

Verdant Technology CORP
Form 10-K
April 15, 2009

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from **N/A** to **N/A**

Commission File Number: **000-50993**

Verdant Technology Corporation

(Name of small business issuer as specified in its charter)

Delaware
State of Incorporation

20-1680252
IRS Employer Identification No.

Two Allen Center, 1200 Smith Street, Suite 1600, Houston, Texas 77002

(Address of principal executive offices)

(713) 546-9000

(Issuer's telephone number)

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

None

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

Common Stock, \$0.001 par value per share

(Title of Class)

Common Stock, \$.0001 Par Value

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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Non-accelerated filer

Small Business Issuer

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

The aggregate market value of voting stock held by non-affiliates of the registrant on December 31, 2008 was approximately **\$8,775,375**. Solely for purposes of the foregoing calculation, all of the registrant's directors and officers as of December 31, 2008, are deemed to be affiliates. This determination of affiliate status for this purpose does not reflect a determination that any persons are affiliates for any other purposes.

State the number of shares outstanding of each of the issuer's classes of equity securities, as of the latest practicable date: As at April 15, 2009, there were 67,502,887 shares of Common Stock, \$0.01 par value per share issued.

Documents Incorporated By Reference: None

Verdant Technology Corporation
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FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008
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Definitions

Acronyms and defined terms used in this text include the following:

| | |
|---------------------------|---|
| APB | Accounting Principles Board |
| ARB | Accounting Review Board |
| Aureus | Aureus, LLC, a Florida limited liability company |
| EITF | Emerging Issues Task Force |
| EnviroTank | EnviroTank International, LLC, a Louisiana limited liability company and a wholly owned subsidiary (as of May 18, 2006) |
| ExTract System Technology | a crude oil recovery unit/tank cleaning system, designed to deal with the problem of sludge buildup on the bottom of crude oil storage tanks (previously the Envirotank technology) |
| FASB | Financial Accounting Standards Board |
| FSP | FASB Staff Position |
| JSW | Jewett, Schwartz, Wolfe & Associates |
| Legkow Technology | A concept utilizing surfactants and emulsions in the treatment and processing of crude oil, waste oils and oil slops |
| SAB | Staff Accounting Bulletin |
| SEC | Securities Exchange Commission |
| SFAS or FAS | Statement of Financial Accounting Standards |
| SynChem | SynChem Technologies, LLC, a Florida limited liability company, licensors of the Pulsor Technology and a wholly owned subsidiary (as of June 16, 2006) |
| Pulsor Technology | A 100% biodegradable, non-toxic, non-corrosive, proprietary compound that removes paraffin and asphaltene blockage at the well site (previously the V003 technology) |
| Verdant, VTC or Company | Verdant Technology Corporation, Delaware corporation |
| Verdant, Inc. | Verdant, Inc. an affiliate through common ownership and directors |
| YTD 2008 | the year ended December 31, 2008 |

Forward-Looking Statements

Forward Looking Statements Cautionary Language

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Certain statements made in these documents and in other written or oral statements made by Verdant Technology Corporation or on Verdant Technology Corporation's behalf are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA). A forward-looking statement is a statement that is not a historical fact and, without limitation, includes any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like: believe, anticipate, expect, estimate, project, shall and other words or phrases with similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, trends in our businesses, prospective products, future performance or financial results. Verdant Technology Corporation claims the protection afforded by the safe harbor for forward-looking statements provided by the PSLRA. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements. Risks and uncertainties that may cause actual results to vary materially, some of which are described in this filing. The risks included herein are not exhaustive. This annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the SEC include additional factors which could impact Verdant Technology Corporation's business and financial performance. Moreover, Verdant Technology Corporation operates in a rapidly changing and competitive environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. Further, it is not possible to assess the impact of all risk factors on

Verdant Technology Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, Verdant Technology Corporation disclaims any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of the report.

PART I

ITEM 1.

BUSINESS.

Except for historical information contained herein, the following discussion contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements include, but are not limited to, statements regarding future events and the Company's plans and expectations. Actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed elsewhere in this Form 10-K or incorporated herein by reference, including those set forth in *Management's Discussion and Analysis or Plan of Operation*.

As used in this annual report, we, us, our, Verdant, Company or our company refers to Verdant Technology Corporation.

Introduction

Verdant Technology Corporation is a Delaware corporation originally incorporated on October 12, 1995, under the name of Hospital Software of America, Inc. and has undergone a series of name changes that are described in the history of the company below. Most recently, Verdant Technology Corporation was renamed from HeartSTAT Technology, Inc., in March 2006. Unless otherwise specified, the Company, Verdant, we, our and us refers to Verdant Technology Corporation. Our principal executive offices are located at Two Allen Center, 1200 Smith Street, Suite 1600, Houston, TX 77002 and our telephone number is (713) 546-9000. Company information can be found on our corporate website: www.Verdant-Tech.com.

History of the Company

Verdant Technology Corporation was originally incorporated on October 12, 1995, as Hospital Software of America, Inc. and subsequently has changed its name and equity structure as follows:

On November 29, 1995, the Company changed its name to New Health Technologies, Inc., and at the same time effected a 10,000 to 1 reverse stock split, reducing the outstanding shares from 300,000,000 to 30,000.

On August 28, 1996, the Company changed its name to Pubbs Worldwide, Inc. and at the same time, effected a 35 to 1 reverse stock split, reducing the number of issued and outstanding shares from 14,000,000 to 400,000.

On April 5, 1999, the Company changed its name to Chasen's International Corporation and at the same time, effected a stock split of 100 to 1.

On July 6, 1999, the Company changed its corporate name to Tril-MediaNet.com.

On November 21, 2000, the Company changed its name to Tec Factory, Inc.

The Company had negligible operations between November 2000 and February 6, 2004.

On February 6, 2004, the Company entered into an Agreement to Purchase Assets (the Agreement) that included the purchase of the *HeartSTAT* CNBP/BF technology assets, referred to herein as the *HeartSTAT* CNBP/BF, from several parties. *HeartSTAT* CNBP/BF consists of patents and technology for a non-invasive monitoring of blood flow, perfusion and other cardiovascular and heart measures.

The Agreement provided for the issuance of 38,000,000 shares of common stock plus two royalty agreements, as consideration for the purchase for a 100% ownership of *HeartSTAT* CNBP/BF from a number of Interest Holders (defined below). The Interest Holders included the inventor and a number of investors that have been instrumental and partially responsible for advancing *HeartSTAT* CNBP/BF to its current status. In addition, the Company assumed \$20,000 of notes payable.

As part of the Agreement, the Company entered into a Commercialization Partnership Agreement (Exhibit B to the Agreement) with the Interest Holders whereby Ted Russell, the inventor of the technology, could exclusively license in perpetuity *HeartSTAT* CNBP/BF for the purpose of financing and concluding product commercialization activities if the Company were to fail to raise at least \$2,500,000 of net proceeds for product development by September 6, 2005. The terms of the exclusive license provided that the Company would be repaid for any investment capital provided and also would receive a royalty on net revenues of any derivative products.

On February 17, 2004, the Company changed its name to HeartSTAT Technology, Inc. in anticipation of the final closing of the Agreement to Purchase Assets, which concluded on March 18, 2004.

On August 15, 2005, due to the Company's inability to raise the required \$2,500,000, Ted Russell and HeartSTAT, Inc., a private company controlled by Mr. Ted Russell, executed an Asset Transfer Agreement with the Company for the transfer of HeartSTAT CNBP/BF to HeartSTAT, Inc., to permit Mr. Russell to continue the funding and commercialization of HeartSTAT CNBP/BF. The asset transfer was consummated on October 31, 2005 and the Company received the following in exchange for the assets:

Mr. Russell and the Hull Family returned 20,000,000 shares of the Company's common stock to treasury, which accounted for 41.3% of the then issued and outstanding stock in the company.

HeartSTAT, Inc. issued 133,207 shares of stock (representing 9.99% equity interest in HeartSTAT, Inc.) and a \$70,000 promissory note to Alexis BioMedical Technology Fund, Inc. (Alexis), a subsidiary created to hold and develop the Company's biomedical related technologies.

Mr. Russell and HeartSTAT, Inc. fully released the Company from payment of all amounts owed to them.

On November 1, 2005, FutureVest Inc. sold its convertible promissory note and its short-term advance payable by the Company to David J. Curd. As of November 1, 2005, \$184,566 in principal and \$19,808 in accrued interest was owed by the Company under the convertible note along with \$39,007 in short term advances. David J. Curd negotiated the conversion of these obligations into 40,000,000 restricted shares of common stock, thereby giving him or his designee(s) ownership of approximately 58.5% of the then issued and outstanding shares.

In addition, on November 1, 2005, the Company licensed two technologies from Verdant, Inc., a Nevada corporation of which David J. Curd and David P. Over are officers and directors. The Company paid nominal consideration for the technologies, which are referred to as the Legkow Technology and the V003 Technology.

The Legkow Technology refers to a concept relating to carbonaceous materials;

to produce a surfactant for use with crude oil and coal;

utilizing surfactants and emulsions in the treatment and processing of crude oil, waste oils and oil slops; and

utilizing gaseous emulsions in the removal and reduction of residues and pollution.

The Pulsor Technology refers to Pulsor Paraffin Solvent series, which are proprietary compounds that maximizes oil and gas production rates and reduce operating costs by removing paraffin and asphaltene blockage at the well site. The Company believes that the Pulsor Technology is 100% biodegradable, non-toxic, non-corrosive, and 100% compatible and safe for the environment.

On December 31, 2005, Mr. David J. Curd was elected as Chairman and Chief Executive Officer of the Company. He is currently a Managing Member of Director of Aureus, a business development / private equity firm based in Miami, Florida.

On December 31, 2005, Mr. David P. Over was elected as the President and a director of the Company. He is currently a Director with Aureus, a business development / private equity firm based in Miami, Florida.

Effective March 1, 2006, the Company changed its name to Verdant Technology Corporation pursuant to a February 15, 2006 Certificate of Amendment to its Articles of Incorporation.

On May 18, 2006, the Company acquired all of the assets of EnviroTank International, L.L.C., a Louisiana limited liability company (EnviroTank). The Company paid nominal consideration for the assets, which consisted primarily of the ExTract System technology for a crude oil recovery unit/tank cleaning system, designed to deal with the problem of sludge buildup on the bottom of crude oil storage tanks.

On June 16, 2006, the Company acquired all of the assets of SynChem Technologies, L.L.C., a Florida limited liability company (SynChem). The Company paid nominal consideration for the assets, which consist primarily of the Pulsor Technology that address problems associated with deposits of paraffinic and asphaltic compounds in the production, storage and refining segments of the petroleum industry.

On July 15, 2008, SynChem signed a Letter of Intent with PetroSUMINISTROS for the sale and distribution of certain SynChem Pulsor technology based solvents in the Latin American market. Negotiations are ongoing.

On October 2, 2008, VTC entered into a Technology Development and License Agreement (BSI Agreement) with Berkeley Springs Instruments, LLC (BSI) to develop, commercialize, license and potentially purchase certain sludge profile technology (Sounder). Sounder provides the ability to evaluate the sludge content of petroleum storage tanks and determine the optimum time to discontinue tank usage and effect a cleaning. The BSI Agreement calls for the development and commercialization of Sounder over several phases.

Business Strategy

Verdant is a technology acquisition and development company engaged in bringing innovative commercial energy technologies to market. We mandate each technology that we develop provide positive environmental benefits, while enhancing current and future energy resources. Our initial focus is on oil and gas and alternative energy technologies. We have developed strategies to bring such technologies to market.

Verdant's development strategy involves a series of steps designed to yield a commercialized technology ready for market. These steps are:

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The **initial screening** of portfolio applicant technologies utilizing a portfolio-based approach of specific criteria. Management believes that approximately 3% of applicant technologies will qualify for further development.

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A **technology and risk assessment profile** is created for each selected technology. Utilizing industry experts and consultants, the applicant technologies are filtered again through additional criteria and acceptable risk thresholds.

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Non-binding term sheets and/or letters of intent are put in place while the due diligence process is completed.

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Detailed business development plans are developed as a guide to structuring contractual arrangements with the applicant technologies.

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A unique **investment structure** is established for each technology to manage further development and prove-out.

Development and prove-out involves drawing together diverse industry expertise to enhance, refine and validate with third parties and field test with prospective customers. Intellectual property is strengthened via patents necessary to lead to a monetization strategy.

Verdant's monetization strategy involves selecting the appropriate model that will maximize the return on investment. These alternate models are:

Verdant Managed Commercialization The technology, intellectual property and assets are transferred to a subsidiary owned by Verdant and open to third party accredited investors. The subsidiary is managed as a stand alone company, structured to provide shareholder dividends at Verdant's option. At the appropriate maturation stage, the subsidiary may be sold, or, given suitable market conditions, spun-off as a public company.

