

Kallo Inc.
Form 10-K/A
July 31, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K/A-2

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2012

Commission file number 000-53183

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

Nevada
(State or other jurisdiction of incorporation or organization)

15 Allstate Parkway, Suite 600
Markham, Ontario, Canada L3R 5B4
(Address of Principal Executive Offices) (Zip Code)

(416) 246-9997
(Issuer's telephone number including area code)

| | |
|---|---|
| Securities registered pursuant to Section 12(b) of the Act: None (Title of Class) | Securities registered pursuant to section 12(g) of the Act: Common Stock (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 No

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 No

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 in Part III of this Form 10-K or any amendment to this Form 10-K.

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 | <input type="checkbox"/> | Accelerated Filer | <input type="checkbox"/> |
| Non-accelerated Filer | <input type="checkbox"/> | Smaller Reporting Company | <input checked="" type="checkbox"/> |

(Do not check if a smaller reporting company)

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

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 June 30, 2012: \$27,556,595

The registrant had 291,347,036 shares of common stock outstanding as of March 18, 2013.

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REASON FOR AMENDMENT

The purpose we are amending our Form 10-K for the year ended December 31, 2012 to include the consent for the registration statement on Form S-8 filed June 27, 2011, File No. 333-175152 and correct the financial statements in response to comments received from the SEC.

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PART I

ITEM 1. BUSINESS.

We were incorporated in the state of Nevada on December 12, 2006 as Printing Components Inc. to engage in the business of selling printing equipment and related products. We subsequently changed our name to Diamond Technologies Inc. and then to our current name of Kallo Inc. On December 11, 2009, we entered into an agreement with Kallo Technologies Inc. (formerly known as Rophe Medical Technologies Inc.), an Ontario corporation and its shareholders (collectively “Rophe”) wherein we acquired all of the issued and outstanding shares of common stock of Rophe in exchange for 3,000,000 restricted shares of our common stock and \$1,200,000. As a result of our acquisition of Rophe, we were no longer a “shell company” as that term is defined in Rule 405 of the Securities Act of 1933, as amended.

On December 18, 2009 we amended the foregoing agreement to provide that the “\$50,000 that was due by January 12, 2010 be extended to the 30th day of January, 2010” and to provide “that in the event of any default in the performance of this Agreement by either party, except for the payment of \$50,000 payable on or before the 30th day of January 2010, the Defaulting Party was allowed a period of thirty (30) days in which to remedy such default.”

On March 16, 2010 we again amended the foregoing agreement to provide that in lieu of us paying John Cecil, Grace Cecil, Samuel Baker, Carol Baker, and Vince Leitao the sum of \$50,000 on or before the 30th day of January 2010, we were obligated to pay to John Cecil \$35,000 by March 5th 2010 and pay to John Cecil \$15,000 by March 31st 2010 and In lieu of the payment to the Rophe of the sum of \$200,000 on March 31, 2010 and \$250,000 on April 30, 2010 we were obligated to issue to issue:

John Cecil – 1,400,000 common shares
Grace Cecil – 1,400,000 common shares
Samuel Baker – 100,000 common shares
Carol Baker – 100,000 common shares
and pay to John Cecil on March 31, 2010 the sum of \$50,000.

Upon acquiring Rophe, the focus of our business changed from selling printing equipment to manufacturing and developing medical information technology software.

Business Overview

We have two sets of products / Technologies.

1. A product group for Point-of-Care consisting of Electronic Medical Record System, Picture Archiving and Communication System and Medical Device Connectivity system.

Kallo Inc., does not own the products referred in this section with exception to certain components developed by Kallo Inc.,

- A. Electronic Medical Record System (EMR) – Kallo has exclusive value added reseller rights for Mountain Medical Technologies EMR in Kallo’s Brand name “EMCURX”.
- B. Picture Archiving and Communication System (PACS) – Kallo is the Value added reseller for Candelis in Canada and other healthcare projects globally for an integrated solution offering.
- C.

Medical Device Connectivity System (MDC) -- Kallo is in the process of negotiating an agreement with Capsule Technologies to be Value added reseller in Canada and other healthcare projects globally for an integrated solution offering.

