

United Health Products, Inc.
Form 10-K
June 19, 2013

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, 2011

COMMISSION FILE NUMBER: 814-00717

UNITED HEALTH PRODUCTS, INC.
(Exact name of Registrant as specified in its charter)

Nevada
(State of jurisdiction of
incorporation or organization)

84-1517723
(I.R.S. Employee
Identification Number)

c/o Morse & Morse, PLLC, 1400 Old
Country Road, Suite 302, Westbury, NY
(Address of principal executive offices)

11590
(Zip Code)

Registrant's telephone number, including
area code:

(516) 487-1431

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

None

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

Common Stock, \$.001 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

Check whether the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this form, and no disclosure will 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 o.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act: smaller reporting company x.

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

As of the filing date of this Form 10-K, the number of shares held by non-affiliates was approximately 82,554,000 shares. The approximate market value based on the last sale (i.e. \$.16 per share as of June 11, 2013) of the Company's Common Stock was approximately \$13,209,000.

The number of shares outstanding of the Registrant's Common Stock, as of the filing date of this Form 10-K, was 96,350,140.

Forward-looking Statements

Statements in this annual report on Form 10-K that are not historical facts constitute forward-looking statements which are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Those factors include, among other things, those listed under "Risk Factors" and elsewhere in this annual report. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. Moreover, neither we nor any other person assumes responsibility.

PART I

ITEM 1: BUSINESS

Company Overview

United Health Products, Inc. ("United" or the "Company") is a product development and solutions company focusing its growth initiatives on the expanding wound-care industry and disposable medical supplies markets. Epic Wound Care, Inc. ("Epic"), the Company's principal operating subsidiary since June 2009, produces an innovative gauze product that absorbs exudate (fluids which have been discharged from blood vessels) by forming a gel-like substance upon contact which in turn aids in the process of coagulation.

Recent History of the Company

The Company was a closed-end management investment company that in February 2006 elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, (the "1940 Act"). The Company was originally formed in February 1997 as MNS Eagle Equity Group III, Inc.; however, it conducted no operations until electing to be a BDC through which it provided capital and other assistance to start-up and micro-cap companies. During this time, United acquired and established its initial interest in the medical, pharmaceutical and healthcare industry by acquiring certain intellectual property rights and creating Epic, which is the Company's primary operating platform in this industry. The Company also completed two minority equity investments in companies that are not strategic to our healthcare strategy.

In February 2010, our Board of Directors and the holders of a majority of our outstanding shares of common stock authorized management to withdraw the election to be regulated as a BDC. This decision was in part prompted by the actuality that the majority of the Company's resources were allocated to managing the operating activities of its holdings and, in addition, management found that the Company may not have been in compliance with certain BDC provisions of the 1940 Act. On July 7, 2010, the Company filed an Information Statement with the SEC providing notice of shareholder action in lieu of a Meeting of Shareholders, taken pursuant to the written consent of certain shareholders, referred to as the consenting shareholders. Specifically, the consenting shareholders approved the withdrawal of the Company's election to be a BDC. This action became effective on August 17, 2010 when the Company filed the applicable Notice concerning the withdrawal with the Securities and Exchange Commission. Further, in recognition of the change in its operations, the Company changed its name from United EcoEnergy Corp. to United Health Products, Inc., effective as of September 30, 2010.

As a result of the decision to withdraw the Company's election to be treated as a BDC and become an operating company, the fundamental nature of the Company's business changed from that of investing in a portfolio of securities with the goal of achieving gains on appreciation and dividend income, to that of being actively engaged in the ownership and management of a holding company with the goal of generating income from the operations of those businesses. The decision to withdraw the Company's election as a BDC under the 1940 Act necessitated a significant change in the Company's method of accounting. The Company formerly utilized the BDC financial statement presentation and that accounting utilized the value method of accounting used by investment companies, which allows BDCs to recognize income and value their investments at market value as opposed to historical cost. As an operating company, the Company was required to adopt the financial statement presentation and accounting for securities held which provides for either fair value or historical cost methods of accounting, depending on the classification of the investment and the Company's intent with respect to the period of time it intends to hold the investment. This change in the Company's method of accounting could impact the market value of its investments in privately held companies by eliminating the Company's ability to report an increase in the value of its holdings as the increase occurs. As an operating company, the Company, effective December 31, 2009, consolidated its financial statements with its controlled subsidiaries, thus eliminating the portfolio company reporting benefits available to BDCs.

Acquisition of Intellectual Property Rights

In June 2009, the Company acquired the intellectual property rights of Epic Wound Care, LLC, through a wholly-owned subsidiary, Epic Wound Care, Inc. (“Epic”). The intellectual property includes the right to manufacture and distribute innovative gauze to serve the wound care market. The acquisition cost for the rights was 30 million shares of Company’s common stock, of which 20 million shares were escrowed with the voting rights controlled by the Company pending attainment of certain performance targets over 18 months from the closing date of the transaction. The Company valued the rights acquired at \$500,000 based upon the Company's expectation for commercialization of the rights less costs to effectuate applicable approvals.

On March 8, 2011, the Company and Epic entered into a global settlement and release agreement (the “Settlement Agreement”) with various parties to resolve disputes regarding the Agreement and Plan of Acquisition, dated May 19, 2009, entered into by the Company in connection with its acquisition of the business and assets of Epic Wound Care, LLC (the “Acquisition Agreement”). The parties had differences of opinion concerning the satisfaction of certain milestones and conditions in the Acquisition Agreement in connection with the release of the escrowed shares mentioned above. The settlement provided for the release of 20 million escrowed shares to the sellers of the business and assets and the contribution of 2 million shares of the Company’s common stock to the capital of the Company (which were cancelled) to facilitate the settlement by certain non-controlling shareholders who provided investment advice to the Company on a regular periodic basis, including investment advice related to the Acquisition Agreement. As a condition to the settlement, the Board of the Directors of the Company waived certain milestones and conditions regarding the release of the escrowed shares as set forth in the Acquisition Agreement and the parties to the Settlement Agreement agreed to mutual releases and to resolve and settle any and all claims, controversies, disputes and causes of action, whether asserted or unasserted, known or unknown, real or potential, or whether in law, equity or otherwise, relating to, arising out of, or in any way concerning the Acquisition Agreement and the escrowed shares, without any admission of fault, liability or wrongdoing on the part of or on behalf of any party.

Primary Strategy

The Company’s gauze products are designed for the wound care market and manufactured to our specifications by a manufacturing agent in China. The gauze can be used on any wound where bleeding is present. Upon contact with moisture, the gauze forms a gel-like substance that acts as a hemostatic agent to address bleeding quickly. The hemostatic gauze derived from regenerated oxidized/cellulose, which is all natural and designed to absorb exudate/drainage from superficial wounds and helps to control bleeding. Once bleeding has ceased and coagulation has occurred, the product can be rinsed away with saline solution or lukewarm water. After acquiring the intellectual property rights, in 2009, we have devoted our time to obtaining necessary approvals to enable the product to be sold worldwide as well as establishing an international distribution network.

In August 2012, the Company’s manufacturing agent in China of its gauze products which is registered and branded in the United States under the trademark HemoStyp™, received 510(k) approval from the U.S. Food and Drug Administration (“FDA”) to be sold as a Class I device. The Company has the ability to represent to distributors and customers that its gauze products meet all FDA requirements as a Class I device. This approval now allows us to expand our potential customer base and pursue accounts that requested a current 510(k) FDA approval, including the prescription based medical arena, retail, hospital, EMS, military, state and national governmental agencies and veterinary markets.

The Company’s strategy is to engage distributors to market the Company’s gauze products to the various markets. To date, the Company has established relationships with a distributor for the veterinary market and another distributor for the dental, hospital and sports market. We have also developed prototypes of first aid kits featuring our gauze products designed for nose bleeds and a separate product for superficial sounds. We have also designed a prototype for post

dialysis treatment and venipuncture.

The Company is also focused on identifying additional emerging healthcare products and technologies, principally homeostatic, for strategic partnership or acquisition.

