscal year.

(4) Reference is made to Note 3 of the Notes to Financial Statements contained in the Company's Annual Report on Form 10-KSB for the fiscal year ended May 31, 2001, for a description of the investments in affiliates and consolidated subsidiaries.

(5) Reference is made to Notes 5 & 10 of the Notes to Financial Statements contained in the Company's Annual Report on Form 10-KSB for the fiscal year ended May 31, 2001, for information on commitments and contingencies.

(6) Aggregate cost of available-for-sale securities exceeded aggregate market value by approximately $13,991 at August 31, 2001.

(7) Earnings Per Share

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards (SFAS) No. 128, EARNINGS PER SHARE ("EPS"). SFAS No. 128 requires dual presentation of basic EPS and diluted EPS on the face of all income statements issued after December 15, 1997 for all entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants and other convertible securities.

8

The following table illustrates the required disclosure of the reconciliation of the numerators and denominators of the basic and diluted EPS computations.

	For the Three Months Ended August 31, 2001		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Loss from continuing operations	$ (289,562)	-	$ (.06)
Loss from discontinued operations	(14,632)	-	(.00)
	(304,194)	5,043,760	(.06)
Diluted EPS -			
Loss attributable to common share - Holders plus assumed conversions .	$ (304,194)	5,043,760	$ (.06)

	For the Three Months Ended August 31, 2000		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS -			
Loss from continuing operations	$ (118,011)	-	$ (.02)
Loss from discontinued operations	(809,073)	-	(.18)
	(927,084)	4,576,554	(.20)
Diluted EPS -			
Loss attributable to common share - Holders plus assumed conversions .	$ (927,084)	4,576,554	$ (.20)
Loss attributable to common share - Holders plus assumed conversions .	$ (927,084)	4,576,554	$ (.20)

In June 1998, the Financial Accounting Standards Board issued Statement of

Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities". The statement will require recognition of all derivatives as either assets or liabilities on the balance sheet at fair value. The statement is effective for the company's fiscal year 2002, as deferred by SFAS No. 137, but early adoption is permitted. Management has completed an evaluation of the effects of this statement and does not believe that it will have a material effect on the company's financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." The effective date of the bulletin was delayed according to SAB No. 101A and SAB No. 101B and will be effective for the company's fourth quarter of fiscal year 2001. Management believes that its current revenue recognition policies comply with SAB No. 101.

In March 2000, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 44 ("FIN 44"),"Accounting for Certain Transactions involving Stock Compensation." The adoption of this Interpretation did not have a material impact on the consolidated results of operations or financial position of the Company.

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations", which eliminates the pooling method of accounting for business combinations initiated after June 30, 2001. In addition, SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 will have a material impact on the Company's financial position or results of operations.

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill And Intangible Assets", which revises the accounting for purchased goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized and will be tested for impairment annually. SFAS 142 is effective for fiscal years beginning after December 15, 2001, with earlier adoption permitted. The Company does not expect that SFAS 142 will have a material impact on the Company's financial position or results of operations as a result of the future adoption of SFAS 142.

(8) Financial information about foreign and domestic operations and export sales is as follows:

	For the Three Months Ended 8/31/01	8/31/00
Revenues from sales to unaffiliated customers:		
United States	$973,000	$981,000
Asia	41,000	84,000
Europe	477,000	500,000
South America	171,000	135,000
Other	281,000	270,000
	$1,943,000	$1,970,000

No other geographic concentrations exist where net sales exceed 10% of total net sales.

	For the Three Months Ended 8/31/01	8/31/00
Operating profit (loss):		
United States	$ (167,000)	$ (124,000)
Asia	(29,000)	(14,000)
Europe	(59,000)	(24,000)
South America	(18,000)	(5,000)
Other	(111,000)	(28,000)
	$ (384,000)	$ (195,000)

10

(9) The Company has been notified by Nasdaq that it has failed to maintain the listing requirement that its minimum bid price be $1.00 or more and that it must regain compliance by October 4, 2001 or it will be subject to delisting. On September 27, 2001, Nasdaq implemented an across-the-board moratorium on minimum bid and public float requirements. This moratorium will suspend the requirements until January 2, 2002, thereby extending the Company's October 4, 2001, deadline until January 2, 2002. On September 24, 2001, the Company was notified by Nasdaq that it was not in compliance with Marketplace Rule 4310(c)(2)(B), which requires the Company to have a minimum of $2,000,000 in net tangible assets or $2,500,000 in shareholders' equity or a market capitalization of $35,000,000 or $500,000 of net income for the most recently completed fiscal year or two of the three most recently completed fiscal years. The Company has provided Nasdaq with its plan to achieve and sustain compliance.

(10) The Company has suffered substantial recurring losses from operations over the last couple of years. The Company has funded its operations through debt and equity financings, and may have to do so in the future. ReadyScript operations were discontinued in May 2001. ReadyScript was a primary contributor to the Company's losses. The Company also plans to reduce operating costs through certain cost reduction efforts and concentrate on its core business in Lancer and Biomerica to increase sales. There can be no assurances that the Company will be able to become profitable, generate positive cash flow from operations or obtain the necessary equity or debt financing to fund operations in the future.