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2. Kallo’s Copyrighted Technologies:

The following technologies are protected under Canadian and International copyrights are authored by John Cecil and owned by Kallo Inc. as referenced in the acquisition agreement between Kallo Inc. (formally known as Diamond Medical Technologies Inc.) and Rophe Medical Technologies Inc. Kallo Inc., has ownership rights of the products referred in this section, of which B, C, and D are under development

- A. M.C. Telehealth – Mobile Clinic Telehealth System – Developed and launched in November 2011.
- B. EMR Integration Engine – Electronic Medical Record Integration Engine - Under development.
- C. C&ID-IMS – Communicable and Infectious Disease Information Management System - Under Development
- D. CCG Technology – Clinical-Care Globalization technology – Under Development

The following is a summary of the information:

| Number | Date of Filing | Place of Filing | Duration |
|---------|-------------------|-----------------|---|
| 1072203 | November 3, 2009 | Canada | Life of the Author, the remainder of the calendar year in which the author dies, and a period of 50 years following the end of that calendar year |
| 1072204 | November 3, 2009 | Canada | Life of the Author, the remainder of the calendar year in which the author dies, and a period of 50 years following the end of that calendar year |
| 1072205 | November 3, 2009 | Canada | Life of the Author, the remainder of the calendar year in which the author dies, and a period of 50 years following the end of that calendar year |
| 1072543 | November 17, 2009 | Canada | Life of the Author, the remainder of the calendar year in which the author dies, and a period of 50 years following the end of that calendar year |

Our Products in Development

Kallo’s product portfolio includes three earlier stage products listed below, all of which highlight the broad applicability of our proprietary technologies to a diverse range of potential future products. We plan to evaluate partnership opportunities for further development and commercialization of these products.

- 1. The company has proprietary Copyrighted Technology “EMR Integration Engine” that demonstrate the future direction for integrated solutions as well as current efforts that illustrate interoperability within the continuum of care. EMR Integration Engine is software, which connects all the other applications in or outside a hospital/clinic with the EMR system. This enables the doctor/nurse to seamlessly access information in other healthcare applications without moving from one computer to the next.
- 2. C&ID-IMS is an Internet-based solution for monitoring and managing Communicable and Infectious Disease information. Our target markets are Health Organizations and Ministries of Health, hospitals and Center for Disease Control (CDC) & the World Health Organization (WHO) members around the globe.
- 3. CCG is our clinical-care globalization technology. This product is an effective way to capitalize on the growing “medical tourism phenomenon “ - patients going to low-cost countries for elective medical procedures –, a fast-growing worldwide, multibillion-dollar industry actively promoted by many countries. CCG can be used by

both the destination and home country of a patient to maintain complete and accurate records of the treatment history, avoiding errors due to incomplete patient data and lessening the burden and expense of corrective action on the home country when medical tourists return home.

4. MC-Telehealth (Mobile Clinic with Telehealth system) is our mobile clinic long distance or Telehealth technology. Our product enables the remote transmission of standardized formats of data for laboratory information, diagnostic imaging, diagnosis and clinical notes.

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Target Market

Our primary target market for the point of care products is the Canadian health-care system including Walk-In Clinics/Physicians Offices, Independent Diagnostic Centers, Impendent Health Facilities, Laboratories, and Hospitals. Both the US and Canadian governments are moving towards requiring EMR records with the Canadian system at a more advanced stage of acceptance.

We are targeting other countries globally where Kallo is actively pursuing business opportunities to provide professional services for eHealth. Point of Care products are a fundamental requirement as a means to have information in the digital form for eHealth.

Our target market for Mobile Clinics and MC-Telehealth systems is global and we have established several sales and marketing partnerships under “Business Associate” Agreements either representing Kallo independently or as an organization. We are currently negotiating Mobile Clinic business in over 20 countries.

Intellectual Property and Research and Development

We continue our efforts in research and development through collaborations with Medical faculties in Canada and USA on an ongoing basis where Kallo stands to benefit from the Technology ownership of the treatment or diagnostic systems developed for commercial use.

During fiscal 2011, we did incur expenses towards cost of resources (both management and technical) relating to research and development with considerable efforts in continuing our research and development work on the Mobile Clinic and Telehealth system, which would be rolled out in the near term in different geographies based on the needs and funding availability.