Our HemoStyp™ Gauze Products

HemoStyp™ Hemostatic Gauze is a collagen-like natural substance created from chemically treated cellulose. It is an effective hemostatic agent registered with the FDA to help control bleeding from open wounds and body cavities. The HemoStyp™ hemostatic material contains no chemical additives, thrombin or collagen, and is hypoallergenic. When it comes in contact with blood it expands slightly and converts to an adhesive gel that subsequently dissolves into glucose and saline. Because of its purity and the fact it simply degrades to these end products, it does not cause significant delay in healing as do other hemostatic materials that may have a similar appearance. Our HemoStyp™ gauze products are sold in three different sizes for use in superficial trauma cases. It is also sold as a dental gauze and as a nasal dressing.

HemoStyp™ Hemostatic Gauze is applied by simply folding the gauze once or twice, depending on the size of the wound, and then putting it as far into the wound as possible. Putting a bandage on top of the gauze is optional and in many cases unnecessary. On smaller cuts, it may be helpful to first cut the Gauze in half before applying it to the wound. When this is done, it may not be necessary to fold it first. Since EMS work is pre-hospital, rinsing the gauze out with saline or water is not necessary. This is because after the patient reaches the hospital, a wound will be debrided and possibly reopened prior to suturing.

Sales and Marketing

Our technology is marketed as HemoStyp™ Gauze, but is also available to customers with customized private labeling. We are customer driven. We intend to distribute both nationally and internationally. We intend to service our customers through distributors, sales representatives, industry-specialized telephone support, and the Internet. Our potential customer base includes, without limitation:

- Hospitals, Clinics, and Physicians
- EMS, Fire Departments and Other First Responders
- Public Safety, Police Departments and Military
- Correctional Facilities
- Schools, Universities and Day Care Facilities
- Nursing Homes and Assisted Living Environments
- Home Care Providers
- Dental offices
- Sports Medicine Providers
- Veterinarians
- Municipalities and Government Agencies and
- Occupational and Industrial Healthcare Professionals

Our Chief Executive Officer, Dr. Phillip Forman, was invited on the “Learning Channel.” Dr. Forman has over 30 years’ experience in wound care management and was asked to share his insights on wound management and the unique properties of Hemostyp™ hemostatic gauze. Management believes that this exposure provided free publicity for the Company’s products.

On December 19, 2012, the Company announced that its hemostatic gauze was featured in the clinicians report for the second time in 2012. This report is a published scientific testimonial that features products which have met the criteria and approval of the dental community. This report is distributed to over 10,000 dental care providers. In the December issue, the Company’s HemoStyp™ was listed among the best products evaluated during 2012 with 83% of the evaluators stating that they would recommend the product. On January 22, 2013, the Company announced that its HemoStyp™ was featured in the January 2013 edition of Dentistry Today. Dentistry Today is a top dental industry report offering comprehensive coverage of the latest news and developing technologies from within the dental industry. On February 12, 2013, the Company announced that it has entered into a beta test agreement with the distinguished Ryan Network for the Company’s hemostatic gauze. Under the beta test protocol, the HemoStyp™ gauze will be indicated for patients post venipuncture to assess expedited coagulation, ease of use, patient satisfaction, and decrease prolonged coagulation due to patients’ co-morbidities and anticoagulation therapy. Ryan Network is a family of not-for-profit, federally qualified health center with multiple locations in New York City.

As a result of the Company’s publicity in the dental reports described above, the Company has received an initial order from one of the dental industry’s largest dental product distributors and we believe that these reports and the Company’s other sales efforts will generate additional interest in our gauze products.

Competition

The disposable medical supply market in the United States is dominated by large companies such as Baxter International, Bristol-Myers Squibb Company, Johnson & Johnson and 3M Company. Our hemostatic gauze product will directly compete in the gauze markets dominated by these majors. However, the market for hemostatic products, which includes gauzes, gels, bandages and powders, is largely composed of smaller, privately-held companies with the exception of Johnson & Johnson, which manufactures Surgicel®. In this market, competitive factors include price,

product offerings, value-added service programs, service and delivery, credit terms, and customer support.

Government Regulation

We are subject to oversight by various federal and state governmental entities and we are subject to, and affected by, a variety of federal and state laws, regulations and policies.

The U.S. Drug Enforcement Administration (“DEA”), the U.S. Food and Drug Administration (“FDA”) and various state regulatory authorities regulate the purchase, storage, and/or distribution of pharmaceutical products. The DEA, FDA and state regulatory authorities have broad enforcement powers, including the ability to seize or recall products and impose significant criminal, civil and administrative sanctions for violations of applicable laws and regulations. As a wholesale distributor of pharmaceuticals and certain related products, we are subject to these laws and regulations. We have all necessary licenses or other regulatory approvals and believe that we are in compliance with all applicable pharmaceutical wholesale distribution requirements needed to conduct our operations.

On April 29, 2010, the Company's subsidiary, Epic, submitted a Section 510(k) premarket notification of intent to market its hemostatic gauze as a Class III device to the U.S. Food and Drug Administration ("FDA"). On August 3, 2010, the FDA sent Epic a notice that the application was insufficient to allow the FDA to make the determination. In August 2012, our non-affiliated manufacturing agent in China had its Section 510(k) pre-market notification approved as a Class I device as described herein.

In recent years, some states have passed or proposed laws and regulations that are intended to protect the safety of the pharmaceutical supply channel. These laws and regulations are designed to prevent the introduction of counterfeit, diverted, adulterated or mislabeled pharmaceuticals into the distribution system. In addition, the FDA Amendments Act of 2007 (the "2007 Act") requires the FDA to establish standards and identify and validate effective technologies for the purpose of securing the pharmaceutical supply chain against counterfeit drugs. These standards may include track-and-trace or authentication technologies, such as radio frequency identification devices and other technologies. The 2007 Act required the FDA to develop a standardized numerical identifier by April 1, 2010.

As a result of political, economic and regulatory influences, the healthcare delivery industry in the United States is under intense scrutiny and subject to fundamental changes. Although there was substantial Federal legislation enacted during 2010 that impacted our healthcare system in the United States, we expect that the administration, Congress and certain state legislatures will continue to review and assess alternative healthcare delivery systems and payment methods in order to reform the healthcare system. Thus, we cannot predict the impact on us of the 2010 legislation and/or additional regulation governing the delivery or pricing of healthcare products that may be passed. Nor can we predict the impact on us of potential changes to the structure of the present healthcare delivery system, if any, when they may be adopted.

The costs associated with complying with federal and state regulations could be significant and the failure to comply with any such legal requirements could have a significant impact on our results of operations and financial condition.

Environmental Matters

Our business activities are subject to extensive federal, state, and local environmental laws and regulations relating to water, air, hazardous substances and wastes that may restrict or limit such business activities. Although the Company does not currently directly manufacture its own products, we may still be subject to existing environmental laws by way of regulatory agencies or other third party claimants. Examples of U.S. Federal environmental legislation that may have adverse effects on the Company include the Toxic Substances Control Act, the Clean Air Act, the Clean Water Act, Compensation and Liability Act (aka CERCLA or Superfund) and the Resource Conservation and Recovery Act. By no means do we certify this list as being complete, as there are many laws and regulations that exist or that may come to pass that we cannot foresee that may also have an impact on the Company. The multitude of regulations issued by federal, state, provincial and local administrative agencies can be burdensome and costly and we determined to change our business model as a result. There are currently no pending legal proceedings with any government regulatory agencies.

EMPLOYEES

As of the filing date of this Form 10-K, we have no employees of the Company other than the services of our Chief Executive Officer, Dr. Phillip Forman. We anticipate hiring additional staff and executives as our operations increase.

RESEARCH AND DEVELOPMENT EXPENDITURES

We have not incurred any research or development expenditures since our incorporation.