Licensing/Royalty - The technology, intellectual property and assets are transferred to a subsidiary owned by Verdant and open to third party accredited investors. The subsidiary captures all royalties and or license fees earned for use of the technology. The technology may be licensed to existing industry manufacturers, service providers or distributors, or may provide the basis for franchise-like usage agreements for established product or service networks.

Joint Ventures and Partnerships The technology is shared by various parties wishing to add services or know-how to their existent business base, in order to give the participating partner an advantage over competitors. This scenario makes sense if the prospective partner already has a strong presence in the marketplace, enabling the technology to grow quickly. Opportunities like this will normally happen after the technology has demonstrated its effectiveness in field applications, but can also occur prior to development.

Verdant is currently in the implementation stage of its business strategy. It has discontinued the Legkow Technology due to technological considerations. However, it has identified three other technologies and has recently begun creating the infrastructure to develop them.

The Legkow Technology (Discontinued)

The Legkow Technology refers to a concept to produce a surfactant for use with carbonaceous materials such as crude oil and coal; a concept utilizing surfactants and emulsions in the treatment and processing of crude oil, waste oils and oil slops; and a concept utilizing gaseous emulsions in the removal and reduction of residues and pollution relating to carbonaceous materials. This technology is based on United States Patent No. 5,928,495, granted on July 27, 1999 to Alexander Legkow, who transferred the patent rights to Amcotech LLC, a Florida limited liability company. Verdant, Inc. acquired an exclusive global license to use the technology for all purposes under an agreement dated October 10, 2005 from Amcotech LLC and in turn licensed the technology to VTC. To date, no products utilizing this technology have been developed on a commercial basis and consequently no royalties or monies are due. Further development of this technology has been discontinued.

The Pulsor Technology

The Pulsor Technology refers to Pulsor Paraffin Solvent series, which are biodegradable solvents useful for dissolving paraffin wax deposits in oil wells, production lines, and storage tanks. Originally, Verdant, Inc. acquired an exclusive global license to use this technology for all purposes under an agreement dated October 26, 2005 from Synchem Technologies, LLC, a Florida limited liability company and in turn licensed the Pulsor Technology to VTC on November 1, 2005. However, on June 16, 2006, concurrent with the transfer of the Pulsor Technology rights to SynChem by its inventor, John P Acunto Synchem Technologies, LLC became a wholly owned subsidiary of VTC. The consideration for the Pulsor Technology was a royalty obligation equal to 25% of the net profits received from future contracts SynChem performs using the Pulsor Technology. Net profits shall mean the total proceeds of any contracts using the Pulsor Technology, less all costs incurred during implementation including, but not limited to, capital investments, operating costs, marketing administration, sales taxes, adjustments, and all other expenses needed to perform contracts and administer the Pulsor Technology. This royalty obligation is subject to a buyout option until June 16, 2011 for \$6,500,000. Upon acquisition of SynChem, the original license agreements between VTC, Verdant, Inc and SynChem became redundant.

In summary, SynChem, a wholly owned subsidiary of VTC (as of June 16, 2006) owns the Pulsor Technology and is obligated to pay royalties (as described above) to the inventor, John P Acunto, once commercial sales of derivative products begins. To date, no products utilizing this technology have been developed on a commercial basis.

The ExTract System Technology

The ExTract System Technology refers to a technology for a crude recovery unit/tank cleaning system, designed to deal with the problem of sludge buildup in the bottom of crude oil storage tanks. EnviroTank acquired the Technology under an agreement dated April 12, 2006 from Tracy Stewart, who formed EnviroTank for the purpose of exploiting the technology. On May 18, 2006, EnviroTank International, LLC became a wholly owned subsidiary of VTC. The consideration for the technology is a royalty obligation equal to 25% of the net profits received from future contracts EnviroTank performs using the technology. Net profits shall mean the total proceeds of any contracts using the technology, less all costs incurred during implementation including, but not limited to, capital investments, operating costs, marketing administration, sales taxes, adjustments, and all other expenses needed to perform contracts and administer the technology. This royalty obligation is subject to a buyout option until April 12, 2010 for \$3,500,000.

In summary, EnviroTank, a wholly owned subsidiary of VTC (as of May 18, 2006) owns the ExTract System Technology and is obligated to pay royalties (as described above) to the inventor, Tracy Stewart, once commercial sales of related products and services begins. To date, no products or services utilizing this technology have been developed on a commercial basis.

The Sounder Technology

On October 2, 2008, VTC entered into a Technology Development and License Agreement (BSI Agreement) with Berkeley Springs Instruments, LLC (BSI) to develop, commercialize, license and potentially purchase certain sludge profile technology (Sounder). Sounder provides the ability to evaluate the sludge content of petroleum storage tanks and determine the optimum time to discontinue tank usage and effect a cleaning. The Agreement calls for the development and commercialization of Sounder over several phases summarized as follows:

Phase One – Prototype Development and Testing

BSI will complete the development of a functional and working prototype within 60 days.

VTC commits to fund the Phase One costs up to maximum of \$35,000.

Phase Two – Commercial Production

BSI will demonstrate the commercial viability of Sounder within six (6) months.

VTC commits to fund Phase Two costs up to a maximum of \$160,000.

Phase Three - Right of Produce and Commercialize

BSI agrees to grant VTC an exclusive worldwide license at the completion of Phase Two, to further develop and commercialize Sounder for two years with one annual renewal option.

VTC holds purchase option for Sounder and all associated intellectual property for \$1,000,000.

VTC agrees to pay BSI 5% for any sales generated during the license period.

Employees

The Company currently has no employees other than its officers. Commencing in 2006, the Company engaged certain individuals and firms as consultants to provide technical and operations expertise relevant to the petroleum industry.

WHERE YOU CAN FIND MORE INFORMATION

You are advised to read this Form 10-K in conjunction with other reports and documents that we file from time to time with the SEC. In particular, please read our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we file from time to time. You may obtain copies of these reports directly from us or from the SEC at the SEC's Public Reference Room at 100 F. Street, N.E. Washington, D.C. 20549, and you may obtain information about obtaining access to the Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains information for electronic filers at its website <http://www.sec.gov>.

ITEM 1A.

RISK FACTORS.

An investment in our Common Stock is highly speculative, involves a high degree of risk and should be considered only by those persons who are able to afford a loss of their entire investment. In evaluating the Company and our business, prospective investors should carefully consider the following risk factors in addition to the other information included in this Annual Report.

Risks Related to Our Business

We have a history of losses and may incur losses in the future.

We sustained losses resulting in an accumulated deficit of \$4,504,720 as of December 31, 2008. We may never become profitable, or if we do, we may never be able to sustain profitability. We expect to incur significant expenses in commercializing our new focus on environmentally friendly petroleum related technology, particularly in the areas of marketing and administrative expenses. As a result, we expect to incur losses for the foreseeable future. We had no cash and cash equivalents nor did we have any available-for-sale short-term investments at December 31, 2008. We will need to rely on certain affiliated companies and strategic partners for providing funding, staffing and other operational resources necessary to implement our business strategies. We cannot assure you that we will not encounter unforeseen difficulties, including the outside influences that may deplete our capital resources more rapidly than anticipated. As a result, we may be required to seek additional investments that may dilute our equity interests. We cannot assure that additional funding will be available on favorable terms, if at all. If we fail to obtain additional funding when needed, we may not be able to execute our business plans or continue operations, and our business may suffer.

We began commercialization of our environmentally friendly petroleum technologies in 2006. Accordingly, have a little or no operating history of generating revenues from derived products and services. In addition, we are still developing our product and service offerings and you should consider our prospects in light of the risks, expenses and difficulties frequently encountered by companies with such limited operating histories. Since we have a limited operating history, we cannot assure you that our operations will be profitable or that we will generate sufficient revenues to meet our expenditures and support our activities.

Technology advances may make our technology obsolete or less competitive.

Our technologies compete with many players that have access to far more resources, have greater commercial experience and personnel than we do. Given recent events in the petroleum markets, we expect new competitors to emerge and the intensity of competition to increase in the future. If these companies are able to offer technological advances, our products may become less valuable or even obsolete. While we continue to enhance the technology of our products and services, we cannot provide any assurance that our competitors or new competitors will not enter the market with the same or similar technological advances before we do.

Our products and services operate in a heavily regulated environment where new regulations may cause use to incur losses.

Our technologies and processes target customers who deal in materials whose use must be carefully managed. The regulatory climate could change adversely for these materials, which are subject to environmental and health and safety laws and regulations. If we or our products and services were to be found in violation of these laws and regulations, we may face fines or other penalties or worse trigger the suspension of or the reengineering of our products and services, which could materially impact our operations.

Our technologies face uncertain market value.

Our technologies are at a very early stage of commercialization and have not been entirely field proven or commercialized on a long-term basis. Technology, compounds and designs may fail to perform as specified, or that unknown technical issues may arise. The hydrocarbon market is generally slow to accept new technology. The level of market acceptance of these technologies, products and services will have a significant impact upon our results of operations. There are no assurances that our technology and derivative products will be favorably accepted and adopted in the market.

We are deploying new and unproven technologies, which make evaluation of our business and prospects difficult, and we may be forced to cease operations if we do not develop commercially successful products.

We have not proven our ability to commercialize products on a large scale. In order to successfully commercialize products on a large scale, we will have to make significant investments, including investments in research and development and testing, to demonstrate their technical benefits and cost-effectiveness. Problems frequently

encountered in connection with the commercialization of products using new and unproven technologies might limit our ability to develop and commercialize our products. For example, our products may be found to be ineffective, unreliable or otherwise unsatisfactory to potential customers. We may experience unforeseen technical complications in the processes we use to develop, manufacture, customize or receive orders for our products. These complications could materially delay or limit the use of products we attempt to commercialize, substantially increase the anticipated cost of our products or prevent us from implementing our processes at appropriate quality and scale levels, thereby causing our business to suffer.

If we do not enter into successful partnerships and collaborations with other companies, we may not be able to fully develop our technologies or products, and our business would be harmed.

Since we do not possess all of the resources necessary to develop and commercialize products on a world-wide scale, we will need either to grow our sales, marketing and support groups or make appropriate arrangements with strategic partners to market, sell and support our products. We believe that we will have to enter into additional strategic partnerships to develop and commercialize future products. If we do not enter into adequate agreements, or if our existing arrangements or future agreements are not successful, our ability to develop and commercialize products will be impacted negatively, and our revenues will be adversely affected.

We have limited experience commercially manufacturing, marketing or selling any of our potential products and services, and unless we develop or acquire these capabilities, we may not be successful.

Even if we are able to develop our products and services for commercial release on a large scale, we have limited experience in manufacturing our products in the volumes that will be necessary for us to achieve commercial sales and in marketing or selling our products to potential customers. We cannot assure you that we will be able to commercially produce our products on a timely basis, in sufficient quantities or on commercially reasonable terms.

Our future success depends on the continued service of our engineering, technical and key management personnel and our ability to identify, hire and retain additional engineering, technical and key management personnel.

There is intense competition for qualified personnel in our industry, particularly for engineers and senior level management. Loss of the services of, or failure to recruit, engineers or other technical and key management personnel could be significantly detrimental to the group and could adversely affect our business and operating results. We may not be able to continue to attract and retain engineers or other qualified personnel necessary for the development of our products and business or to replace engineers or other qualified personnel who may leave the group in the future. Our anticipated growth is expected to place increased demands on our resources and likely will require the addition of new management personnel.

Any inability to adequately protect our proprietary technologies could materially harm our competitive position and financial results.

If we do not protect our intellectual property adequately, competitors may be able to use our technologies and erode any competitive advantage that we may have. The laws of some foreign countries do not protect proprietary rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting their proprietary rights abroad. These problems can be caused by the absence of laws, rules and/or methods for defending intellectual property rights.

The patent positions of companies developing tools for the petroleum community, including our patent position, generally are uncertain and involve complex legal and factual questions. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies are covered by valid and enforceable patents or are effectively maintained as trade secrets. Our existing patents and any future issued or granted patents we obtain may not be sufficiently broad in scope to prevent others from practicing our technologies or from developing competing products. Also there is a risk that others may independently develop similar or alternative technologies or design around our patented technologies. In addition, others may cause reexamination of our patents in the United States or may oppose our patents in Europe, either of which may result in narrower patent claims or cancellation of some or all of the patent claims. Moreover, our patents may be invalidated during enforcement proceedings or may fail to provide us with any competitive advantage. Enforcing our intellectual property rights may be difficult, costly, and time-consuming and, ultimately, may not be successful.