Competition

We compete with many entities that are engaged in the business of manufacturing and developing software designed to take medical information from many sources and depositing it into a single source as an electronic medical record for each patient. Many of our competitors have greater resources than we do and have long established by histories of successful operations. We are small provider and effectively are in the start-up phase of operations. As a result of we have little or no impact upon our competition.

Managements View of the market trend impact:

Kallo Management believes that the market trend in Canada, USA and globally is continuing to reflect increased adoption of point of care technologies such as EMR and PACS. This is very evident from the market information given above in the section “Market Trend for EMR and PACS”.

The current trend in the market is highly favorable to our products and the timing of launch meets with the need and demand for the product in the market.

Market trend and positive impact on our product

Kallo Management believes that our EMR will offer customers a far richer integrated medical and clinical content delivered to the doctor at point of care, than any other system in terms of high-priority functionality. EMR is consistently rated among the leaders in all systems of its kind, offering us a significant quality advantage when

competing for contracts. In addition, EMR's Clinical Information System is flexible enough that it can be installed in smaller hospitals that are far less attractive to our major competitors, and tailored to the specific needs and policies of that institution. The EMR also provides a multi-lingual platform, which may give us a competitive advantage in the international markets.

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Currently, the points of care technologies are tied to meaningful use and regulators require monitoring of the outcome of technology implementation. Our products have the meaningful use reporting systems built-in and all outcome measurements are done internally as a built-in feature, whereas most of our competitors depend on third-party software to fulfill this functionality.

Market trend and negative impact on our product

Due to the relatively lengthy sales cycle involved in the healthcare information technology industry, and the fact that we are significantly smaller and have less financial resources than our competitors, we face an initial disadvantage in the U.S. market. We will have to continue developing new, dynamic and flexible marketing strategies to remain competitive.

We are also actively developing strategic alliances with partners who offer specialized services within the healthcare industry, such as management consultants, systems integrators, major engineering firms and outsourcing companies.

Government Regulation and Legislation

EMR is required to obtain any governmental approvals to operate in the healthcare technology market. It is important that governments and healthcare authorities continue to recognize the importance of healthcare reform and the use of information systems, since there rests the impetus for change, hence a healthy, growing market.

In the Canadian context our products would require a preferred vendor status registration based on different provincial regulations which is generally seen as just a routine product and technology registration/endorsement.

Agreement with Kodiak Capital Group, LLC

On September 26, 2012, we entered into a investment agreement with Kodiak Capital Group, LLC (“Kodiak”) whereby we issued 2,000,000 shares of its common stock in exchange for a put option to sell up to \$2,000,000 worth of shares of our common stock at a price equal to eighty percent (80%) of the lowest daily preceding five days Volume Weighted Average Price at the time of exercise and expires six months from inception. On October 24, 2012, we filed a Form S-1 registration statement relating to the resale of up to 50,000,000 shares of common stock issuable to Kodiak pursuant to the foregoing investment agreement.

Employees

As of January 31, 2013, we have seven (7) full time employees and two (2) part-time employees.

Warranties

We do not issue warranties in connection with our services. All of our third-party products are offered with a warranty provided by the supplier of that product.

Insurance

We do not maintain any insurance and do not intend to maintain insurance in the future. Because we do not have any insurance, if we are made a party of a products liability action, we may not have sufficient funds to defend the litigation. If that occurs a judgment could be rendered against us which could cause us to cease operations.

Other

Currently we have very a strong EULA (End User License Agreements) signed with our customers both in the pilot phase as well as go-live phase with patients to protect the company and from all such product liabilities. Moreover our original equipment manufacturers do cover us in all such product liabilities.

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Offices

Our administrative office is located at 15 Allstate Parkway, Suite 600, Markham, Ontario, Canada, L3R 5B4, our telephone number is (416) 246-9997. We lease this space from RCN Management Limited Partnership Company, pursuant to a written lease with a term of 18 months. Our monthly rent is approximately \$6,000.

ITEM 1A. RISK FACTORS.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Currently we are responding to comments from the SEC relating to our Form S-1 registration statement.

ITEM 2. PROPERTIES.

Our properties consist mainly of leased office facilities. The executive offices of Kallo Inc. are located at 15 Allstate Parkway, Suite 600, Markham, Ontario, Canada, L3R 5B4, our telephone number is (416) 246-9997.