PATENTS AND TRADEMARKS

The Company seeks to protect its innovations and developments by acquiring patent and trademark protection relevant to our business where possible. The Company has trademark protection for HemoStyp®. However, if our intellectual property positions are challenged, invalidated, circumvented or expire, or if we fail to prevail in future intellectual property litigation, our business could be adversely affected. Our success depends in part on our ability to obtain and defend patent rights and other intellectual property rights that are important to the commercialization of our products and product candidates. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and often involve complex legal, scientific and factual questions. Third parties may challenge, invalidate or circumvent our patents and patent applications relating to our products, product candidates and technologies. In addition, our patent positions might not protect us against competitors with similar products or technologies because competing products or technologies may not infringe our patents. For certain of our product candidates, there are third parties who have patents or pending patent applications that they may claim necessitate payment of a royalty or prevent us from commercializing these product candidates in certain territories. Patent disputes are frequent, costly and can preclude, delay or increase the cost of commercialization of products.

ITEM 1A. RISK FACTORS

We are a new enterprise engaged in the business of acquiring, developing and integrating small private companies and products related to healthcare. There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

RISKS RELATED TO OUR BUSINESS

We have a history of operating losses and may continue to lose money in the future.

For the years ended December 31, 2011, 2010 and 2009, the Company had a net loss of \$(1,588,362), \$(2,895,602) and \$(910,007), respectively. While the Company's hemostatic gauze products have 510(k) FDA approval from the FDA for our manufacturing agent in China to manufacture these products, we can provide no assurances that our operations will be profitable in the future.

We have limited operating history. Accordingly, you will have no basis upon which to evaluate our ability to achieve our business objectives.

We have limited operating history, which makes it difficult for potential investors to evaluate our business or prospective operations. Our business plan involves the potential acquisition and development of operating companies predominately in the healthcare market and is subject to all of the risks inherent in the initial organization, financing, expenditures, complications and delays inherent in a new business. Investors should evaluate an investment in our Company in light of the uncertainties frequently encountered by companies developing markets for new products, services and technologies in which we expect to invest. We may never overcome these obstacles. In addition, our business is speculative and depends upon the implementation of our business plan and our ability to enter into agreements with third parties on behalf of our affiliate companies on terms that will be commercially viable for us. There can be no assurance that our efforts will be successful or that we will be able to attain profitability.

Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern. This could make it more difficult for us to raise funds and adversely affect our relationships with lenders, investors and suppliers.

Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern. This indicates that our auditors believe that substantial doubt exists regarding our ability to continue to remain in business. We cannot provide any assurance that we will in fact operate our business profitably or obtain sufficient financing to sustain our business in the event we are not successful in our efforts to generate sufficient revenue and operating cash flow. The expression of such doubt by our independent registered public accounting firm or our inability to overcome the factors leading to such doubt could have a material adverse effect on our relationships with prospective customers, lenders, investors and suppliers, and therefore could have a material adverse effect on our business.

We will need additional financing to execute our business plan and fund operations, which additional financing may not be available.

We currently have a working capital deficit and minimal cash. As result of the Company's financial position, we may not be able to execute our current business plan and fund business operations long enough to achieve profitability. Our ultimate success may depend upon our ability to raise additional capital. There can be no assurance that additional

funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

We may be required to pursue sources of additional capital through various means, including joint venture projects and debt or equity financings. Future financings through equity investments are likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and the issuances of incentive awards under equity employee incentive plans, which may have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition.

Our ability to obtain needed financing may be impaired by such factors as the capital markets, both generally and specifically in the healthcare industry, and the fact that we are not profitable, which could impact the availability and cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations.

No guarantee of market acceptance.

Our success is dependent on market acceptance of our hemostatic gauze products and any other new technology or service that we acquire or develop for our selected industry. We cannot assure you that healthcare market professionals will conclude that our technologies are useful or safe. We cannot assure you that our technology will ultimately achieve or maintain significant market acceptance among distributors, patients, physicians, or healthcare payers in general, or even that any and all necessary regulatory approvals will be obtained.

Strategic relationships upon which we may rely are subject to change, which may diminish our ability to conduct our operations.

Our ability to successfully market our hemostatic gauze products or acquire products and companies and to identify and enter into commercial arrangements with customers will depend on our ability to select and evaluate suitable opportunities to consummate transactions in an environment that is highly competitive. These realities are subject to change and may impair our ability to grow.

To market and sell our hemostatic gauze products business, we will endeavor to use the business relationships of our management to enter into strategic relationships, which may take the form of joint ventures with private parties and contractual arrangements with other resource companies. We may not be able to establish these strategic relationships, or if established, we may not be able to maintain them. In addition, the dynamics of our relationships with strategic partners may require us to incur expenses or undertake activities we would not otherwise be inclined to in order to fulfill our obligations to these partners or maintain our relationships. If our strategic relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations.

We could experience difficulties in our supply chain.

We do not maintain our own manufacturing facilities. The Company contracts a manufacturing agent in China on a non-exclusive basis, which agent has obtained 510(k) approval with the FDA for the manufacturing of the Company's hemostatic gauze products as a Class 1 device. If the Company's manufacturing agent in China should experience difficulties in the process of manufacturing, i.e. changes in environmental regulations, rising wages, late deliveries, shortages of components or raw materials, cash problems or excessive transport costs, there would be an adverse impact on our ability to generate revenue.

We are currently dependent on one hemostatic gauze product line to generate income.

While our goal is to develop a diversified portfolio of healthcare related products, the Company's advanced hemostatic gauze product line is currently our only product line from which we can derive revenue. Lack of success in developing a commercial market for this product line will likely not allow us to pursue further use of this technology platform.

We may not be able to effectively manage our growth, which may harm our profitability.

Our strategy envisions expanding our business of developing proprietary solutions in healthcare industry. If we fail to do so and thereafter to manage our growth, our financial results could be adversely affected. Growth may place a

strain on our management systems and resources. We must continue to refine and expand our business development capabilities, our systems and processes and our access to financing sources. As we grow, we must hire, train, supervise and manage new employees. We cannot assure you that we will be able to:

- * meet our capital needs;
- * expand our systems effectively or efficiently or in a timely manner;
- * allocate our human resources optimally;
- * identify and hire qualified employees or retain valued employees; or
- * incorporate effectively the components of any products, services or businesses that we may acquire in our effort to achieve growth.

If we are unable to manage our growth, our operations and our financial results could be adversely affected by inefficiency, which could diminish our profitability.

Our business may suffer if we do not attract and retain talented personnel.

Our success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of our management and other personnel in conducting our intended business. In addition, we depend on management and employees to interpret market data correctly and to interpret and respond to economic, market and other conditions to locate and adopt appropriate business opportunities. We presently have a small management team, which we intend to expand in conjunction with our planned operations and growth. We will have to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If we are unable to attract and retain additional key management personnel, our business may be adversely affected.

Uncertain outcomes during clinical testing.

Outcomes of clinical trials for new products, if required, may produce unexpected or undesired results that may either delay or entirely halt a product from reaching the market. This would materially impact our product development costs. If a product does not survive the clinical testing phase, our entire investment in that product would be invalidated and entirely negated. In addition, delays in clinical trials would mean our products would not reach our end users for an indeterminate period, which would negatively affect our revenue.

Clinical trials may be delayed for a variety of reasons, including but not limited to, delays in obtaining a potential test site to commence or continue a study, delays in reaching agreement on acceptable clinical study terms with prospective sites, and delays in recruiting patients to participate in a study.

We may not be able to adequately protect our technologies or intellectual property rights.

Our commercial success will depend in part on obtaining and maintaining patent protection and trade secret protection of our technologies and product candidates as well as successfully defending these patents against third-party challenges. We will only be able to protect our technologies and product candidates from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them. Furthermore, the degree of future protection of our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage.

RISKS RELATED TO OUR INDUSTRY

The healthcare industry is subject to extensive government regulation, which can result in increased costs, delays, limits on its operating flexibility and competitive disadvantages.

While we intend to concentrate on over-the-counter and nonprescription type healthcare products, the healthcare industry is generally subject to extensive regulatory requirements. Many of these requirements result in significant costs that may adversely affect our business and financial results. If we are unable to pass those costs on it would negatively impact our profit margin.

Healthcare insurance legislation may lead to unintended adverse effects for businesses involved in our industry. New legislation that gives the Federal government greater regulatory powers may lead to negative consequences for certain aspects of our business. The full scope of the recently passed healthcare legislation may not be felt for several years, it is therefore difficult to predict any future consequences that would be challenges to our Company, or if we can overcome them.