We also rely upon trade secret protection of our confidential and proprietary information. While we have taken security measures to protect our proprietary information, these measures may not provide adequate protection for our trade secrets or other proprietary information. We seek to protect our proprietary information by entering into confidentiality and invention disclosure and transfer agreements with employees, collaborators and consultants. Nevertheless, employees, collaborators or consultants still may disclose our proprietary information, and we may not

be able to meaningfully protect our trade secrets. In addition, others may independently develop substantially equivalent proprietary information or techniques or otherwise gain access to our trade secrets.

We intend to operate in international markets the complexities of which may exceed our ability to anticipate and prepare for differences in regulations, operations and financial management.

We intend to operate in international markets that are subject to a multiple risks, including currency, regulation, political and distant management. There are no assurances that we will succeed in establishing and maintaining international operations.

As a public company we are subject to complex legal and accounting requirements that will require us to incur significant expenses and will expose us to risk of non-compliance.

As a public company, we are subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Our relative inexperience with these requirements may increase the cost of compliance and may also increase the risk that we will fail to comply. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, our inability to file required periodic reports on a timely basis, loss of market confidence, delisting of our securities and/or governmental or private actions against us. We cannot assure you that we will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis- -vis our privately held and larger public competitors.

Risks Related to Our Securities

Future sales or the potential for future sales of our securities may cause the trading price of our common stock to decline and could impair our ability to raise capital through subsequent equity offerings.

Sales of a substantial number of shares of our common stock or other securities in the public markets, or the perception that these sales may occur, could cause the market price of our common stock or other securities to decline and could materially impair our ability to raise capital through the sale of additional securities.

We may fail to meet market expectations because of fluctuations in our quarterly operating results, which could cause our stock price to decline.

Our revenues and operating results may fluctuate significantly from quarter to quarter in the future. It is possible that in future periods our revenues could fall below the expectations of securities analysts or investors, which could cause the market price of our stock to decline. The following are among the factors that could cause our operating results to fluctuate significantly from period to period:

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unpredictable revenue sources;

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the nature, pricing and timing of our and our competitors' products;

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changes in our and our competitors' research and development budgets;

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expenses related to, and our ability to comply with, governmental regulations of our products and processes; and

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expenses related to, and the results of, patent filings and other proceedings relating to intellectual property rights.

We anticipate significant fixed expenses due in part to our need to continue to invest in the commercialization of our products and services. We may be unable to adjust our expenditures if revenues in a particular period fail to meet our

expectations, which would harm our operating results for that period. As a result of these fluctuations, we believe that period-to-period comparisons of our financial results will not necessarily be meaningful, and you should not rely on these comparisons as an indication of our future performance.

Our Common Stock Is Subject To Penny Stock Regulation

Our shares are subject to the provisions of Section 15(g) and Rule 15g-9 of the Securities Exchange Act of 1934, as amended (the Exchange Act), commonly referred to as the penny stock rule. Section 15(g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act. The Commission generally defines penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be penny stock unless that security is: registered and traded on a national securities exchange meeting specified criteria set by the Commission; authorized for quotation on the NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least \$5.00 per share) or the registrant's net tangible assets; or exempted from the definition by the Commission. Since our shares are deemed to be penny stock, trading in the shares will be subject to additional sales practice requirements on broker/dealers who sell penny stock to persons other than established customers and accredited investors.

We Do Not Intend To Pay Dividends

We do not anticipate paying cash dividends on our common stock in the foreseeable future. We may not have sufficient funds to legally pay dividends. Even if funds are legally available to pay dividends, we may nevertheless decide in our sole discretion not to pay dividends. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors our board of directors may consider relevant. There is no assurance that we will pay any dividends in the future, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend.

Failure To Achieve And Maintain Effective Internal Controls In Accordance With Section 404 Of The Sarbanes-Oxley Act Could Have A Material Adverse Effect On Our Business And Operating Results.

It may be time consuming, difficult and costly for us to develop and implement the additional internal controls, processes and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial

reporting, internal auditing and other finance staff in order to develop and implement appropriate additional internal controls, processes and reporting procedures. If we are unable to comply with these requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications that the Sarbanes-Oxley Act requires of publicly traded companies.

If we fail to comply in a timely manner with the requirements of Section 404 of the Sarbanes-Oxley Act regarding internal control over financial reporting or to remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act and current SEC regulations, we are required to prepare assessments regarding internal controls over financial reporting and beginning with this annual report on Form 10-K for our fiscal period ending December 31, 2008. We have begun the process of documenting and testing our internal control procedures in order to satisfy these requirements, which is likely to result in increased general and administrative expenses and may shift management time and attention from revenue-generating activities to compliance activities.

In addition, in connection with our on-going assessment of the effectiveness of our internal control over financial reporting, we may discover material weaknesses in our internal controls as defined in standards established by the Public Company Accounting Oversight Board, or the PCAOB. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The PCAOB defines significant deficiency as a deficiency that results in more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected.

In the event that a material weakness is identified, we will employ qualified personnel and adopt and implement policies and procedures to address any material weaknesses that we identify. However, the process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. We cannot assure you that the measures we will take will remediate any material weaknesses that we may identify or that we will implement and maintain adequate controls over our financial process and reporting in the future.

Any failure to complete our assessment of our internal control over financial reporting, to remediate any material weaknesses that we may identify or to implement new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of the

periodic management evaluations of our internal controls and, in the case of a failure to remediate any material weaknesses that we may identify, would adversely affect the annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting that are required under Section 404 of the Sarbanes-Oxley Act. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

The Report of Our Independent Registered Public Accounting Firm Contains Explanatory Language That Substantial Doubt Exists About Our Ability To Continue As A Going Concern

The independent auditor's report on our financial statements contains explanatory language that substantial doubt exists about our ability to continue as a going concern. The report states that we depend on the continued contributions of our executive officers to work effectively as a team, to execute our business strategy and to manage our business. The loss of key personnel, or their failure to work effectively, could have a material adverse effect on our business, financial condition, and results of operations. If we are unable to obtain sufficient financing in the near term or achieve profitability, then we would, in all likelihood, experience severe liquidity problems and may have to curtail our operations. If we curtail our operations, we may be placed into bankruptcy or undergo liquidation, the result of which will adversely affect the value of our common shares.

ITEM 1B.

UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2.

PROPERTIES.

Aside from the corporate headquarters address, the Company also has an office location at 3501 N. Causeway Blvd., Suite 300, Metairie, LA 70002 where it leases 150 square feet through its subsidiary company, EnviroTank International LLC. The lease provides for \$1,259 monthly recurring rent charge plus any additional monthly usage fees. This lease commenced November 1, 2006 and renews annually until cancelled with 30 days advance notice.

The Company also has a regional office at 4801 Woodway Drive, Suite 300 East, Houston, TX 77056 where it leases 150 square feet from its affiliate, Verdant Inc. The lease provides for \$1,717 monthly recurring rent charge plus any additional monthly usage fees. This lease commenced on September 1, 2008 and renews annually until cancelled with 30 days advance notice. This lease has been terminated as of January 31, 2009.

ITEM 3.

LEGAL PROCEEDINGS.

We are currently not involved in any litigation that we believe could have a materially adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company's or our company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of shareholders of the Company during the fourth quarter of the fiscal year ended December 31, 2008.

PART II

ITEM 5.

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

Market Information

Our common stock has been trading on the over-the-counter pink sheets published by the National Quotation Bureau, Inc. (Pink Sheets) under the symbol VTHC.PK effective March 1, 2006 and has traded under several other symbols since it was first listed on June 9, 1998, as follows:

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HSTA

from March 1, 2004 to February 28, 2006,

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TECF

from November 28, 2000 to February 29, 2004,

.

TMDN

from August 10, 1999 to November 27, 2000,

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CIIT

from April 6, 1999 to August 9, 1999,

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PUBS

from June 9, 1998 until April 5, 1999.

In general there is greater liquidity for traded securities on the OTCBB, and less through quotation in the Pink Sheets. In order for our common stock to trade on the OTCBB, a registered broker-dealer, known as the market maker, must be willing to list bid or sale quotations, sponsor the Company for listing on the Bulletin Board and file an application on our behalf to make a market in our securities. We have not, as of this date, contacted a market maker for sponsorship of our securities on the OTCBB. Securities that are quoted in the Pink Sheets do not have any listing requirements and can be difficult to buy and sell due to the potential for low and sporadic trading activity. The trading markets may be influenced by many factors, including the depth and liquidity of the market for such securities, developments affecting our business generally, the impact of the factors discussed under Part I, Item 1A Risk Factors, investors' perceptions of our company and its business, our operating results, our dividend policies and general economic and market conditions.

Common Stock

Our articles of incorporation authorize us to issue up to Eighty Million (80,000,000) shares of common stock, par value \$.0001. At December 31, 2008, we had issued and outstanding 67,502,887 shares of common stock of which, 40,426,100 shares or 60% was owned by our officers and directors. There were no options or restricted stock issued under our 2004 Stock Option Plan.

Holder of shares of common stock are entitled to one vote for each share on all matters to be voted on by the shareholders. Holders of common stock have no cumulative voting rights. In the event of liquidation, dissolution or winding up of the Company, the holders of shares of common stock are entitled to share, pro rata, all assets remaining after payment in full of all liabilities. Holders of common stock have no preemptive rights to purchase our common stock. There are no conversion rights or redemption or sinking fund provisions with respect to the common stock. All of the outstanding shares of common stock are validly issued, fully paid and non-assessable.

The following table sets forth the range of high and low bid quotations for each fiscal quarter for the last two fiscal years. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions.

| Fiscal Quarter Ending | High Bid | Low Bid |
|------------------------------|-----------------|----------------|
| March 31, 2007 | \$ 0.80 | \$ 0.40 |
| June 30, 2007 | \$ 0.85 | \$ 0.40 |
| September 30, 2007 | \$ 0.90 | \$ 0.45 |
| December 31, 2007 | \$ 0.90 | \$ 0.30 |
| March 31, 2008 | \$ 0.70 | \$ 0.31 |
| June 30, 2008 | \$ 0.70 | \$ 0.04 |
| September 30, 2008 | \$ 0.18 | \$ 0.05 |
| December 31, 2008 | \$ 0.65 | \$ 0.10 |

The quotations set forth above reflect inter-dealer prices, without retail markup, markdown, or commission, and may not necessarily represent actual transactions.

On April 15, 2009, the closing price for the common stock was \$0.025.

Transfer Agent and Registrar

The transfer agent for our common stock is Corporate Stock Transfer, Inc., 3200 Cherry Creek Drive South, Suite 430, Denver, CO 80209.

Number of Stockholders

As of December 31, 2008, there were approximately 67,502,887 shares of common stock issued and outstanding to 1,173 shareholders.

Securities Authorized for Issuance Under Stock Option Plans

The following table sets forth information as of December 31, 2008:

| Plan category | Equity Compensation Plan Information | | Number of securities remaining available for future issuance under equity |
|----------------------|---|---|--|
| | Number of securities to be issued upon exercise of | Weighted-average exercise price of outstanding | |

| | outstanding options, warrants and rights (a) | options, warrants and rights (b) | compensation plans (excluding securities reflected in column (a)) (c) |
|--|--|--|--|
| Equity compensation plans approved by security holders | None | 0 | None |
| Equity compensation plans not approved by security holders | None | 0 | None |
| Total | None | 0 | None |

Dividend Policy

We have not paid a dividend since incorporation and we do not anticipate paying any dividends in the future. We intend to retain earnings to finance the expansion of our business and for general working capital purposes. The Board of Directors may, however, determine whether we will pay dividends, depending on our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends and other relevant factors. No assurance is given as to our ability or willingness to pay dividends in the future.

ITEM 7.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion should be read in conjunction with our financial statements included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors including those set forth under the heading "Risk Factors" elsewhere herein. The Company's financial statements have been prepared in accordance with United States generally accepted accounting principles.

Overview

The Company is continuously searching for additional technologies, exploring the market for potential customers, developing commercialization strategies, developing business models for global commercialization, handling various operational matters in efforts to protect its portfolio of new technologies and also and the management of various administrative matters.

During Q4 2008, the Company has continued reviewing, acquiring various paraffins and other testing materials for further testing of its Pulsor technology (formerly V003 technology) via its subsidiary company, Synchem Technologies LLC. The Company was also actively reviewing, editing and filing trademarks and patents for its Pulsor technology.

The Company has also developed various marketing materials, procedure manuals and other required documents for the commercialization of its portfolio technologies. The Company was also actively reviewing, editing and filing trademarks and patents for its ExTract technology (formerly EnviroTank technology).