(11) At August 31, 2001, Lancer had a $300,000 line of credit with a bank. Borrowings are made at prime plus 1.25% (7.75% at August 31, 2001) and are limited to specified percentages of eligible accounts receivable. The unused portion available under the line of credit at August 31, 2001 was $140,000. The line of credit was collateralized by substantially all the assets of the Lancer, including inventories, receivables, and equipment. The lending agreement for the line of credit requires, among other things, that the Lancer maintain a tangible net worth of $2,800,000 and a debt to tangible net worth ratio of no more than 1 to 1. Lancer is not required to maintain compensating balances in connection with this lending agreement. Lancer was in violation of certain of its debt covenants at August 31, 2001. The line of credit expired on September 30, 2001. As of the date of this filing, Lancer has been approved under a line of credit with a new lender,

however, the final documents have not yet been executed.

Biomerica, Inc. entered into a line of credit agreement on September 12, 2001 with a shareholder whereby the shareholder will loan to the Company, as needed, up to $500,000 for working capital needs. The line of credit bears interest at 8%, is secured by Biomerica accounts receivable and inventory and expires September 12, 2002. The unused portion of the line of credit at August 31, 2001, was $275,000.

11

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND SELECTED FINANCIAL DATA

THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES A "SAFE HARBOR" FOR FORWARD-LOOKING STATEMENTS. CERTAIN INFORMATION CONTAINED HEREIN (AS WELL AS INFORMATION INCLUDED IN ORAL STATEMENTS OR OTHER WRITTEN STATEMENTS MADE OR TO BE MADE BY BIOMERICA) CONTAINS STATEMENTS THAT ARE FORWARD-LOOKING, SUCH AS STATEMENTS RELATING TO ANTICIPATED FUTURE REVENUES OF THE COMPANY AND SUCCESS OR CURRENT PRODUCT OFFERINGS. SUCH FORWARD-LOOKING INFORMATION INVOLVES IMPORTANT RISKS AND UNCERTAINTIES THAT COULD SIGNIFICANTLY AFFECT ANTICIPATED RESULTS IN THE FUTURE, AND ACCORDINGLY, SUCH RESULTS MAY DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD-LOOKING STATEMENTS MADE BY OR ON BEHALF OF BIOMERICA. THE POTENTIAL RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, FLUCTUATIONS IN THE COMPANY'S OPERATING RESULTS. THESE RISKS AND UNCERTAINTIES ALSO INCLUDE THE SUCCESS OF THE COMPANY IN RAISING NEEDED CAPITAL, THE ABILITY OF THE COMPANY TO MAINTAIN REQUIREMENTS TO BE LISTED ON NASDAQ, THE CONTINUAL DEMAND FOR THE COMPANY'S PRODUCTS, COMPETITIVE AND ECONOMIC FACTORS OF THE MARKETPLACE, AVAILABILITY OF RAW MATERIALS, HEALTH CARE REGULATIONS AND THE STATE OF THE ECONOMY. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF, AND THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE THESE FORWARD-LOOKING STATEMENTS.

RESULTS OF OPERATIONS

Consolidated net sales for Biomerica were $1,942,712 for the first quarter of fiscal 2002 as compared to $1,969,990 for the same period in the previous year. This represents a decrease of $27,278, or 1%. Of the total consolidated net sales for fiscal 2002, $1,434,788 is attributable to Lancer, $15,514 to AIT and $492,410 to Biomerica. Lancer sales increased by $103,689 over the previous fiscal year primarily due to increases in both international and domestic sales. Biomerica sales decreased by $113,427 primarily due to slowing of order intake for the quarter, however, order intake has increased during the second quarter as compared to the first quarter of this fiscal year. AIT had a sales decrease of $17,540 due to a special testing project AIT performed for a pharmaceutical company in fiscal 2001 only.

Cost of sales increased by $149,638, or 11.5%. Lancer's cost of sales as a percentage of sales increased from 69.5% to 75.1%. This increase was attributable to higher expenses in the Mexicali manufacturing plant partially as a result of moving out of a Mequiladora operation into a wholly -owned Mexican subsidiary. Biomerica's costs increased from 59.6% of sales to 73.2% due to lower sales in relation to fixed costs. AIT had an increase in cost of goods from 69.8% of sales to 125.7% of sales due to lower sales in relation to fixed costs.

Selling, general and administrative costs increased by $54,976, or 7.3%. Lancer had increased selling, general and administrative costs of $15,940 due to increased marketing costs. Biomerica had an increase of $47,008, which was primarily due to a credit in the prior year to professional fees. AIT had a decrease of $7,172 due to decreased legal and accounting costs associated with the filing of AIT's Form 10-SB and Form 10-KSB in the prior period.