Failure to comply with laws or government regulations could result in penalties.

Certain government requirements for technologies in the healthcare market may require licensure or mandatory minimum standards relating to the provision of services. Failure to comply with these requirements could materially affect our ability to expand into new or existing markets. Future regulatory developments may also cause disruptions to our operations.

Risks Relating to Our Organization

We are subject to the reporting requirements of the federal securities laws, which can be expensive.

We are a public reporting company and, accordingly, subject to the information and reporting requirements of the Exchange Act and other federal and state securities laws, including compliance with the Sarbanes-Oxley Act of 2002. The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to stockholders increase our operating costs.

It is time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications required by that Act.

Failure to achieve and maintain effective disclosure controls or internal controls could have a material adverse effect on our ability to report our financial results timely and accurately.

As result of our analysis of our system of internal accounting controls and accounting and financial reporting processes, we have identified a material weakness in our disclosure controls and internal controls. These are more specifically discussed in Item 9A of this Annual Report. As a result of these deficiencies, we must perform additional analysis and other post-closing procedures to insure that our financial statements are prepared in accordance with US generally accepted accounting principles. As a result, we will incur expenses and devote significant management resources to this review process. Furthermore, effective internal controls and procedures are necessary for us to continue to provide reliable financial reports. If we continue to have material weaknesses in our internal controls and procedures, we may not be able to provide reliable financial reports and our business and operating results could be harmed.

Public company compliance requirements may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. Compliance with the new rules and regulations increases our operating costs and makes certain activities more time consuming and costly than if we were not a public company. As a public company, these new rules and regulations make it more difficult and expensive for us to obtain director and officer liability insurance. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers.

There exist risks to stockholders relating to dilution: authorization of additional securities and reduction of percentage share ownership following investment.

To the extent that additional shares of common stock are issued, the stockholders would experience dilution of their respective ownership interests in the Company. Additionally, if the Company issues a substantial number of shares of common stock in connection with or following an investment, a change in control of the Company may occur which may affect, among other things, the Company's ability to utilize net operating loss carry forwards, if any. Furthermore, the issuance of a substantial number of shares of common stock may adversely affect prevailing market prices, if any, for the common stock and could impair the Company's ability to raise additional capital through the sale of its equity securities. The Company may use consultants and other third parties providing goods and services or additional capital. These consultants or third parties may be paid in cash, stock, options or other securities of the Company, and the consultants or third parties may be Placement Agents or their affiliates.

Potential action against the Company's former Chief Financial Officer

The Company filed a late notice in March 2012 to indicate that it needed an additional time to file its Form 10-K for the year ended December 31, 2011. Since that date, the Company has been unable to timely file all reports required under the Securities Exchange Act of 1934, as amended. In December 2012, Jan Chason, the Company's former Chief Financial Officer, resigned from the board. Following Mr. Chason's resignation, the Company had a forensic accountant look into the Company's books and records and to determine whether or not all transactions authorized by Mr. Chason that have been reported in our financial statements and notes thereto under generally accepted accounting

principles were properly authorized by the board. While the Company has filed this Form 10-K and is currently seeking to file as swiftly as possible all Exchange Act reports that are delinquent, the filing of such reports by the Company does not mean that the Company has concluded that all financial statements and the results contained therein were the result of transactions authorized by the board. Accordingly, the Company reserves the right to take all appropriate action against Mr. Chason to the extent he entered into transactions, issued securities or paid out monies that were not properly authorized by the board.

RISKS RELATING TO OUR COMMON STOCK

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in the healthcare industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- limited “public float”, in the hands of a small number of persons whose sales or lack of sales, could result in positive or negative pricing pressure on the market price for our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- regulatory developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of cash dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on investment will only occur if our stock price appreciates.

There is currently no liquid trading market for our common stock and we cannot ensure that one will ever develop or be sustained.

To date there has been an illiquid trading market for our common stock in the Over-the-Counter Market. We cannot predict how liquid the market for our common stock might become in the future.

Our common stock is deemed a “penny stock”, which may make it more difficult for our investors to sell their shares.

Our common stock is subject to the “penny stock” rules adopted under Section 15(g) of the Securities Exchange Act of 1934. The penny stock rules apply to companies whose common stock is not listed on a national securities exchange and trades at less than \$5.00 per share or that have tangible net worth of less than \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than “established customers” complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as

market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. In as much as our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, or upon the expiration of any holding period under Rule 144, or expiration of lock-up periods applicable to outstanding shares, or issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an “overhang” and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

ITEM 1B UNRESOLVED STAFF COMMENTS

None

ITEM 2: DESCRIPTION OF PROPERTY

The Company does not own any properties at this time and it is utilizing the offices of its securities counsel, Morse & Morse, PLLC, on a temporary basis at its principal executive office location for SEC reporting purposes. As the Company’s financial condition permits, the Company will seek to obtain a permanent leased facility in the New York Metropolitan area.

ITEM 3: LEGAL PROCEEDINGS

There are no legal proceedings pending or threatened against us, and we are unaware of any governmental authority initiating a proceeding against us.

ITEM 4: MINE SAFETY DISCLOSURES

None.

PART II

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

(a) Market information

The common shares of the Company trade on the Over-the-Counter Market under the symbol UEEC. There has been only limited, sporadic trading activity to date. The following table sets forth the high and low sale price of the common stock on a quarterly basis for the periods presented.

	High	Low
For Year Ended 2010		
First Quarter	\$ 0.35	\$ 0.15
Second Quarter	0.18	0.12
Third Quarter	0.15	0.09
Fourth Quarter	0.29	0.07
For Year Ended 2011		
First Quarter	\$ 0.14	\$ 0.04
Second Quarter	0.09	0.03
Third Quarter	0.07	0.03
Fourth Quarter	0.04	0.03

(b) Holders

As of the filing date of this Form 10-K, there were approximately 250 holders of record of our issued and outstanding 96,350,140 shares of common stock.

(c) Dividends

The Company has not paid any dividends to date, has not yet generated earnings sufficient to pay dividends, and currently does not intend to pay dividends in the foreseeable future.

(d) Stock Issuances and Repurchases

During the period January 1, 2011 through December 31, 2011, there were no issuances of the Company's unregistered securities, except as follows:

Date of Sale	Title of Security	Number Sold	Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security Afforded to Purchasers	Exemption from Registration Claimed	If Option, Warrant or Convertible Security, terms of exercise or conversion
2011	Common Stock	862,179 Shares	Conversion of \$43,109 of principal and interest; no commission paid	Section 3(a)(9)	(1)
02/2011	Common Stock Options	4,900,000 Options	Non-cash compensation charges of \$220,686; no commissions paid	Section 4(2)	Five-year options exercisable at \$.06 per share
02/2011	Common Stock Options	2,350,000 Options	Non-cash compensation charges of \$326,525; no commissions paid	Section 4(2)	Five-year options exercisable at \$.06 per share
11/2011	Common Stock Options	2,125,000 Options	Non-cash compensation charges of \$95,705; no commissions paid	Section 4(2)	Five-year options exercisable at \$.06 per share

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2011	Common Stock	550,000 Shares	Non-cash compensation expense of \$94,000; no commissions paid	Section 4(2)	Not applicable
2011	Common Stock	1,000,000 Shares	Extending due date of Notes; no commissions paid	Section 4(2)	Not applicable
11/2011	Common Stock Warrants	250,000 Warrants	Non-cash compensation expense of \$9,765; no commissions paid	Section 4(2)	Three-year warrants exercisable at \$.03 per share

(1) In February and March 2011, the Company redeemed \$43,109 of indebtedness, including interest, to LeadDog Capital LP for 862,179 shares of common stock.