In March 2009, the Company brought current its 2005-2008 filings with the SEC.

The Company also began the beginning stages of developing the prototype model for its new technology, the Sounder technology. Further testing and review will be carried out in Q1 2009.

The Company also further developed its commercialization strategy.

Going Concern

As shown in the accompanying financial statements, the Company has reported recurring losses from operations. It experienced losses of \$1,413,826 during YTD-2008 and had a total shareholders' deficiency of \$4,188,296 and a net working capital deficit of \$4,189,072 as of December 31, 2008. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management's plans in regard to this matter are to raise equity capital and seek strategic relationships and alliances in order to initiate the commercialization of its new technologies in an effort to generate positive cash flow. Until its technologies become commercially viable, the Company must continue to rely upon equity infusions in order to provide adequate liquidity to sustain its operations.

The financial statements have been prepared on a going concern basis and accordingly do not include any adjustments that might result from the outcome of this uncertainty.

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing these financial statements, we make assumptions, judgments and estimates that can have a significant impact on amounts reported in our financial statements. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis we evaluate our assumptions, judgments and estimates and make changes accordingly.

A critical accounting policy is defined as one that is both material to the presentation of our financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on our financial condition and results of operations. We believe that, of the significant accounting policies discussed in Note 3 to our financial statements, the following accounting policies require our most difficult, subjective or complex judgments:

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valuation of long-lived assets.

We discuss below the critical accounting assumptions, judgments and estimates associated with these policies. Historically, our assumptions, judgments and estimates relative to our critical accounting policies have not differed materially from actual results. For further information on our critical accounting policies, refer to Note 3 to the financial statements included elsewhere herein.

Valuation of long-lived assets. Our long-lived assets include property, equipment intangible license rights and goodwill. We assess impairment of long-lived assets whenever changes or events indicate that the carrying value may not be recoverable. In performing our assessment we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. As of December 31, 2008 we valued our long-lived assets other than equipment, at \$0 as estimated future cash flows generated from such intangible assets, usage rights and licenses are uncertain. Equipment is valued at its acquisition cost net of accumulated depreciation. Although the Company has yet to generate sufficient revenues to sustain its operations, funding sources have provided adequate cash flow to fund its operations. Accordingly, equipment does not reflect any impairment.

Results of Operations

The following discussion and analysis addresses the major factors that affected our operations and financial condition reflected in our unaudited financial statements for the years ended December 31, 2008 and 2007. This discussion is intended to supplement and highlight information contained in, and should be read in conjunction with, our financial statements and related notes and the selected financial data presented elsewhere in this report.

Year Ended December 31, 2008 (YTD-2008) Compared to the Year Ended December 31, 2007 (YTD-2007)

Revenue - we had not yet generated any operating revenues.

Operating expenses - consisted of consulting fees and related expenses for executive personnel, professional fees and other general corporate expenses. Operating expenses increased \$58,098 (4.3%) to \$1,420,894 (YTD-2008) from \$1,362,796 (YTD-2007), due to the following:

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a \$51,582 (44.5%) increase in legal and professional fees primarily associated with the further development and protection of the Pulsor and Extract technologies involving: contract negotiations, legal review, patent and trademark

protection and administrative matters;

a \$86,580 (12%) decrease in corporate management fees as a result of decreased travel requirements and expenditures and decreased consulting requirements by the affiliated company on behalf of Verdant for 2008; and

a \$93,096 (17.7%) increase in general and administrative expenses as a result of increased development costs on behalf of subsidiary companies as well as other operational overhead costs.

These charges reflect the Company's focus on developing, acquiring and commercializing its portfolio of new energy related technologies.

Net loss - increased \$51,030 (4.3%) to \$1,413,826 (YTD-2008) from \$1,362,796 (YTD-2007) as a result of the impact of items discussed above in addition to \$7,068 of miscellaneous income as a result of retiring a non-existing obligation.

Liquidity and Capital Resources

The Company's working capital deficit increased \$1,412,940 (50.9%) to \$4,189,072 as of December 31, 2008 from \$2,776,132 as of December 31, 2007. The Company had \$1,482 in cash at December 31, 2008, but maintains informal arrangements with Verdant, Inc. and David Curd along with other affiliated companies, to continue to finance the Company's operations.

The Company has been funded by Verdant, Inc., a related company. Verdant, Inc. is related as a result of David J. Curd's appointment as CEO of the Company, a position he also holds at Verdant, Inc. Verdant, Inc. has indicated that it will continue to fund the operating and development expenses of the Company. At December 31, 2008, \$20,000 of short-term advances were due to Verdant Inc. The advance bears interest and no interest was owed to Verdant, Inc. at December 31, 2008. In addition, \$3,734,959 of the accounts payable and accrued expense was also due to Verdant, Inc. for expenses paid by Verdant, Inc. on behalf of the Company. This payable has not been formalized in the form of notes, but represents accumulated unpaid invoices for services and expenditures made. Past due balances accrue interest at an effective rate of 9%.

Plan of Operation

As shown in the accompanying financial statements, the Company has reported recurring losses from operations. It experienced losses of \$1,413,826 during YTD-2008 and had a net deficiency in equity of \$4,188,296 and a net working capital deficit of \$4,189,072 as of December 31, 2008. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management's plans in regard to this matter are to raise equity capital and seek strategic relationships and alliances in order to initiate the commercialization of its new portfolio of technologies in an effort to generate positive cash flow. Until its technologies become commercially viable, the Company will be dependent upon financing provided by its shareholders, related parties and investors to sustain its operations and development activities.

Off Balance Sheet Arrangements

We have not entered into off-balance sheet financing arrangements, other than operating leases. We have no significant commitments for capital expenditures in 2008. Other than as set forth below, we have no committed funding or long-term debt. Our material known future cash commitments are as follows as of December 31, 2008:

Payments due by Period

| | 2009 | 2010 | 2011 | 2012 | 2013 and Thereafter |
|------------------|------------|------------|--------------|--------------|------------------------|
| Operating leases | \$ 119,604 | \$ 135,000 | \$ 180,000 | \$ 180,000 | \$ 180,000 |
| Royalties | 0 | 0 | 1,164,559 | 3,659,200 | 5,145,640 |
| Total | \$ 119,604 | \$ 135,000 | \$ 1,344,559 | \$ 3,893,200 | \$ 5,325,640 |

Recent Accounting Pronouncements

Refer to Note 3 to the financial statements included elsewhere herein.

ITEM 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not hold any derivative instruments and do not engage in any hedging activities

ITEM 8.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and related financial information required to be filed hereunder are indexed under Item 15 of this report and are incorporated herein by reference.

ITEM 9.

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

We have no changes or disagreements with our auditors, Jewett, Swartz, Wolfe & Associates

ITEM 9A.

CONTROLS AND PROCEDURES.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management team, under the supervision and with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), as of the last day of the fiscal period covered by this report, May 31, 2008. The term disclosure controls and procedures means our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2008.

Our principal executive officer and our principal financial officer, are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Management is required to base its assessment of the effectiveness of our internal control over financial reporting on a suitable, recognized control framework, such as the framework developed by the Committee of Sponsoring Organizations (COSO). The COSO framework, published in *Internal Control-Integrated Framework*, is known as the COSO Report. Our principal executive officer and our principal financial officer, have has chosen the COSO framework on which to base its assessment. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2008.

This annual report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report on Form 10-K.

There were no changes in our internal control over financial reporting that occurred during the last quarter of 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Our principal executive officer and our principal financial officer, report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable and not absolute assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of certain events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control Over Financial Reporting

During the fiscal year ended December 31, 2008, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

LACK OF INDEPENDENT BOARD OF DIRECTORS AND AUDIT COMMITTEE

Management is aware that an audit committee composed of the requisite number of independent members along with a qualified financial expert has not yet been established. Considering the costs associated with procuring and providing the infrastructure to support an independent audit committee and the limited number of transactions, Management has concluded that the risks associated with the lack of an independent audit committee are not justified. Management will periodically reevaluate this situation.

LACK OF SEGREGATION OF DUTIES

Management is aware that there is a lack of segregation of duties at the Company due to the small number of employees dealing with general administrative and financial matters. However, at this time management has decided that considering the abilities of the employees now involved and the control procedures in place, the risks associated with such lack of segregation are low and the potential benefits of adding employees to clearly segregate duties do not justify the substantial expenses associated with such increases. Management will periodically reevaluate this situation

ITEM 9B.

OTHER INFORMATION.

None.

PART III

ITEM 10.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Executive Officers and Directors

Our executive officers and directors at the date of this filing are:

| Name | Age | Position |
|---------------|------------|--|
| David J. Curd | 40 | Director and Chief Executive Officer and Interim CFO |
| David P. Over | 45 | Director and President |
| Gary Rodney** | 59 | CFO |

**CFO, appointed September 23, 2008, commencing as CFO in Q1 2009.

Our shareholders elect our directors annually and our board of directors appoints our officers annually. Any vacancies in our board to be are filled by the board itself. Set forth below is a brief description of their recent employment and business experience.

David J. Curd, Director, Chief Executive Officer and Interim Chief Financial Officer

On December 31, 2005, Mr. David J. Curd was elected as Chairman and Chief Executive Officer of the Company. From 1990 through 1994, Mr. Curd held senior executive positions within two of Europe's largest publicly quoted media Groups - Sterling Publications Plc. and Harrington Kilbride Plc. In 1994, Mr. Curd established his own media company, CIP Inc. that he successfully sold to private investor group in 2002. Since April 2002, Mr. Curd has funded and managed projects in the real estate, telecommunications and energy sections. Mr. Curd is currently on the Board of Managers of Aureus LLC, a business development / private equity firm based in Miami Beach, Florida.

David P. Over, Director & President

On December 31, 2005, David P. Over was elected as the President and a director of the Company. From 1987 through 1995, Mr. Over held the position of Business Development Director with Harrington Kilbride Plc. In 1996, Mr. Over was recruited as Managing Director of CIP Inc., a U.K. and U.S. based media company specializing in sports publishing, sponsorship and Internet marketing. Since September 2001, Mr. Over has acted as an international business consultant. Mr. Over is currently on the Board of Managers of Aureus, LLC, a business development / private equity firm based in Miami Beach, Florida.

Gary Rodney, CFO

Effective September 23, 2008, the Company engaged the services of ProLianze Group, LLC and specifically the services of one of its Principals, Gary Rodney, MBA, CPA to provide financial consulting services and to function as the Company's interim Chief Financial Officer as of Q1 2009. As a consultant, Mr. Rodney has extensive experience in assisting small and emerging companies comply with the various SEC financial reporting requirements. Mr. Rodney has also served as Chief Financial Officer of several public and private enterprises, among them are Catalina Lighting, Inc., a multinational public manufacture of consumer lighting products; Holiday RV Superstores a public RV dealership; Command Software Systems, a private international developer of AntiVirus and CD recording software. Mr. Rodney was a audit manager with Price Waterhouse Coopers and earned degrees from Florida International University (BA) and Barry University (MBA).

Conflicts of Interest

Members of our management are associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and directors of our company. Although the officers and directors are engaged in other business activities, we anticipate they will devote an important amount of time to our affairs.

Our officers and directors are now and may in the future become shareholders, officers or directors of other companies, which may be formed for the purpose of engaging in business activities similar to ours. Accordingly, additional direct conflicts of interest may arise in the future with respect to such individuals acting on behalf of us or other entities. Moreover, additional conflicts of interest may arise with respect to opportunities which come to the attention of such individuals in the performance of their duties or otherwise. Currently, we do not have a right of first refusal pertaining to opportunities that come to their attention and may relate to our business operations.

Our officers and directors are, so long as they are our officers or directors, subject to the restriction that all opportunities contemplated by our plan of operation which come to their attention, either in the performance of their duties or in any other manner, will be considered opportunities of, and be made available to us and the companies that they are affiliated with on an equal basis. A breach of this requirement will be a breach of the fiduciary duties of the officer or director. If we or the companies with which the officers and directors are affiliated both desire to take advantage of an opportunity, then said officers and directors would abstain from negotiating and voting upon the opportunity. However, all directors may still individually take advantage of opportunities if we should decline to do so. Except as set forth above, we have not adopted any other conflict of interest policy with respect to such transactions.