Research and development decreased by $43,147, or 42.7%. Lancer had a decrease in research and development costs of $36,240 due to the reclassification of labor costs to cost of sales. Biomerica had decreased costs of $6,907 primarily due to lower wages and related costs.

Interest expense increased by $1,003 compared to the previous year due to increased borrowings at Lancer and Biomerica.

Please refer to Note 3 in the Notes to the Consolidated Financial Statements in the report on Form 10-KSB for the year ended May 31, 2001, for a more in-depth discussion of subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

As of August 31, 2001, the Company had cash and available-for-sale securities in the amount of $181,992 and working capital of $2,766,917. Cash and working capital totaling $112,219 and $2,588,233, respectively, relates to the Lancer subsidiary. Lancer's line of credit restricts Biomerica's ability to draw on Lancer's resources and, as such, said cash, working capital and equity are not available to Biomerica. Biomerica, Inc. and its subsidiaries, are expected to fund their operations for at least the next twelve months through their existing available financing, working capital, and its shareholder line of credit.

The Company has suffered substantial recurring losses from operations over the last couple of years. The Company has funded its operations through debt and equity financings, and may have to do so in the future. ReadyScript operations were discontinued in May 2001. ReadyScript was a primary contributor to the Company's losses. The Company also plans to reduce operating costs through certain cost reduction efforts and concentrate on its core business in Lancer and Biomerica to increase sales. There can be no assurances that the Company will be able to become profitable, generate positive cash flow from operations or obtain the necessary equity or debt financing to fund operations in the future.

During the quarter ended August 31, 2001, the Company used cash in operations of $150,790. This compares to cash used in operations of $204,072 in the same period in the prior fiscal year.

The Company has been notified by Nasdaq that it has failed to maintain the listing requirement that its minimum bid price be $1.00 or more and that it must regain compliance by October 4, 2001 or it will be subject to delisting. On September 27, 2001, Nasdaq implemented an across-the-board moratorium on minimum bid and public float requirements. This moratorium will suspend the requirements until January 2, 2002, thereby extending the Company's October 4, 2001, deadline until January 2, 2002. On September 24, 2001, the Company was notified by Nasdaq that it was not in compliance with Marketplace Rule 4310(c)(2)(B), which requires the Company to have a minimum of $2,000,000 in net tangible assets or $2,500,000 in shareholders' equity or a market capitalization of $35,000,000 or $500,000 of net income for the most recently completed fiscal year or two of the three most recently completed fiscal years. The Company has provided Nasdaq with its plan to achieve and sustain compliance.

At August 31, 2001, Lancer had a $300,000 line of credit with a bank. Borrowings are made at prime plus 1.25% (7.75% at August 31, 2001) and are limited to specified percentages of eligible accounts receivable. The unused portion available under the line of credit at August 31, 2001 was $140,000. The line of credit was collateralized by substantially all the assets of the Lancer, including inventories, receivables, and equipment. The lending agreement for the line of credit requires, among other things, that the Lancer maintain a tangible net worth of $2,800,000 and a debt to tangible net worth ratio of no more than 1 to 1. Lancer is not required to maintain compensating balances in connection with this lending agreement. Lancer was in violation of certain of its debt covenants at August 31, 2001. The line of credit expired on September 30, 2001. As of the date of this filing, Lancer has been approved under a new line of credit with a new lender, however the final documents have not yet been executed.

Biomerica, Inc. entered into a line of credit agreement on September 12, 2001 with a shareholder whereby the shareholder will loan to the Company, as needed, up to $500,000 for working capital needs. The line of credit bears interest at 8%, is secured by Biomerica accounts receivable and inventory and expires September 12, 2002. The unused portion of the line of credit at August 31, 2001, was $275,000.

WE MAY FACE INTERRUPTION OF PRODUCTION AND SERVICES DUE TO INCREASED SECURITIES MEASURES IN RESPONSE TO TERRORISM:

Our business depends on the free flow of products and services through the channels of commerce. Recently, in response to terrorists' activities and threats aimed at the United States, transportation, mail, financial and other services have been slowed or stopped altogether. Further delays or stoppages in transportation, mail, financial or other services could have a material adverse effect on our business, results of operations and financial condition. Furthermore, we may experience an increase in operating costs, such as costs for transportation, insurance and security as a result of the activities and potential activities. We may also experience delays in receiving payments from payers that have been affected by the terrorist activities and potential activities. The U.S. economy in general is being adversely affected by the terrorist activities and potential activities and any economic downturn could adversely impact our results of operations, impair our ability to raise capital or otherwise adversely affect our ability to grow our business.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS. Inapplicable.

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS. Inapplicable.

Item 3. DEFAULTS UPON SENIOR SECURITIES. Inapplicable.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. Inapplicable.

Item 5. OTHER INFORMATION. Inapplicable.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K. None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has fully caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 22, 2001

BIOMERICA, INC.

By: /S/ Zackary S. Irani

Zackary Irani
Chief Executive Officer