During the period January 1, 2011 through December 31, 2011, there were repurchases of the Company's unregistered securities, except as follows:

On March 8, 2011, the Company and Epic entered into a global settlement and release agreement (the "Settlement Agreement") with various parties to resolve disputes regarding the Agreement and Plan of Acquisition, dated May 19, 2009, entered into by the Company in connection with its acquisition of the business and assets of Epic Wound Care, LLC (the "Acquisition Agreement"). The parties had differences of opinion concerning the satisfaction of certain milestones and conditions in the Acquisition Agreement in connection with the release of the escrowed shares mentioned above. The settlement provided for the release of 20 million escrowed shares to the sellers of the business and assets and the contribution of 2 million shares of the Company's common stock to the capital of the Company (which were cancelled) to facilitate the settlement by certain non-controlling shareholders who provided investment advice to the Company on a regular periodic basis, including investment advice related to the Acquisition Agreement. As a condition to the settlement, the Board of the Directors of the Company waived certain milestones and conditions regarding the release of the escrowed shares as set forth in the Acquisition Agreement and the parties to the Settlement Agreement agreed to mutual releases and to resolve and settle any and all claims, controversies, disputes and causes of action, whether asserted or unasserted, known or unknown, real or potential, or whether in law, equity or otherwise, relating to, arising out of, or in any way concerning the Acquisition Agreement and the escrowed shares, without any admission of fault, liability or wrongdoing on the part of or on behalf of any party.

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

You should read the following discussion and analysis of our financial condition and results of operations together with "Selected Consolidated Financial Data" and our consolidated financial statements and related notes appearing elsewhere in this annual report on Form 10-K. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth under 'Risk Factors' and elsewhere in this annual report on Form 10-K.

OVERVIEW

United Health Products, Inc. is a product development and solutions company focusing its growth initiatives on the expanding wound-care industry and disposable medical supplies markets. Epic Wound Care, Inc. ("Epic"), our principal operating subsidiary produces an innovative gauze product that absorbs exudate (fluids which have been discharged from blood vessels) by forming a gel-like substance upon contact.

United was a closed-end management investment company, which in February 2006, elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, (the "1940 Act"). Originally, we were formed in February 1997 as MNS Eagle Equity Group III, Inc.; however, we conducted no operations until electing to be a BDC through which we provided capital and other assistance to start-up and micro-cap companies. During this time, we acquired and established our initial interest in the medical, pharmaceutical and healthcare industry by acquiring certain intellectual property rights and creating Epic, which will become our operating platform company in this industry. We also completed two minority equity investments in companies that we now believe will not be strategic to our healthcare strategy.

In February 2010, our Board of Directors and the holders of a majority of our outstanding shares of common stock authorized management to withdraw the election to be regulated as a BDC. This decision was in part prompted by the actuality that the majority of our resources were allocated to managing the operating activities of our holdings and, in addition, management found that the Company may not have been in compliance with certain BDC provisions of the

1940 Act. In addition, we received communications from the Securities and Exchange Commission in which the Commission alleged that the Company was in noncompliance with some of the Rules and Regulations governing BDC's. On July 7, 2010, the Company filed an Information Statement with the SEC providing notice of shareholder action in lieu of a Meeting of Shareholders, taken pursuant to the written consent of certain shareholders, referred to as the consenting shareholders. Specifically, the consenting shareholders approved the withdrawal of the Company's election to be a BDC. This action became effective on August 17, 2010 when we filed the applicable Notice concerning the withdrawal with the Securities and Exchange Commission. Further, in recognition of the change in its operations we changed our name to United Health Products, Inc., effective as of September 30, 2010.

As a result of the decision to withdraw our election to be treated as a BDC and become an operating company, the fundamental nature of our business changed from that of investing in a portfolio of securities with the goal of achieving gains on appreciation and dividend income, to that of being actively engaged in the ownership and management of a holding company with the goal of generating income from the operations of those businesses. The decision to withdraw our election as a BDC under the 1940 Act necessitated a significant change in our method of accounting. We formerly utilized the BDC financial statement presentation and that accounting utilized the value method of accounting used by investment companies, which allows BDCs to recognize income and value their investments at market value as opposed to historical cost. As an operating company, we were required to adopt the financial statement presentation and accounting for securities held which provides for either fair value or historical cost methods of accounting, depending on the classification of the investment and our intent with respect to the period of time it intends to hold the investment. This change in our method of accounting could impact the market value of our investments in privately held companies by eliminating our ability to report an increase in value of its holdings as the increase occurs. As an operating company, the Company, effective December 31, 2009, consolidated its financial statements with its controlled subsidiaries, thus eliminating the portfolio company reporting benefits available to BDCs.

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from these estimates under different assumptions or conditions.

Business Plan

Our principal operating subsidiary is Epic, which produces hemostatic gauze, a collagen-like natural substance created from chemically treated cellulose that is designed to address severe bleeding in wound care applications. We are focused on identifying additional emerging healthcare products and technologies, principally hemostatic, for strategic partnership or acquisition.

However, we have very limited funds and we may not be able to execute our current business plan and fund business operations long enough to achieve profitability. Our ultimate success may depend upon our ability to raise additional capital. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

Current Economic Environment

The U.S. economy is currently in a recession. The generally economic situation, together with the limited availability of debt and equity capital, including through bank financing, will likely have a disproportionate impact on the Company. As a result, we may not be able to execute our business plan as a result of inability to raise sufficient capital and/or be able to develop a customer base for our hemostatic gauze products.

Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. This basis of accounting contemplates the recovery of our assets and the satisfaction of liabilities in the normal course of business. Since our formation, we have not generated any significant revenues. We have not as yet attained a level of operations that allows us to meet our current overhead and may not attain profitable operations within its first few business operating cycles, nor is there any assurance that such an operating level can ever be achieved. In August 2010, the FDA found that the Company's application for the designation of the Epic product as a Class III device was insufficient, which resulted in the temporary halt to sales by our distributor. In August 2012, our Chinese manufacturing agent received 510(k) approval from the FDA for our hemostatic gauze products to be sold as a Class I product.

We are dependent upon obtaining additional financing adequate to fund our operations. While we funded our initial operations with private placements and secured loans from a related party, there can be no assurance that adequate financing will continue to be available to us and, if available, on terms that are favorable to us. The report of our auditors on our financial statements for the year ended December 31, 2011 includes a reference to going concern risks. Our ability to continue as a going concern is also dependent on many events outside of our direct control, including, among other things, improvement in the economic climate. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of these uncertainties.

Results of Operations

Year ended December 31, 2011 versus year ended December 31, 2010

Prior to December 31, 2009, the Company made considerable efforts to carry out its business plan as a Business Development Company. These efforts included both business development and financing activities. Subsequent to 2009, our efforts were directed towards developing the infrastructure to pursue sales for our Epic products and obtaining appropriate government approvals related to these products. Epic's principal distributor during the 2010 period continued to develop its customer base for the Epic gauze product designed for the wound care market. However, as a result of the FDA notice received in August 2010, the Company's distributor halted sales of Epic's products, which hemostatic gauze products could not be sold as a Class III device.

During 2011, the Company had no revenues for the reasons described above as compared to \$69,071 for fiscal 2010. Total operating expenses for 2011 were \$1,317,409 as compared to \$2,703,540 for the comparable period of the prior year. Our 2011 net loss was \$1,588,362 as compared to \$2,895,602 for the comparable period of the prior year. The reduction in operating expenses and net loss were the direct result of the Company reducing its operating costs as a result of the FDA sending Epic a notice that the application to market the Company's hemostatic gauze as a Class III device was insufficient for the FDA to make a determination as to the merits of the Class II device application.

During the year ended December 31, 2010, the Company incurred general and administrative expenses of \$2.5 million. The principal expenses incurred were related to expanding the distribution base for Epic as well as restructuring the Company to end its BDC status. The 2010 period included non-cash charges of \$1.8 million related to stock compensation and amortization of the intellectual property rights related to the Epic technology. The non-cash compensation charges related to fair value accounting for compensation through the use of stock and options. Other expenses in the 2010 period include charges of \$180,000 related to an impairment loss on an investment and issuance of common stock to settle obligations principally due to a related party,

In August 2012, our Chinese manufacturing agent received 510(k) approval from the FDA to our hemostatic gauze products as a Class I device. Since then, products have been showcased in dental publications and our Chief Executive Officer has been on the Learning Channel to discuss our hemostatic gauze products. We have obtained interest from distributors to sell our hemostatic gauze products to the dental and veterinarian markets. Management believes that operating periods during the last nine months of 2013 should begin to see the recommencement of sales.