Involvement in Certain Legal Proceedings

To the best of the Company’s knowledge, during the past five years, none of the following occurred with respect to a present or former director or executive officer of the Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the commodities futures trading commission to have violated a Federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Section 16(a) Beneficial Ownership Reporting Compliance

Officers and directors, and persons who own more than 10% of a registered class of the Company’s equity securities, are required to file reports of ownership and changes in ownership with the Securities and Exchange Commission pursuant to Section 16(a) of the Securities Exchange Act of 1934. The following table sets forth reports that were not filed on a timely basis during the most recently completed fiscal year:

| Reporting Person | Date Report Due | Date Report Filed |
|-------------------------|------------------------|--------------------------|
| David J. Curd | Form 3 due 11/11/05 | 01/13/06 |
| David P. Over | Form 3 due 01/10/06 | 01/13/06 |

Code of Conduct

The Company has adopted a code of business conduct and ethics that applies to its directors, officers, and employees, including its principal executive officers, principal financial officer, principal accounting officer, controller or persons performing similar functions. The Financial Code of Business Conduct was filed as Exhibit 14.1 to the Annual Report on Form 10-K for December 31, 2005.

ITEM 11.**EXECUTIVE COMPENSATION.**

The following tables set forth certain summary information concerning the compensation paid or accrued during each of our last three completed fiscal years to our chief executive officer and each of our other executive officers who received compensation in excess of \$100,000 during such period (as determined at December 31, 2008, the end of our last completed fiscal year):

Summary Compensation**SUMMARY COMPENSATION TABLE**

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non Equity Incentive Plan Compensation (\$) | Change in Pension | All Other Compensation (\$) | Total (\$) |
|---|------|----------------|---------------|-------------------------|--------------------------|--|--|-----------------------------------|---------------|
| | | | | | | | Value and Non- qualified Deferred Compensation (\$) | | |
| David J. Curd (1) CEO | 2008 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| | 2007 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| David P. Over (2) President | 2008 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| | 2007 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Garrett Krause (3) CEO and President | 2006 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| James R. Hudson (4) | | | | | | | | | |

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| | | | | | | | | | |
|--------------------------------------|------|-----|-----|-----|-----|-----|-----|----------|----------|
| CEO and President | 2006 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| Ted Russell (5) CEO and President | 2005 | -0- | -0- | -0- | -0- | -0- | -0- | -60,000- | -60,000- |
| | | | -0- | | | -0- | -0- | | |
| Robert G. Taylor (6) President | 2006 | -0- | -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| | 2005 | -0- | | | -0- | -0- | | -0- | -0- |

(1)

Mr. Curd currently serves as Chief Executive Officer commencing December 31, 2005.

(2)

Mr. Over currently serves as President commencing December 31, 2005.

(3)

Mr. Krause served as Chief Executive Officer and President from February 5, 2005 to December 31, 2005.

(4)

Mr. Hudson served as President from April 1, 2004 to February 5, 2005 and as Chief Executive Officer from October 8, 2004 to February 5, 2005.

(5)

Mr. Russell served as Chief Executive Officer from April 1, 2004 to October 8, 2004. He was the President from November 1, 2004 to August 15, 2005. Mr. Russell was not an officer or director of the Company at the time we filed our registration statement on Form 10-SB (October 20, 2004).

(6)

Mr. Taylor was the President from January 2001 through February 27, 2004. He had no compensation from the company.

Stock Option Grants

There were no stock options granted on common shares in fiscal year 2008, with respect to the Chief Executive Officer and the other named executives listed in the Summary Compensation Table.

Stock Option Exercised

There were no stock options exercised on common shares in fiscal year 2008, with respect to the Chief Executive Officer and the other named executives listed in the Summary Compensation Table.

Outstanding Equity Awards at Fiscal Year-End

None.

Aggregated Option Exercises and Fiscal Year-End Option Values

None

Long-Term Incentive Plan Awards Table

We do not have any Long-Term Incentive Plans.

Pension Benefits Table

None.

Nonqualified Deferred Compensation Table

None.

All Other Compensation Table

None

Perquisites Table

None

Potential Payments Upon Termination Or Change In Control Table

None

Employment Agreements

We have not entered into employment agreements with any of our officers. Salaries payable to our officers are subject to adjustment and deferral based on operations and cash flow of the Company. No salaries were paid to or deferred for our officers. Each of our officers are eligible to receive and participate in all benefit, bonus, retirement, health, insurance and incentive programs provided by the Company for its employees, if and when they become available.

Expense Reimbursement

We will reimburse our officers and directors for reasonable expenses incurred during the course of their performance.

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

The following table sets forth certain information regarding beneficial ownership of the common stock as of April 15, 2008, by (i) each person who is known by the Company to own beneficially more than 5% of the any classes of outstanding Stock, (ii) each director of the Company, (iii) each of the Chief Executive Officers and the four (4) most highly compensated executive officers who earned in excess of \$100,000 for all services in all capacities (collectively, the Named Executive Officers) and (iv) all directors and executive officers of the Company as a group.

The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 and 13d-5 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. The Company believes that each individual or entity named has sole investment and voting power with respect to the securities indicated as beneficially owned by them, subject to community property laws, where applicable, except where otherwise noted.

| Name and Address of Beneficial Owner (1) | Amount and Nature of Beneficial Ownership | Percent of Class (2) |
|--|--|---------------------------------|
| Verdant Investment Partners Ltd. (David J. Curd)(3) Trident Chambers P.O. Box 146 Road Town Tortola British Virgin Islands | 40,000,000 | 59.3 % |
| David J. Curd 801 Brickell Avenue, Suite 900 Miami, FL 33131 | 426,100 | 0.06 % |
| David P. Over 801 Brickell Avenue, Suite 900 Miami, FL 33131 | 0 | 0 % |
| Gary Rodney 1560 Sawgrass Corporate Pkwy, | | |

| | | |
|---|------------|--------|
| 4th Floor Sunrise Fl 33323 | 0 | 0 % |
| All officers and directors as a group (2 persons) | 40,426,100 | 59.9 % |

(1)

To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares set forth opposite such person's name.

(2)

This table is based on 67,502,887 shares of Common Stock outstanding as of December 31, 2008. If a person listed on this table has the right to obtain additional shares of Common Stock within sixty (60) days from December 31, 2008, the additional shares are deemed to be outstanding for the purpose of computing the percentage of class owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of any other person.

(3)

Verdant Investment Partners, Ltd., an entity controlled by David J. Curd may be deemed to be the parent of our company within the meaning of the rules and regulations of the Securities and Exchange Commission.

Changes in Control

We are not aware of any arrangements that may result in a change in control of the Company.

Stock Option Plans

On September 30, 2004, our shareholders adopted a stock option plan, under which an aggregate of 5,000,000 shares of common stock are reserved for issuance pursuant to the exercise of stock options. These options may be granted to our employees, officers, directors, and consultants. We may also make awards of restricted stock under this plan. Shares issued under this plan are restricted in the sense that they are subject to repurchase by us at cost during the vesting period.

The plan is designed to (i) induce qualified persons to become employees, officers, or directors of us; (ii) reward such persons for past services to us; (iii) encourage such persons to remain in our employ or associated with us; and (iv) provide additional incentive for such persons to put forth maximum efforts for the success of our business. Transactions under the plan are intended to comply with all applicable provisions under the Securities Exchange Act of 1934. This plan will remain in effect until September 30, 2014, unless terminated by the Board of Directors.

Our board of directors administers the plan and determines:

.

who will be granted options or awards;

.

when options or awards will be granted;

.

the number of options or shares to be granted;

.

which options may be intended to qualify as incentive stock options under the Internal Revenue Code of 1986, versus non-qualified options which are not intended to so qualify;

.

the time or times when each option becomes exercisable;

.

the duration of the exercise period for options;

.

the form or forms of the instruments evidencing options or awards granted under the plan;

.

the purchase price of the shares issued under the plan;

.

the period or periods of time during which we will have a right to repurchase the shares;

.

and the terms and conditions of such repurchase.

The board may adopt, amend, and rescind such rules and regulations as in its opinion may be advisable for the administration of the plan. It may amend the plan without shareholder approval where such approval is not required to satisfy any statutory or regulatory requirements. The board also may construe the plan and the provisions in the instruments evidencing options granted under the plan to employee and officer participants. The board has the power to make all other determinations deemed necessary or advisable for the administration of the plan. The board may not adversely affect the rights of any participant without the consent of such participant.

The plan contains provisions for proportionate adjustment of the number of shares for outstanding options and the option price per share in the event of stock dividends, recapitalizations resulting in stock splits or combinations or exchanges of shares.

The board may select participants in the plan from employees and officers of us and our subsidiaries and consultants to us and our subsidiaries. In determining the persons to whom options and awards will be granted and the number of shares to be covered by each option, the board will take into account the duties of the respective persons, their present and potential contributions to our success, and such other factors as the board deems relevant to accomplish the purposes of the plan.

Stock Options. Only employees of us and our subsidiaries, as the term *employee* is defined for the purposes of the Internal Revenue Code will be entitled to receive incentive stock options. The option price of any incentive stock option may be not less than 100% of the fair market value per share on the date of grant of the option; provided, however, that any incentive stock option granted under the plan to a person owning more than ten percent of the total combined voting power of the common stock will have an option price of not less than 110% of the fair market value per share on the date of grant of the incentive stock option. The exercise period of options granted under the plan may not exceed ten years from the date of grant thereof. Incentive stock options granted to a person owning more than ten percent of the total combined voting power of our common stock will be for no more than five years. Except in the case of options granted to disinterested directors who administer the plan, the board will have the authority to accelerate or extend the exercisability of any outstanding option at such time and under such circumstances as it, in its

sole discretion, deems appropriate. However, no exercise period may be extended to increase the term of the option beyond ten years from the date of the grant.

An option may not be exercised unless the optionee then is an employee, officer, or consultant of us or our subsidiaries, and unless the optionee has remained continuously as an employee, officer, or consultant since the date of grant of the option. If the optionee ceases to be an employee, officer, or consultant other than by reason of death, disability, or for cause, all options granted to such optionee, fully vested to such optionee but not yet exercised, will terminate three months after the date the optionee ceases to be an employee, officer or consultant. All options that are not vested to an optionee, under the conditions stated in this paragraph for which employment ceases, will immediately terminate on the date the optionee ceases employment or association.

If an optionee dies while an employee, officer or consultant, or if the optionee's employment, officer, or consultant status terminates by reason of disability, all options theretofore granted to such optionee, whether or not otherwise exercisable, unless earlier terminated in accordance with their terms, may be exercised at any time within one year after the date of death or disability of said optionee, by the optionee or by the optionee's estate or by a person who acquired the right to exercise such options by bequest or inheritance or otherwise by reason of the death or disability of the optionee.

Options granted under the plan are not transferable other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order. Options may be exercised, during the lifetime of the optionee, only by the optionee and thereafter only by his legal representative. An optionee has no rights as a shareholder with respect to any shares covered by an option until the option has been exercised.

Unless otherwise specified in an optionee's agreement, options granted under the plan will become vested with the optionee over the course of four years from date of grant under the following schedule: 25% upon the first anniversary of the option grant and the remaining 75% monthly over the following 36 months.

Restricted Stock Awards. Shares issued under the plan will be evidenced by a written restricted stock purchase agreement between us and the participant. Shares issued under the plan are transferable only if the transferee agrees to be bound by all of the terms of the plan, including our right to repurchase the shares, and only if such transfer is permissible under federal and state securities laws. To facilitate the enforcement of the restrictions on transfer, the board may require the holder of the shares to deliver the certificate(s) for such shares to be held in escrow during the period of restriction.

Outstanding Options. As of December 31, 2008 there were no options granted under this plan.

ITEM 13.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTORS INDEPENDENCE.

Other than as disclosed below, none of our present directors, officers or principal shareholders, nor any family member of the foregoing, nor, to the best of our information and belief, any of our former directors, senior officers or principal shareholders, nor any family member of such former directors, officers or principal shareholders, has or had any material interest, direct or indirect, in any transaction, or in any proposed transaction which has materially affected or will materially affect us.

Verdant, Inc.

The Company currently has its headquarters operations in Two Allen Center, 1200 Smith Street, Suite 1600, Houston, Texas where it leases space from its affiliate, Verdant, Inc., an affiliate through common officers and directors. In addition to providing office space, Verdant, Inc. began funding the Company to support operating and development expenses in 2005. At December 31, 2008, \$20,000 of short-term advances was due to Verdant, Inc. The advances do not bear interest and no interest was owed to Verdant, Inc. at December 31, 2008

Aureus, LLC

Effective January 1, 2006, the Company utilized the services of certain Aureus employees to perform its executive, accounting and administration functions. Aureus offered these services under a management support agreement executed between the parties. Aureus is an affiliate through common officers and directors. The Company did not incur or pay any fees to Aureus during 2005.

FutureVest, Inc.