ITEM 3. LEGAL PROCEEDINGS.

As of March 14, 2012, we settled our dispute with Leonard Steinmetz, our former treasurer, principal financial officer, principal accounting officer, and a member of the board of directors. We agreed to resolve all of our differences by paying Mr. Steinmetz \$130,000 in installments as follows: \$25,000, beginning eight days from the receipt from the Occupational and Safety Administration (“OSHA”) of its notice approving the withdrawal of Mr. Steinmetz’s OSHA complaint with prejudice; \$10,000 to be paid on or before the last business day of each of the ten months following month of receipt of said notice from OSHA; and, a final installment of \$5,000.00 or before the last business day of the eleventh month. In addition, we agreed, that within 21 days of receipt of said notice from OSHA, we are to issue 500,000 restricted shares of our common stock to Mr. Steinmetz. On May 2, 2012, the Occupational and Safety Administration approved Leonard Steinmetz’s withdrawal of his complaint against us.

On July 29, 2011, Watt International Inc. (“Watt”) commenced a third party claim against Kallo concerning monies that Kallo allegedly owed to Watt for branding and internet services provided by Watt to Kallo. Watt is seeking damages in the amount of Canadian \$161,673.67 plus unspecified “special” damage. Management is of the opinion that Watt has charged Kallo for services that Watt did not perform, and that Watt has duplicated charges for work that it performed and intends to defend itself vigorously in the suit. Management has recognized an accrual for the amount of the claim. An estimate could not be made of the unspecified “special” damage and hence no accrual was made thereof.

On December 20, 2012, Mansfield Communications Inc. (Mansfield) entered into a legal action against Kallo concerning monies allegedly owed by Kallo to Mansfield for media consultancy and communication services provided by Mansfield to Kallo (Mansfield Communications Inc., Plaintiff vs. Kallo Inc., Defendant filed a Statement of Claim in the Ontario Superior Court of Justice, Case No. CV-12-47061). Mansfield is seeking damages in the amount of Canadian \$191,246.11 plus unspecified “special” damage. On January 30, 2013, Kallo filed a Statement of Defense. Management is of the opinion that Mansfield has charged Kallo for services that Mansfield did not perform, and that Mansfield has duplicated charges for work that it performed and intends to defend itself vigorously in the suit. At this time, management cannot assess the final outcome of the claim. Management has recognized an accrual for an amount of \$161,991. An estimate could not be made of the unspecified “special” damage and hence no accrual

was made thereof.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

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PART II

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

Our shares are traded on the Bulletin Board operated by the Financial Industry Regulatory Authority under the symbol "KALO". A summary of trading by quarter for 2012 and 2011 is as follows:

| Fiscal Year 2012 | | High Bid | Low Bid |
|---------------------|------------------------------------|----------|---------|
| | Fourth Quarter 10-1-12 to 12-31-12 | \$0.06 | \$0.01 |
| | Third Quarter 7-1-12 to 9-30-12 | \$0.20 | \$0.01 |
| | Second Quarter 4-1-12 to 6-30-12 | \$1.00 | \$0.25 |
| | First Quarter 1-1-12 to 3-31-12 | \$0.24 | \$0.05 |

| Fiscal Year 2011 | | High Bid | Low Bid |
|---------------------|------------------------------------|----------|---------|
| | Fourth Quarter 10-1-11 to 12-31-11 | \$0.11 | \$0.02 |
| | Third Quarter 7-1-11 to 9-30-11 | \$0.10 | \$0.05 |
| | Second Quarter 4-1-11 to 6-30-11 | \$0.22 | \$0.10 |
| | First Quarter 1-1-11 to 3-31-11 | \$0.22 | \$0.05 |

Dividends

We have not declared any cash dividends, nor do we intend to do so. We are not subject to any legal restrictions respecting the payment of dividends, except that they may not be paid to render us insolvent. Dividend policy will be based on our cash resources and needs and it is anticipated that all available cash will be needed for our operations in the foreseeable future.

A stock dividend was declared on February 11, 2008, wherein two additional common shares were issued for each one common share issued and outstanding as at February 25, 2008. We have not declared any other dividends.

Section 15(g) of the Securities Exchange Act of 1934