Financial Condition, Liquidity and Capital Resources

As of December 31, 2011, the Company had a negative working capital of \$1.8 million and stockholders' deficiency of \$1.5 million. Since inception, we generated net cash proceeds of \$2.0 million from equity placements and borrowed funds principally from related parties. The Company has not as yet attained a level of operations which allows it to meet its current overhead and may not attain profitable operations within the next few business operating cycles, nor is there any assurance that such an operating level can ever be achieved. In August 2010, the FDA found that the Company's application for the designation of the Epic product as a Class III device was insufficient, which resulted in the halt to sales by our distributor. The report of our auditors on our 2010 financial statements includes a reference to going concern risks. While the Company has funded its initial operations with private placements, and secured loans from related parties, there can be no assurance that adequate financing will continue to be available to the Company and, if available, on terms that are favorable to the Company. Our ability to continue as a going concern is also dependent on many events outside of our direct control, including, among other things, our ability to achieve our business goals and objectives, as well as improvement in the economic climate.

Cash Flows

The Company's cash on hand at December 31, 2011 and December 31, 2010 was \$226 and \$2,381, respectively.

During fiscal 2011 and fiscal 2010, the Company had net cash used in operating activities of \$(284,319) and \$691,938, respectively. Fiscal 2011 and 2010 include increased stock based compensation of \$562,886 and \$1,741,975, respectively. Cash flow from financing activities in fiscal 2011 and fiscal 2010 resulted in cash being provided of \$282,164 and \$686,301, respectively. During fiscal 2011 and 2010, the Company received \$282,164 and \$118,700, respectively, as proceeds from related parties.

Off-Balance Sheet Arrangements

As of December 31, 2011, we have no off-balance sheet arrangements.

Related Parties

Information concerning related party transactions is included in the financial statements and related notes, appearing elsewhere in this annual report on Form 10-K.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

The Company recognizes revenues when persuasive evidence of an arrangement exists, product has been delivered or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Revenue is recognized net of estimated sales returns and allowances.

In 2010, revenues were attributable to the sale of medical products through distributor agreements. The principal terms of the agreements provide that the distributor orders be accompanied by partial payment in advance, which at least equals 50% of total manufactured cost, as defined, for orders for distributor inventory and, in addition, an agreed portion of the distributor's gross profit on special orders. The balance of the manufactured cost is due from the distributor at the time of shipment. The Company was also entitled to an agreed percentage of the distributor's profit on receipt by the distributor. The Company deferred all amounts received in advance of shipment and recognizes as revenue the aggregate of amounts invoiced in advance and an estimate of the Company's portion of distributor's profit at the time of shipment.

The Company has recorded as intangibles amounts representing the rights we have obtained to technology, know-how, trademarks and etc. based upon the amounts the Company had previously recorded for the assets exchanged for the rights or the market value of its common stock given as consideration. In the opinion of management the valuation of the assets given in exchange for the rights are representative of the value as the assets and based upon the Company's current plans for these rights there has been no diminution in their value.

We used the Black-Scholes option pricing model to determine the fair value of stock options in connection with stock based compensation charges as well as certain finance cost charges when we issued warrants in connection with the issuance of indebtedness. The determination of the fair value of stock-based payment awards or warrants on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate and expected dividends.

Due to our limited history as a public company, we have estimated expected volatility based on the historical volatility of certain companies as determined by management. The risk-free rate for the expected term of each option is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield assumption is based on our intent not to issue a dividend as a dividend policy. Due to our limited operating history, management estimated the term to equal the contractual term.

If factors change and we employ different assumptions for estimating stock-based compensation expense in future periods or if we decide to use a different valuation model, the future periods may differ significantly from what we have recorded in the current period and could materially affect our operating income, net income and net income per share.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions including the expected stock price volatility. Because our stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models may not necessarily provide a reliable single measure of the fair value of its employee stock options.

Because federal income tax regulations differ from accounting principles generally accepted in the United States, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification

may also result from the treatment of short-term gains as ordinary income for tax purposes.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as an expense in the applicable year. The Company does not have a liability for any unrecognized tax benefits. Management's evaluation of uncertain tax positions may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
United Health Products, Inc.

We have audited the accompanying consolidated balance sheets of United Health Products, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' deficiency, and cash flows for each of the two years in the two year period ended December 31, 2011. United Health Products, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Health Products, Inc. as of December 31, 2011 and 2010, and the results of its operations, changes in stockholders' deficit and its cash flows for each of the years in the two year period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that United Health Products, Inc. will continue as a going concern. As more fully described in the notes to the financial statements, the Company's operating losses since inception raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Somerset, New Jersey
June 15, 2013

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UNITED HEALTH PRODUCTS, INC
Consolidated Balance Sheets
December 31,

	2011	2010
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 226	\$ 2,381
Prepaid Expenses and Other Current Assets	-	38,017
Total Current Assets	226	40,398
Other Assets		
Intangible Assets, Net	250,000	350,000
TOTAL ASSETS	\$ 250,226	\$ 390,398
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 705,856	\$ 342,597
Due to related party	345,023	175,781
Liability for unissued shares	202,692	118,800
Notes payable - related parties	409,398	146,335
Notes payable and accrued interest	111,709	110,999
Total current liabilities	1,774,678	894,512
Commitments and Contingencies		
Stockholders' Deficiency		
Common Stock - \$.001 par value, 150,000,000 Shares		
Authorized, 80,840,394 and 80,428,215 Shares		
Issued and Outstanding at December 31, 2011 and 2010, respectively		
	80,840	80,428
Additional Paid-In Capital	4,510,882	3,943,270
Accumulated Deficit	(6,116,174)	(4,527,812)
Total Stockholders' Deficiency	(1,524,452)	(504,114)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 250,226	\$ 390,398

See notes to consolidated financial statements.

UNITED HEALTH PRODUCTS, INC

Consolidated Statements of Operations
For the Years Ended December 31,

	2011	2010
Revenues	\$ -	\$ 69,071
Operating Costs and Expenses		
Cost of Sales	-	56,447
Amortization of Intangibles	100,000	100,000
Selling, general and administrative expenses	1,217,409	2,547,093
Total Operating Expenses	1,317,409	2,703,540
Loss from Operations	(1,317,409)	(2,634,469)
Other expenses		
Interest Expense, Net	270,953	81,133
Loss on investments in affiliates	-	180,000
Net Loss	\$ (1,588,362)	\$ (2,895,602)
Net Loss per common share:		
Basic and diluted	\$ (0.02)	\$ (0.06)
Weighted average number of shares outstanding	80,850,378	50,958,334

See notes to consolidated financial statements.

UNITED HEALTH PRODUCTS, INC
Consolidated Statements of Stockholders' Deficiency
For the Years Ended December 31, 2011 and 2010

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Accumulated Deficit	Total
Balance at January 1, 2010	66,124,315	\$66,124	\$1,615,481	\$ (1,632,210)	\$49,395
Issuance of Common Stock in connection with conversion of indebtedness to related party	738,044	738	109,969		110,707
Issuance of Common Stock in connection with services	9,300,100	9,300	1,070,700		1,080,000
Issuance of Common Stock in connection with financing	400,000	400	79,700		80,100
Issuance of Common Stock in connection with board services	250,000	250	37,250		37,500
Issuance of Common Stock in connection with private placement, net of expenses	3,484,115	3,484	489,217		492,701
Issuance of Common Stock in connection with convertible loans	131,641	132	35,278		35,410
Issuance of stock options			505,675		505,675
Net Loss				(2,895,602)	(2,895,602)
Balance at December 31, 2010	80,428,215	80,428	3,943,270	(4,527,812)	(504,114)
Issuance of Common Stock in connection with conversion of indebtedness to related party	862,179	862	42,247		43,109
Issuance of Common Stock in connection with services	1,550,000	1,550	92,450		94,000
Forfeited stock in connection with global settlement	(2,000,000)	(2,000)			(2,000)
Issuance of stock options			423,150		423,150
Issuance of warrants			9,765		9,765
Net Loss				(1,588,362)	(1,588,362)

Balance at December 31, 2011	80,840,394	\$80,840	\$4,510,882	\$ (6,116,174)	\$(1,524,452)
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See notes to consolidated financial statements.