Garrett K. Krause a former officer and director of the Company, through the eAngels Syndicate was the beneficial owner of 15,000,000 shares through the investment funds; SolutionMed Ventures, FutureVest MicroCap Fund, eAngels Technology Fund and Diamond Ventures. The shares have subsequently been sold or transferred to other investors as of December 1, 2005.

At December 31, 2004, the Company owed \$184,566 to FutureVest, Inc. pursuant to an unsecured revolving line of up to \$750,000. Interest accrued at 8% per annum and the entire balance was due December 31, 2008. This debt was convertible into shares of common stock of the Company at a price of \$0.35 per share. Also as of December 31, 2004, \$7,493 was owed to FutureVest, Inc. for accrued interest.

As of November 1, 2005, FutureVest, Inc. sold its convertible promissory note from the Company to David J. Curd. As of November 1, 2005, \$243,380.77 was owed by the Company under the note. David J. Curd negotiated the conversion of the note into 40,000,000 restricted shares of common stock, thereby giving him or his designee(s) ownership as to approximately 58.5% of then issued and outstanding shares.

SolutionMED Ventures

As per the terms of February 6, 2004 Agreement for the Purchase of Assets there were two royalties payable by the Company to (1) SolutionMED Ventures of 1.2% and (2) CNPB, Inc. (owned by the inventor, Ted Russell and his spouse) of 2.2% on all product revenues related to *HeartSTAT* CNBP/BF. SolutionMED Ventures is a related company as it is part of the eAngels Syndicate of investors, managed by Garrett K. Krause. As no revenues were generated during 2004, no royalty payments were made. Upon the consummation of the Asset Transfer Agreement, the Company was no longer subject to such royalty obligations.

Ted Russell and HeartSTAT, Inc.

As part of the Agreement for the Purchase of Assets, the Company agreed to a Commercialization Partnership Agreement (Exhibit B to the Agreement) with the Interest Holders whereby the Interest Holders agreed that Ted Russell, the inventor of the technology, could exclusively license in perpetuity *HeartSTAT* CNBP/BF for the purpose of financing and concluding product commercialization activities if the Company were to fail to raise at least \$2,500,000 of net proceeds for product development by September 6, 2005. The Company was given a 90-day period

to cure the financing inadequacy to prevent the license from being effected. The terms of the license would include a provision that Mr. Russell, or an independent entity would repay the Company for any actual investment capital received at the rate of 20% of any net income of Mr. Russell's independent commercial operations of producing derivative products using *HeartSTAT* CNBP/BF. In addition, the Company would receive a royalty on net revenues of such derivative products as follows:

.
3% of net revenues if at least \$1.3 million of investment capital was received, or

.
2% of net revenues if at least \$650,000 but less than \$1.3 million of investment capital was received, or

.
1% of net revenues if less than \$650,000 of investment capital was received.

On August 15, 2005, in relation to the Company's inability to raise the required \$2,500,000, Mr. Ted Russell and HeartSTAT, Inc. executed an Asset Transfer Agreement with the Company for the sale of the Technology to HeartSTAT, Inc., a private company controlled by Mr. Ted Russell, to facilitate the ability of Mr. Russell to continue the private funding and commercialization of the Technology. The asset transfer was consummated on October 31, 2005 and the Company received the following in exchange for the assets:

.
Mr. Russell and the Hull Family returned 20,000,000 shares of the Company's common stock to treasury, which accounted for 41.3% of the then issued and outstanding stock in the Company.

.
HeartSTAT, Inc. issued 133,207 shares of stock (representing 9.99% equity interest in HeartSTAT, Inc.) and a \$70,000 promissory note.

.
Mr. Russell and HeartSTAT, Inc. fully released the Company from payment of all amounts owed to them. At December 31, 2004, \$24,500 was owed to HeartSTAT, Inc. as long-term debt and \$1,321 was owed to HeartSTAT, Inc. for accrued interest on that debt. Also at December 31, 2004, the Company owed Ted Russell \$7,500 under the terms of his employment contract.

ITEM 14.

PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees

For the fiscal years ended December 31, 2008 and 2007, our principal accountant billed approximately \$10,500 and \$10,000, respectively, for the audit of our annual financial statements.

Audit-Related Fees

There were no fees billed for services reasonably related to the performance of the audit or review of our financial statements outside of those fees disclosed above under **Audit Fees** for fiscal years 2008 and 2007.

Tax Fees

There were no fees billed for tax compliance, tax advice, and tax planning services for fiscal years 2008 and 2007.

All Other Fees

There were no other fees billed by our principal accountant other than those disclosed above for fiscal years.

Pre-Approval Policies and Procedures

Prior to engaging our accountants to perform a particular service, our board of directors obtains an estimate for the service to be performed. The board of directors in accordance with procedures for the Company approved all of the services described above.

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The Board has received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and has discussed with its auditors its independence from the Company. The Board has considered whether the provision of services other than audit services is compatible with maintaining auditor independence.

Based on the review and discussions referred to above, the Board approved the inclusion of the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for its 2008 fiscal year for filing with the SEC.

ITEM 15.

EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

Regulation

| S-B Number | Exhibit |
|-----------------------|--|
| 3.1 | Certificate of Incorporation, as amended (1) |
| 3.2 | Certificate of Amendment (2) |
| 3.3 | Bylaws (1) |
| 10.1 | Agreement for the Purchase of Assets with the Interest holders of the <i>HeartSTAT CNBP/BF</i> Technology (1) |
| 10.2 | Employment Agreement of Ted Russell (1) |
| 10.3 | 2004 Stock Option Plan (1) |
| 10.4 | SolutionMed Ventures Royalty Agreement (1) |
| 10.5 | CNBP, Inc. Royalty Agreement (1) |
| 10.6 | Asset Purchase Agreement dated as of August 15, 2005, by and between HeartSTAT, Inc., Ted W. Russell, and HeartSTAT Technology, Inc. (3) |
| 10.7 | Escrow Agreement dated as of August 15, 2005 (3) |
| 10.8 | Convertible Promissory Note to Diamond WorldWide, Inc. (4) |
| 10.9 | Agreement for payment of debt (5) |
| 10.10 | Assignment of Technology for Legkow Technology (5) |
| 10.11 | Assignment of Technology for V003 Technology (5) |

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- 10.12 Sale and Purchase Agreement with EnviroTank International L.L.C. dated May 18, 2006 (6)
- 10.13 Sale and Purchase Agreement with SynChem Technologies L.L.C. dated June 16, 2006 (8)
- 14.1 Code of Ethics (9)
- 23.1 Letter from Bongiovanni & Associates, P.A. (7)
- 31.1 Certification Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002. (10)
- 31.2 Certification Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002 (10)
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (10)
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (10)

- (1) Incorporated by reference to the exhibits filed with the Company's registration statement on Form 10-SB, file no. 0-50993.
- (2) Incorporated by reference to the exhibits filed with the Company's amended current report on Form 8-K dated March 1, 2006, file no. 0-50993.
- (3) Incorporated by reference to the exhibits filed with the Company's amended current report on Form 8-K dated August 15, 2005, file no. 0-50993.

- (4) Incorporated by reference to the exhibits filed with the Company's annual report on Form 10-KSB for the fiscal year ended December 31, 2004, file no. 0-50993.
- (5) Incorporated by reference to the exhibits filed with the Company's current report on Form 8-K dated November 1, 2005, file no. 0-50993.
- (6) Incorporated by reference to the exhibits filed with the Company's current report on Form 8-K dated May 18, 2006, file no. 0-50993.
- (7) Incorporated by reference to the exhibits filed with the Company's current report on Form 8-K dated May 19, 2006, file no. 0-50993.
- (8) Incorporated by reference to the exhibit filed with the Company's current report on Form 8-K dated July 26, 2006, file no. 0-50993.
- (9) Incorporated by reference to the exhibits filed with the Company's annual report on Form 10-KSB for the fiscal year ended December 31, 2005, file no. 0-50993.
- (10) Filed herewith

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VERDANT TECHNOLOGY CORPORATION

Date: April 15,
2009

By: /s/ David J. Curd

David J. Curd,
CEO

Date: April 15,
2009

By: /s/ David J. Curd

David J. Curd, Interim CFO

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

| | | |
|------------------------------------|--|----------------|
| /s/ David J. Curd David J. Curd | Chief Executive Officer and Chairman (Principal Executive, Financial, and Accounting Officer) | April 15, 2009 |
| /s/ David J. Curd David J. Curd | Director | April 15, 2009 |
| /s/ David P. Over David P. Over | Director | April 15, 2009 |

VERDANT TECHNOLOGY CORPORATION
Consolidated Financial Statements
For the Years Ended December 31, 2008 and 2007

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Jewett, Schwartz Wolfe & Associates

Certified Public Accountants

200 South Park Road, Suite 150

Hollywood, Florida 33021

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Verdant Technology Corporation
Two Allen Center, 1200 Smith Street, Suite 1600
Houston, TX 77002

We have audited the accompanying balance sheets of Verdant Technology Corporation as of December 31, 2008 and 2007 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Verdant Technology Corporation as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming that Verdant Technology Corporation will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, Verdant Technology Corporation has suffered recurring losses from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this

uncertainty.

Jewett, Schwartz, Wolfe & Associates

Hollywood, Florida

March 26, 2009

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VERDANT TECHNOLOGY CORPORATION and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| | December 31, | December 31, |
|---|---------------------|---------------------|
| | 2008 | 2007 |
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,482 | \$ 18,491 |
| Accounts Receivable | | |
| TOTAL CURRENT ASSETS | 1,482 | 18,491 |
| EQUIPMENT, net | 776 | 1,662 |
| TOTAL ASSETS | \$ 2,258 | \$ 20,153 |
| <u>LIABILITIES AND SHAREHOLDERS DEFICIENCY</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable and Accrued Expenses - Related Parties | \$ 4,190,554 | \$ 2,794,623 |
| TOTAL CURRENT LIABILITIES | 4,190,554 | 2,794,623 |
| LONG TERM NOTES PAYABLE - RELATED PARTIES | | |
| TOTAL LIABILITIES | 4,190,554 | 2,794,623 |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS DEFICIENCY | | |
| Common Stock, \$.001 par value: | | |

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| | | |
|---|---------------------|----------------------|
| Authorized 80,000,000 shares; issued and outstanding, 67,502,887 (2008) and 77,495,887 (2007) shares | 67,503 | 77,496 |
| Additional Paid In Capital | 248,921 | 7,738,928 |
| Accumulated Deficit | (4,504,720) | (3,090,894) |
| Subscription Receivable | | (7,500,000) |
| TOTAL SHAREHOLDERS DEFICIENCY | (4,188,296) | (2,774,470) |
| TOTAL LIABILITIES AND SHAREHOLDERS DEFICIENCY | \$ 2,258 | \$ 20,153 |

The accompanying notes are an integral part of these consolidated financial statements

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**VERDANT TECHNOLOGY CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSE**

| | Years Ended | |
|--|---------------------|--------------|
| | December 31, | |
| | 2008 | 2007 |
| REVENUES | \$ | \$ |
| OPERATING EXPENSES | | |
| General and Administrative | 620,133 | 527,037 |
| Corporate Management Fees | 633,220 | 719,800 |
| Legal and Professional Fees | 167,541 | 115,959 |
| TOTAL OPERATING EXPENSES | 1,420,894 | 1,362,796 |
| LOSS FROM OPERATIONS | 1,420,894 | 1,362,796 |
| OTHER INCOME/(EXPENSE) | (7,068) | |
| NET LOSS | \$ 1,413,826 | \$ 1,362,796 |
| Basic and Fully Diluted Net Loss Per Share | \$ 0.020 | \$ 0.018 |
| Weighted Average Shares Outstanding | 71,216,974 | 77,505,742 |

The accompanying notes are an integral part of these consolidated financial statements

VERDANT TECHNOLOGY CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS DEFICIENCY
For the Years Ended December 31, 2008 and 2007

| | Common Stock | | Additional | Subscription Receivables | Accumulated Deficit | Total |
|---|---------------------|-----------|----------------------------|-------------------------------------|--------------------------------|------------------------------------|
| | Shares | \$ | Paid In Capital | | | Shareholders Deficiency |
| Balances, December 31, 2006 | 77,602,887 | \$ 77,603 | \$ 7,787,181 | \$ (7,500,000) | \$ (1,728,098) | \$ (1,363,314) |
| Common stock transactions: | | | | | | |
| Shares issued: | | | | | | |
| Legal and Professional Services | | | | | | |
| Consulting Services | | | | | | |
| Investor Shares cancelled: | | | | | | |
| Investor | (107,000) | (107) | (48,253) | | | (48,360) |
| Net loss for the year ended December 31, 2007 | | | | | (1,362,796) | (1,362,796) |
| Balances, December 31, 2007 | 77,495,887 | 77,496 | 7,738,928 | (7,500,000) | (3,090,894) | (2,774,470) |

| | | | | | | |
|---|-------------------|------------------|-------------------|-----------|-----------------------|-----------------------|
| Common stock transactions: | | | | | | |
| Shares issued: | | | | | | |
| Legal and Professional Services | | | | | | |
| Consulting Services | | | | | | |
| Investor | 7,000 | 7 | (7) | | | |
| Shares cancelled: | | | | | | |
| Investor | (10,000,000) | (10,000) | (7,490,000) | 7,500,000 | | |
| Net loss for the year ended December 31, 2008 | | | | | (1,413,826) | (1,413,826) |
| Balances, December 31, 2008 | 67,502,887 | \$ 67,503 | \$ 248,921 | \$ | \$ (4,504,720) | \$ (4,188,296) |