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UNITED HEALTH PRODUCTS, INC
Consolidated Statements of Cash Flows
For the Years Ended December 31,

	2011	2010
Cash Flows from Operating Activities:		
Net Loss	\$ (1,588,362)	\$ (2,895,602)
Adjustments to Reconcile Net Loss to		
Net Cash Used In Operating Activities:		
Depreciation and Amortization	100,000	100,000
Interest accrued	230,116	83,561
Loss on investments in affiliates	750	180,000
Issuance of Stock Based Compensation	562,886	1,741,975
Issuance of Warrants	9,765	-
Changes in assets and liabilities:		
Accounts Receivable	-	3,550
Prepaid Expenses	37,267	(38,017)
Accounts Payable and Accrued Expenses	363,259	132,595
Net Cash Used In Operating Activities	(284,319)	(691,938)
Cash Flows from Financing Activities:		
Proceeds from private placement - common stock	-	492,601
Proceeds from Notes Payable	-	75,000
Proceeds from Related Parties	282,164	118,700
Net Cash Provided By Financing Activities	282,164	686,301
(Decrease) Increase in Cash and Cash Equivalents	(2,155)	(5,637)
Cash and Cash Equivalents - Beginning of Year	2,381	8,018
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 226	\$ 2,381
Schedule of Non-Cash Financing Activities:		
Issuance of Common Stock in connection with Conversion of Convertible Notes and Related Interest	\$ 43,109	\$ 110,707

See notes to consolidated financial statements.

UNITED HEALTH PRODUCTS, INC. AND SUBSIDIARY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Basis of Preparation

United Health Products, Inc. (formerly United EcoEnergy Corp.) (“United” or the “Company”) is a product development and solutions company focusing its growth initiatives on the expanding wound-care industry and disposable medical supplies markets. Epic Wound Care, Inc. (“Epic”), the Company’s principal operating subsidiary, produces an innovative gauze product that absorbs exudate (fluids which have been discharged from blood vessels) by forming a gel-like substance upon contact.

United was a closed-end management investment company that in February 2006 elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, (the “1940 Act”). The Company was originally formed in February 1997 as MNS Eagle Equity Group III, Inc.; however, it conducted no operations until electing to be a BDC through which it provided capital and other assistance to start-up and micro-cap companies. During this time, United acquired and established its initial interest in the medical, pharmaceutical and healthcare industry by acquiring certain intellectual property rights and creating Epic, which will become the Company’s operating platform company in this industry. The Company also completed two minority equity investments in companies that we now believe will not be strategic to our healthcare strategy.

In February 2010, our Board of Directors and the holders of a majority of our outstanding shares of common stock authorized management to withdraw the election to be regulated as a BDC. This decision was in part prompted by the actuality that the majority of the Company’s resources were allocated to managing the operating activities of its holdings and, in addition, management found that the Company may not have been in compliance with certain BDC provisions of the 1940 Act. On July 7, 2010, the Company filed an Information Statement with the SEC providing notice of shareholder action in lieu of a Meeting of Shareholders, taken pursuant to the written consent of certain shareholders, referred to as the consenting shareholders. Specifically, the consenting shareholders approved the withdrawal of the Company’s election to be a BDC. This action became effective on August 17, 2010 when the Company filed the applicable Notice concerning the withdrawal with the Securities and Exchange Commission. Further, in recognition of the change in its operations, the Company changed its name to United Health Products, Inc., effective as of September 30, 2010.

As a result of the decision to withdraw the Company’s election to be treated as a BDC and become an operating company, the fundamental nature of the Company’s business changed from that of investing in a portfolio of securities with the goal of achieving gains on appreciation and dividend income, to that of being actively engaged in the ownership and management of a holding company with the goal of generating income from the operations of those businesses. The decision to withdraw the Company’s election as a BDC under the 1940 Act necessitated a significant change in the Company’s method of accounting. The Company formerly utilized the BDC financial statement presentation and that accounting utilized the value method of accounting used by investment companies, which allows BDCs to recognize income and value their investments at market value as opposed to historical cost. As an operating company, the Company was required to adopt the financial statement presentation and accounting for securities held, which provides for either fair value or historical cost methods of accounting, depending on the classification of the investment and the Company’s intent with respect to the period of time it intends to hold the investment. This change in the Company’s method of accounting could impact the market value of its investments in privately held companies by eliminating the Company’s ability to report an increase in value of its holdings as the increase occurs. As an operating company, the Company, effective December 31, 2009, consolidated its financial statements with its controlled subsidiaries, thus eliminating the portfolio company reporting benefits available to BDCs.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate the continuation of the Company as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business. The Company since its formation has not generated any significant revenues. The Company has not as yet attained a level of operations that allows it to meet its current overhead and may not attain profitable operations within its first few business operating cycles, nor is there any assurance that such an operating level can ever be achieved. The Company is dependent upon obtaining additional financing adequate to fund its operations.

While the Company has funded its initial operations with private placements and secured loans from a related party, there can be no assurance that adequate financing will continue to be available to the Company and, if available, on terms that are favorable to the Company. The Company's ability to continue as a going concern is also dependent on many events outside of its direct control, including, among other things, improvement in the economic climate. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Note 2. Significant Accounting Policies

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Epic Wound Care, Inc. as of the dates and for the fiscal years indicated. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Changes in the economic environment, financial markets, as well as in the healthcare industry, and any other parameters used in determining these estimates, could cause actual results to differ.

Income Taxes

The Company accounts for income taxes using a method that requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities which is commonly known as the asset and liability method. In assessing the ability to realize deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company evaluates its tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as an expense in the applicable year. The Company does not have a liability for any unrecognized tax benefits. Management's evaluation of uncertain tax positions may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof, with due consideration given to the fact that tax periods are open to examination by tax authorities.

As of December 31, 2011, the Company has approximately \$5.2 million of net operating loss carry-forwards available to affect future taxable income and has established a valuation allowance equal to the tax benefit of the net operating loss carry forwards and temporary differences as realization of the asset is not assured.

Revenue Recognition

The Company recognizes revenues when persuasive evidence of an arrangement exists, product has been delivered or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Revenue is recognized net of estimated sales returns and allowances.

Revenues are attributable to the sale of medical products through distributor agreements. The principal terms of the agreements provide that the distributor orders be accompanied by partial payment in advance, which at least equals 50% of total manufactured cost, as defined, for orders for distributor inventory and, in addition, an agreed portion of the distributor's gross profit on special orders. The balance of the manufactured cost is due from the distributor at the time of shipment. The Company is also entitled to an agreed percentage of the distributor's profit on receipt by the distributor. The Company defers all amounts received in advance of shipment and recognizes as revenue the aggregate of amounts invoiced in advance and an estimate of the Company's portion of distributor's profit at the time of shipment.

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Per Share Information

Basic earnings per share are calculated using the weighted average number of common shares outstanding for the period presented. Diluted loss per share is the same as basic loss per share, as the effect of potentially dilutive securities (13,850,000 options and 1,698,378 warrants at December 31, 2011) is anti-dilutive.

New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

During the fiscal first quarter of 2010 the Company adopted the Financial Accounting Standards Board (FASB) guidance and amendments related to the accounting for multiple-deliverable revenue arrangements. These new rules amend the existing guidance for separating consideration in multiple-deliverable arrangements and establish a selling price hierarchy for determining the selling price of a deliverable.

During the fiscal first quarter of 2010, the Company adopted the FASB standard related to variable interest entities.

During the fiscal first quarter of 2010, the Company adopted the new accounting guidance on fair value measurements and disclosures. This guidance requires the Company to disclose the amount of significant transfers between Level 1 and Level 2 inputs and the reasons for these transfers as well as the reasons for any transfers in or out of Level 3 of the fair value hierarchy. In addition, the guidance clarifies certain existing disclosure requirements.

The adoption of each of the above standards did not have a material impact on the Company's results of operations, cash flows or financial position.