The accompanying notes are an integral part of these consolidated financial statements

VERDANT TECHNOLOGY CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW

| | For the Year Ended | |
|---|---------------------------|------------------|
| | December 31, | |
| | 2008 | 2007 |
| <u>OPERATING ACTIVITIES</u> | | |
| Net Loss | \$ (1,413,826) | \$ (1,362,796) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Common stock issued for services | | |
| Depreciation | 886 | 886 |
| Change in components of working capital: | | |
| Accounts receivable | | |
| Prepaid expenses | | |
| Accounts payable and accrued expenses | 1,395,931 | 1,359,174 |
| Other payable - related parties | | |
| NET CASH USED IN OPERATING ACTIVITIES | (17,009) | (2,736) |
| <u>INVESTING ACTIVITIES</u> | | |
| Purchase of property and equipment, net | | |
| NET CASH USED IN INVESTING ACTIVITIES | | |
| <u>FINANCING ACTIVITIES</u> | | |
| Shares cancelled | | (3,360) |
| Debt retired | | |
| NET CASH USED IN FINANCING ACTIVITIES | | (3,360) |
| | | |
| INCREASE (DECREASE) IN CASH | (17,009) | (6,096) |
| CASH, BEGINNING OF THE PERIOD | 18,491 | 24,587 |
| CASH, END OF THE PERIOD | \$ 1,482 | \$ 18,491 |

SUPPLEMENTAL INFORMATION

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| | | | | |
|--|----|-----------|----|--------|
| Interest paid in cash | \$ | | \$ | |
| Income taxes paid | \$ | | \$ | |
| <u>NON CASH INVESTING AND FINANCING ACTIVITIES</u> | | | | |
| Investing Activities | | | | |
| None | \$ | | \$ | |
| Financing Activities | | | | |
| Shares issued (pending payment) | \$ | | \$ | |
| Shares issued | \$ | 7 | \$ | |
| Shares cancelled | \$ | 7,500,000 | \$ | 45,000 |

The accompanying notes are an integral part of these consolidated financial statements

NOTE 1 NATURE OF BUSINESS

Company Background

Verdant Technology Corporation (Verdant or The Company), was organized under the laws of the State of Delaware on October 12, 1995 as a corporation.

On November 1, 2005, the Company acquired two technologies from Verdant, Inc., a Nevada corporation. The Company paid nominal consideration for the two technologies, which are referred to as the Legkow Technology and the Pulsor Technology. The objective of these transactions was to permit the Company to focus its efforts on the commercialization and monetization of environmentally sound, innovative energy-related technologies.

The Legkow Technology refers to a concept to produce a surfactant for use with carbonaceous materials such as crude oil and coal; a concept utilizing surfactants and emulsions in the treatment and processing of crude oil, waste oils and oil slops; and a concept utilizing gaseous emulsions in the removal and reduction of residues and pollution relating to carbonaceous materials. This technology is based on United States Patent No. 5,928,495, granted on July 27, 1999 to Alexander Legkow, who transferred the patent rights to Amcotech LLC, a Florida limited liability company. Verdant, Inc. acquired an exclusive global license to use this technology for all purposes under an agreement dated October 10, 2005 from Amcotech LLC. The term of the license is 25 years and is automatically renewed for additional 25-year periods, unless a party delivers notice of non-renewal or the licensor terminates the license due to breach of license agreement. The license agreement requires an annual royalty fee equal to 17.5% of net receipts derived from the process and sale of products resulting from the employment of the technology, after deduction of all payments and expenses relating to such process and sale. To date, no products utilizing this technology have been developed on a commercial basis and further development of this technology has been discontinued.

The Pulsor Technology refers to Pulsor Paraffin Solvent, which is a biodegradable solvent useful for dissolving paraffin wax deposits in oil wells, production lines, and storage tanks. Verdant, Inc. acquired an exclusive global license to use this technology for all purposes under an agreement dated October 26, 2005 from SynChem Technologies, LLC, a Florida limited liability company, which SynChem had exclusively licensed from the inventor, John P Acunto. The term of the license is 10 years and is automatically renewed for additional 10-year periods, unless the licensor terminates the license due to breach of license agreement. The license agreement requires a royalty fee equal to 25% of all revenues derived from the deployment of the technology, less all costs incurred during marketing, administration and implementation of the technology and all licensor costs funded by the licensee. To date, no products utilizing this technology have been developed on a commercial basis.

On March 21, 2006, EnviroTank International LLC was incorporated in the state of Louisiana. EnviroTank International LLC was acquired on May 18, 2006 and is a wholly owned operating subsidiary of Verdant Technology Corporation for the purpose of exploiting technology for a crude recovery unit/tank cleaning system, designed to deal with the problem of sludge buildup in the bottom of crude oil storage tanks.

On June 16, 2006, the Company acquired SynChem Technologies LLC, a Florida corporation as a wholly owned operating subsidiary of Verdant Technology Corporation. SynChem Technologies, LLC holds the exclusive license for the Pulsor technology from the inventor, John P Acunto and was acquired for the purpose of exploiting technology that address problems associated with deposits of paraffinic and asphaltic compounds in the production, storage and refining segments of the petroleum industry.

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NOTE 1 NATURE OF BUSINESS

On October 2, 2008, VTC entered into a Technology Development and License Agreement (BSI Agreement) with Berkeley Springs Instruments, LLC (BSI) to develop, commercialize, license and potentially purchase certain sludge profile technology (Sounder). Sounder provides the ability to evaluate the sludge content of petroleum storage tanks and determine the optimum time to discontinue tank usage and effect a cleaning. The Agreement calls for the development and commercialization of Sounder over several phases summarized as follows:

Phase One – Prototype Development and Testing

o
BSI will complete the development of a functional and working prototype within 60 days.

o
VTC commits to fund the Phase One costs up to maximum of \$35,000.

Phase Two – Commercial Production

o
BSI will demonstrate the commercial viability of Sounder within six (6) months.

o
VTC commits to fund Phase Two costs up to a maximum of \$160,000.

Phase Three - Right of Produce and Commercialize

o

BSI agrees to grant VTC an exclusive worldwide license at the completion of Phase Two, to further develop and commercialize Sounder for two years with one annual renewal option.

o

VTC holds purchase option for Sounder and all associated intellectual property for \$1,000,000.

o

VTC agrees to pay BSI 5% for any sales generated during the license period.

NOTE 2 GOING CONCERN

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America which contemplate continuation of the Company as a going concern. The Company has yet to fully commercialize its technologies and consequently has recorded continuing losses from operations of \$1,413,826 for the year ended December 31, 2008. As of December 31, 2008 the Company recorded an accumulated deficit of \$4,504,720. Further, the Company has inadequate working capital to maintain or develop its operations, and is dependent upon funds from private investors and the support of certain shareholders and affiliates.

These factors raise substantial doubt about the ability of the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. In this regard, Management is planning to raise any necessary additional funds through loans and additional sales of its common stock. There is no assurance that the Company will be successful in raising additional capital.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Terms and Definitions

| | |
|---------------------------|--|
| APB | Accounting Principles Board |
| ARB | Accounting Review Board |
| Aureus | Aureus, LLC, a Florida limited liability company |
| EITF | Emerging Issues Task Force |
| EnviroTank | EnviroTank International, LLC, a Louisiana limited liability company and a wholly owned subsidiary |
| ExTract System Technology | a crude oil recovery unit/tank cleaning system, designed to deal with the problem of sludge buildup on the bottom of crude oil storage tanks (previously the Envirotank technology). |
| FASB | Financial Accounting Standards Board |
| FIN | FASB Interpretation Number |
| FSP | FASB Staff Position |
| GAAP | Generally Accepted Accounting Principles |
| Legkow Technology | A concept utilizing surfactants and emulsions in the treatment and processing of crude oil, waste oils and oil slops |
| PCAOB | Public Companies Accounting Oversight Board |
| SAB | Staff Accounting Bulletin |
| SEC | Securities Exchange Commission |
| SFAS or FAS | Statement of Financial Accounting Standards |
| SynChem | SynChem Technologies, LLC, a Florida limited liability company, owner of the Pulsor Technology and a wholly owned subsidiary |
| Pulsor Technology | A 100% biodegradable, non-toxic, non-corrosive, proprietary compound that removes paraffin and asphaltene blockage at the well site (previously the V003 technology). |
| Verdant, VTC or Company | Verdant Technology Corporation, a Delaware corporation |
| Verdant, Inc. | Verdant, Inc. an affiliate through common ownership and directors |
| QTR-2008 | the three months ended December 31, 2008 |
| YTD-2008 | the year ended December 31, 2008 |

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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. These estimates and assumptions also affect the reported amounts of revenues, costs and expenses during the reporting period. Management evaluates these estimates and assumptions on a regular basis. Actual results could differ from those estimates.

Basis of Presentation

The consolidated financial statements presented are prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments which are necessary to provide a fair presentation of financial position as of December 31, 2008 and the related operating results and cash flows for the period presented have been made. All adjustments are of a normal recurring nature.

Basis of Consolidation

The consolidated financial statements included the accounts of Verdant Technology Corporation, EnviroTank International LLC and SynChem Technologies LLC. All material intercompany transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments where the Company does not exercise significant influence over the operating and financial policies of the investee and holds less than 20% of the voting stock are recorded at cost. Investments where the Company has significant influence over the operating and financial policies of the investee and holds 20% to 50% of the voting stock are recorded using the equity method. The Company recognizes an impairment loss on the declines in value that are other than temporary.

Property and Equipment

Property and equipment is recorded at cost and depreciated over the estimated useful lives of the assets using principally the straight-line method. When items are retired or otherwise disposed of, income is charged or credited for the difference between net book value and proceeds realized thereon. Ordinary maintenance and repairs are charged to expense as incurred, and replacements and betterments are capitalized.

The range of estimated useful lives used to calculate depreciation for principal items of property and equipment are as follows:

| | Depreciation/ Amortization Period |
|-----------------------|--|
| Asset Category | |
| Office equipment | 3 Years |

Shares Repurchased

Shares repurchased are recorded using the constructive retirement method because management's intention is not to reissue the shares within a reasonable time. Consequently, the aggregate par value of the repurchased shares is charged to the stock account rather than to a treasury account.

Income Tax Benefit

The income tax benefit consists of taxes currently refundable due to net operating loss carry back provisions for federal and state governments. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or the entire deferred tax asset will not be realized. Deferred

tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss Per Share

Basic earnings per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company. As of December 31, 2008, there were no potential dilutive instruments that could result in share dilution.

Research and Development Costs

Costs are expensed as incurred.

Stock Based Compensation

SFAS 123, *Accounting for Stock-Based Compensation*, established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation. In accordance with SFAS 123, the Company has elected to continue accounting for stock based compensation using the intrinsic value method prescribed by APB 25, *Accounting for Stock Issued to Employees*.

The Company accounts for stock awards issued to nonemployees in accordance with the provisions of SFAS 123 and EITF 96-18 *Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services*. Under SFAS 123 and EITF 96-18, stock awards to nonemployees are accounted for at their fair value as determined under Black-Scholes option pricing model.

In December 2004, the FASB issued SFAS 123(R), a revision of SFAS 123, which requires compensation costs related to share-based payment transactions to be recognized in the statement of operations. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards will be re-measured each reporting period. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. SFAS 123(R) replaces SFAS

123 and is effective as of the beginning of January 1, 2006.

In October 10, 2006 FASB Staff Position issued FSP FAS 123(R)-5 Amended of FASB Staff Position FAS 123(R)-1 *Classification and Measurement of Freestanding Financial Instruments Originally issued in Exchange of Employee Services under FASB Statement No.123(R)* . The SFAS provides that instruments that were originally issued as employee compensation and then modified, and that modifications made to the terms of the instrument solely to reflect an equity restructuring that occurs when the holders are no longer employees, then no change in the recognition or the measurement (due to a change in classification) of those instruments will result if both of the following conditions are met: (a). There is no increase in fair value of the award (or the ratio of intrinsic value to the exercise price of the award is preserved, that is, the holder is made whole), or the antidilution provision is not added to the terms of the award in contemplation of an equity restructuring; and (b). All holders of the same class of equity instruments (for example, stock options) are treated in the same manner. The provisions in this FSP shall be applied in the first reporting period beginning after the date the FSP is posted to the FASB website.

Recent Accounting Pronouncements

Employers Disclosures about Postretirement Benefit Plan Assets

In December 2008, the FASB issued FSP FAS 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets*. This FSP amends SFAS 132(R), *Employers Disclosures about Pensions and Other Postretirement Benefits*, to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. FSP FAS 132(R)-1 also includes a technical amendment to SFAS 132(R) that requires a nonpublic entity to disclose net periodic benefit cost for each annual period for which a statement of income is presented. The required disclosures about plan assets are effective for fiscal years ending after December 15, 2009. The technical amendment was effective upon issuance of FSP FAS 132(R)-1. The Company is currently assessing the impact of FSP FAS 132(R)-1 on its consolidated financial position and results of operations.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective Date of FASB Interpretation 48 for Certain Nonpublic Enterprises

In December 2008, the FASB issued FSP FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. FSP FIN 48-3 defers the effective date of FIN 48, *Accounting for Uncertainty in Income Taxes*, for certain nonpublic enterprises as defined in SFAS 109, *Accounting for Income Taxes*. However, nonpublic consolidated entities of public enterprises that apply U.S. GAAP are not eligible for the deferral. FSP FIN 48-3 was effective upon issuance. The impact of adoption was not material to the Company's consolidated financial condition or results of operations.

Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46(R) -8, *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities*. This FSP amends SFAS 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, to require public entities to provide additional disclosures about transfers of financial assets. FSP FAS 140-4 also amends FIN 46(R)-8, *Consolidation of Variable Interest Entities*, to require public enterprises, including sponsors that have a variable interest entity, to provide additional disclosures about their involvement with a variable interest entity. FSP FAS 140-4 also requires certain additional disclosures, in regards to variable interest entities, to provide greater transparency to financial statement users. FSP FAS 140-4 is effective for the first reporting period (interim or annual) ending after December 15, 2008, with early application encouraged. The Company is currently assessing the impact of FSP FAS 140-4 on its consolidated financial position and results of operations.

Accounting for an Instrument (or an Embedded Feature) with a Settlement Amount That is Based on the Stock of an Entity's Consolidated Subsidiary

In November 2008, the FASB issued FSP EITF 08-8, *Accounting for an Instrument (or an Embedded Feature) with a Settlement Amount That is Based on the Stock of an Entity's Consolidated Subsidiary*. EITF 08-8 clarifies whether a financial instrument for which the payoff to the counterparty is based, in whole or in part, on the stock of an entity's consolidated subsidiary is indexed to the reporting entity's own stock. EITF 08-8 also clarifies whether or not stock should be precluded from qualifying for the scope exception of SFAS 133, *Accounting for Derivative Instruments and*

Hedging Activities, or from being within the scope of EITF 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. EITF 08-8 is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. The Company is currently assessing the impact of EITF 08-8 on its consolidated financial position and results of operations.

Accounting for Defensive Intangible Assets

In November 2008, the FASB issued EITF 08-7, *Accounting for Defensive Intangible Assets*. EITF 08-7 clarifies how to account for defensive intangible assets subsequent to initial measurement. EITF 08-7 applies to all defensive intangible assets except for intangible assets that are used in research and development activities. EITF 08-7 is effective for intangible assets acquired on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is currently assessing the impact of EITF 08-7 on its consolidated financial position and results of operations.

Equity Method Investment Accounting Considerations

In November 2008, the FASB issued EITF 08-6 *Equity Method Investment Accounting Considerations*. EITF 08-6 clarifies accounting for certain transactions and impairment considerations involving the equity method. Transactions and impairment dealt with are initial measurement, decrease in investment value, and change in level of ownership or degree of influence. EITF 08-6 is effective on a prospective basis for fiscal years beginning on or after December 15, 2008. The Company is currently assessing the impact of EITF 08-6 on its consolidated financial position and results of operations.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active

In October 2008, the FASB issued FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active*. This FSP clarifies the application of SFAS 157, *Fair Value Measurements*, in a market that is not active. The FSP also provides examples for determining the fair value of a financial asset when the market for that financial asset is not active. FSP FAS 157-3 was effective upon issuance, including prior periods for which financial statements have not been issued. The impact of adoption was not material to the Company's consolidated financial condition or results of operations.

Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement

In September 2008, the FASB issued EITF 08-5 *Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement*. This FSP determines an issuer's unit of accounting for a liability issued with an inseparable third-party credit enhancement when it is measured or disclosed at fair value on a recurring basis. FSP EITF 08-5 is effective on a prospective basis in the first reporting period beginning on or after December 15, 2008. The Company is currently assessing the impact of FSP EITF 08-5 on its consolidated financial position and results of operations.

Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of SFAS 133 and FIN 45; and Clarification of the Effective Date of SFAS 161

In September 2008, the FASB issued FSP FAS 133-1, *Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161*. This FSP amends SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. The FSP also amends SFAS 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, to require and additional disclosure about the current status of the payment/performance risk of a guarantee. Finally, this FSP clarifies the Board's intent about the effective date of SFAS 161, *Disclosures about Derivative Instruments and Hedging Activities*. FSP FAS 133-1 is effective for fiscal years ending after November 15, 2008. The Company is currently assessing the impact of FSP FAS 133-1 on its consolidated financial position and results of operations.

Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities

In June 2008, the FASB issued FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*. The FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method. The FSP affects entities that accrue dividends on share-based payment awards during the awards service period when the dividends do not need to be returned if the employees forfeit the award. This FSP is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of FSP EITF 03-6-1 on its consolidated financial position and results of operations.

Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock

In June 2008, the FASB ratified EITF 07-5, *Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock*. EITF 07-5 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. It also clarifies on the impact of foreign currency denominated strike prices and market-based employee stock option valuation instruments on the evaluation. EITF 07-5 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of EITF 07-5 on its consolidated financial position and results of operations.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)

In May 2008, the FASB issued FSP APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*. The FSP clarifies the accounting for convertible debt instruments that may be settled in cash (including partial cash settlement) upon conversion. The FSP requires issuers to account separately for the liability and equity components of certain convertible debt instruments in a manner that reflects the issuer's nonconvertible debt (unsecured debt) borrowing rate when interest cost is recognized. The FSP requires bifurcation of a component of the debt, classification of that component in equity and the accretion of the resulting discount on the debt to be recognized as part of interest expense in our consolidated statement of operations. The FSP requires retrospective application to the terms of instruments as they existed for all periods presented. The FSP is effective for us as of January 1, 2009 and early adoption is not permitted. The Company is currently evaluating the potential impact of FSP APB 14-1 upon its consolidated financial statements.

The Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued SFAS 162, *The Hierarchy of Generally Accepted Accounting Principles*. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. The implementation of this standard will not have a material impact on the Company's consolidated financial position and results of operations.

Determination of the Useful Life of Intangible Assets

In April 2008, the FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets*, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of intangible assets under SFAS 142 *Goodwill and Other Intangible Assets*. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of the expected cash flows used to measure the fair value of the asset under SFAS 141 (revised 2007) *Business Combinations* and other U.S. generally accepted accounting principles. The Company is currently evaluating the potential impact of FSP FAS 142-3 on its consolidated financial statements.

Disclosure about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS 161, *Disclosure about Derivative Instruments and Hedging Activities, an amendment of SFAS No.133*. This statement requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. The Company is required to adopt SFAS 161 on January 1, 2009. The Company is currently evaluating the potential impact of SFAS 161 on the Company's consolidated financial statements.

NOTE 4 ACCOUNTS PAYABLE and ACCRUED EXPENSES and RELATED PARTIES

Accounts payable and accrued expenses primarily represent advances for expenses and other operational costs, made by related companies and associates on behalf of the Company. The creditors are related through common directorship and ownership. The advances are evidenced by specific invoices for services and advances made on behalf of the Company. Accounts payable and accrued expenses were \$4,190,554, of which \$3,734,959 was due to Verdant Inc., an affiliate; \$278,320 was due to David J Curd, our CEO, and \$19,000 was due to Aureus, LLC, an affiliate at December 31, 2008. Past due balances due to Verdant, Inc. accrue interest at a blended rate of approximately 9%.

NOTE 5 COMMITMENTS

The Company is committed to 17.5% of net receipts derived from the process and sale of products resulting from the employment of the Legkow technology. The Company has suspended further development of the Legkow technology and does not expect to incur any further obligations.

SynChem acquired the Pulsor Technology under an agreement dated June 16, 2006 from John P Acunto, who formed SynChem for the purpose of exploiting the Pulsor Technology. The consideration for the Pulsor Technology is a royalty obligation equal to 25% of the net profits received from future contracts SynChem performs using the Technology. Net profits shall mean the total proceeds of any contracts using the Technology, less all costs incurred during implementation including, but not limited to, capital investments, operating costs, marketing administration, sales taxes, adjustments, and all other expenses needed to perform contracts and administer the Technology. This royalty obligation is subject to a buyout option until June 16, 2011 for \$6,500,000. To date, no products utilizing this technology have been developed on a commercial basis.

EnviroTank acquired the Technology under an agreement dated April 12, 2006 from Tracy Stewart, who formed EnviroTank for the purpose of exploiting the Technology. The consideration for the Technology is a royalty obligation equal to 25% of the net profits received from future contracts EnviroTank performs using the Technology. Net profits shall mean the total proceeds of any contracts using the Technology, less all costs incurred during implementation including, but not limited to, capital investments, operating costs, marketing, administration, sales taxes, adjustments, and all other expenses needed to perform contracts and administer the Technology. This royalty obligation is subject to a buyout option until April 12, 2010 for \$3,500,000. To date, no products utilizing this technology have been developed on a commercial basis.

NOTE 6 SEGMENT REPORTING

SFAS 31, *Disclosures about Segments of an Enterprise and Related Information* requires companies to report information about operating segments in interim and annual financial statements. It also requires segment disclosures about products and services geographic and major customers. The Company has determined that it does not have any separately reportable operating segments.

NOTE 7 - INCOME TAXES

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The provision (benefit) for income taxes is summarized as follows:

| | Years Ended December 31, | |
|--|---------------------------------|-------------|
| | 2008 | 2007 |
| Current: | | |
| Federal | \$ | \$ |
| State | | |
| Deferred: | | |
| Federal | 494,839 | 476,979 |
| State | 49,484 | 47,698 |
| Increase in Valuation allowance | (544,323) | (524,677) |
| Total provision (benefit) for income taxes | \$ | \$ |

The provision for income taxes differs from the amount computed by applying the federal statutory rate to income (loss) before provision (benefit) for income taxes as follows:

| | Years Ended December 31, | |
|---|---------------------------------|-------------|
| | 2008 | 2007 |
| Expected provision(benefit) at statutory rate | 35.0 % | 35.0 % |
| Ste tax | 3.5 % | 3.5 % |
| Valuation allowance for Net Loss | -38.5 % | -38.5 % |
| Total provision (benefit) for income taxes | 0.0 % | 0.0 % |

NOTE 7 - INCOME TAXES (Continued)

Deferred income taxes reflect the net tax effect of tax carry forward items and the temporary differences between the recognition of income and expenses for financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax assets and liabilities are as follows:

| | As of December 31, | |
|-----------------------------------|---------------------------|--------------|
| | 2008 | 2007 |
| Deferred tax assets: | | |
| Net operating loss carry-forwards | \$ 1,621,812 | \$ 1,077,489 |
| Total deferred tax assets | 1,621,812 | 1,077,489 |
| Valuation allowance | (1,621,812) | (1,077,489) |
| Net deferred tax assets | \$ | \$ |

As of December 31, 2008 and 2007 the Company had a valuation allowance on its deferred tax assets of \$1,621,812 and \$1,077,489, respectively, which relates to net operating losses. The valuation allowance increased \$544,323 and \$524,676 in the years ended December 31, 2008 and 2007 respectively. The increase in 2008 and 2007 were attributable to accumulated net operating losses.

As of December 31, 2008 and 2007, the Company had net operating loss carry-forwards of \$4,212,499 and \$2,798,673, respectively. Unused net operating loss carry-forwards will expire at various dates beginning 2020.

As of December 1, 2008 and 2007, the Company had no unrecognized tax benefit and accordingly no related accrued interest or penalties. The Company is not under examination by either the US federal or State of Florida tax authorities.