During the fiscal second quarter of 2010 the FASB issued an accounting standard update related to revenue recognition under the milestone method. The objective of the accounting standard update is to provide guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. This guidance was effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. The adoption of this standard did not have a material impact on the Company's results of operations, cash flows or financial position.

Note 3. Acquisition of Intellectual Property Rights

In June 2009, the Company acquired the intellectual property rights of Epic Wound Care, LLC, through a wholly-owned subsidiary, Epic Wound Care, Inc. ("Epic"). The intellectual property includes the right to manufacture and distribute innovative gauze to serve the wound care market. The acquisition cost for the rights was 30 million shares of Company's common stock, of which 20 million shares were escrowed with the voting rights controlled by the Company pending attainment of certain performance targets over 18 months from the closing date of the transaction. The Company valued the rights acquired at \$500,000 based upon the Company's expectation for commercialization of the rights less costs to effectuate applicable approvals.

On March 8, 2011, the Company and Epic entered into a global settlement and release agreement (the "Settlement Agreement") with various parties to resolve disputes regarding the Agreement and Plan of Acquisition, dated May 19, 2009, entered into by the Company in connection with its acquisition of the business and assets of Epic Wound Care, LLC (the "Acquisition Agreement"). The parties had differences of opinion concerning the satisfaction of certain milestones and conditions in the Acquisition Agreement in connection with the release of the escrowed shares mentioned above. The settlement provided for the release of 20 million escrowed shares to the sellers of the business and assets and the contribution of 2 million shares of the Company's common stock to the capital of the Company

(which were cancelled) to facilitate the settlement by certain non-controlling shareholders who provided investment advice to the Company on a regular periodic basis, including investment advice related to the Acquisition Agreement. As a condition to the settlement, the Board of the Directors of the Company waived certain milestones and conditions regarding the release of the escrowed shares as set forth in the Acquisition Agreement and the parties to the Settlement Agreement agreed to mutual releases and to resolve and settle any and all claims, controversies, disputes and causes of action, whether asserted or unasserted, known or unknown, real or potential, or whether in law, equity or otherwise, relating to, arising out of, or in any way concerning the Acquisition Agreement and the escrowed shares, without any admission of fault, liability or wrongdoing on the part of or on behalf of any party.

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During the period prior to the settlement, although the common shares escrowed were legally issued and outstanding, for purposes of calculating earnings per share the Company considered these shares as contingent and did not include them in the calculation.

The Company is amortizing the intangibles acquired over a five year period and, accordingly recorded an amortization charge of \$100,000 in both 2011 and 2010.

Note 4. Related Party Transactions

The Company's transactions with LeadDog Capital LP were as follows:

	Year Ended December 31,	
	2011	2010
Balance at beginning of period	\$ 146,335	\$ 87,600
New borrowings at 16% interest rate	314,429	118,700
Interest accrued	44,102	10,135
Amortization of loan discount	-	3,700
Redemption of indebtedness by the issuance of 862,179 shares of common stock	(95,468)*	(73,800)
Repayment	-	-
Balance at end of period	\$ 409,398	\$ 146,335

*\$33,284 of this amount was an offset for payments made to another related party for expense UHP paid on their behalf.

At December 31, 2011 and 2010, notes and interest payable to related party includes unpaid interest of \$44,734 and \$12,022, respectively. In 2011, the Board authorized the issuance of 1,000,000 shares to LeadDog Capital Markets LLC to extend the maturity dates of the outstanding loans to December 2012. The notes were payable within one year of the origination date of the notes or under extensions through December 2012. These notes were not paid on December 31, 2012 and no demand has been made for payment.

LeadDog Capital LP and its affiliates are shareholders and warrant holders; however, the group is restricted from becoming a beneficial owner (as such term is defined under Section 13(d) and Rule 13d-3 of the Securities Exchange Act of 1934, as amended, (the 1934 Act)), of the Company's common stock which would exceed 9.5% of the number of shares of common stock outstanding.

In November 2011, Company issued a warrant to purchase 250,000 shares to LeadDog Capital LP for consideration given in extending the due dates of the notes payable. As of the time of issuance, the Company recorded non-cash compensation charges of \$9,765. The warrants, exercisable at \$.001 per share, have a term of 3 years. The fair value of option grants were estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected volatility	100 %
Expected dividends	0 %
Expected term	3 years
Risk-free rate	.39 %

Note 5. Issuances of Common Stock

In February 2011, the Board of Directors awarded compensation in the form of options to purchase 4,900,000 shares of common stock to Board members for past services as well as for current Board service. In addition, the Board awarded a consultant additional compensation in the form of options to purchase 2,350,000 shares of common stock. As of the time of issuance, the Company recorded non-cash compensation charges of \$326,525. The options, exercisable at \$.06 per share, have a term of 5 years. In December 2011, the Board of Directors awarded compensation in the form of options to purchase 2,125,000 shares of common stock to Board members for past services as well as for current Board service. As of the time of issuance, the Company recorded non-cash compensation charges of \$95,705. The options, exercisable at \$.06 per share, have a term of 5 years. The fair values of both sets of options granted were estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected volatility	100 %
Expected dividends	0 %
Expected term	5 years
Risk-free rate	2.2 1 %

In February 2011, the Board authorized the issuance of 300,000 shares to another consultant for providing financial expertise to the Company. In accordance with a consulting arrangement entered into in March 2011 for marketing services, the Company is obligated to issue 500,000 shares of common stock. The Company later cancelled the agreement and was only obligated to issue 250,000 shares of common stock. The Company recorded non-cash compensation expense of \$94,000.

In February and March 2011, Company redeemed \$43,109 of indebtedness including interest to LeadDog Capital LP for 862,179 shares of common stock. The fair value of the common stock approximated the carry amount of the indebtedness at the time of the offer to convert.

Note 6. Fair Value Measurements

Accounting principles generally accepted in the United States define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities. The Company's investment in securities held for sale is fair valued by this method.

Level 2 — Observable inputs other than quoted prices included in Level 1. We value assets and liabilities included in this level using dealer and broker quotations, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Note 7. Other Matters

On April 29, 2010, the Company's subsidiary, Epic, submitted a Section 510(k) premarket notification of intent to market its hemostatic gauze as a Class III device to the U.S. Food and Drug Administration ("FDA"). While hemostatic gauze is a Class I device and did not require any premarket notice to the FDA in order for the Company to market these products, the Company's notification identified substantially equivalent products in order to broaden the claims that the Company could make about its capabilities. On August 3, 2010, the FDA sent Epic a notice that the application was insufficient to allow the FDA to make the determination. See "Note 9 - Subsequent Events ."

Epic entered into a corporate sponsorship agreement with American Diabetes Association (the "ADA") on July 29, 2010 that was to become effective on November 1, 2010. This agreement enables Epic to act as a sponsor of the ADA's programs and utilizes the ADA's trademarks and logos in association with Epic's products, as approved by the ADA. The agreement has a three-year term expiring October 31, 2013, subject to a mutual option to renew. The annual cost of the agreement is \$400,000. The Company and the ADA have informally agreed to defer the implementation date of this agreement due to the matter discussed in the paragraph above and until the Company obtains additional financing.

Note 8. Promissory Note

On September 1, 2008, the Company entered into an Administration Agreement with Enterprise Administration, LLC ("Enterprise"), under which Enterprise provided administrative services to the Company, either directly or through sub-administration agreements. Enterprise is owned by the two individuals who owned the Investment Advisor. Under the terms of the agreement, all management and administration, and related operating needs, were provided by Enterprise, and the Company is to reimburse Enterprise for the actual costs of the services on a monthly basis. Pursuant to the agreement, Enterprise charged the Company \$157,500 during the nine months ended September 30, 2009. Enterprise and the Company agreed to terminate the agreement, effective September 2, 2009, and Enterprise agreed to forgo any unpaid amounts. Accordingly, the Company wrote-off the obligation of \$131,250 in 2009 by crediting additional paid in capital for the amount as a related party granted the forgiveness.

The amounts due to affiliates of \$175,781 at December 31, 2011 and 2010 represent funds advanced by and expenses paid by Enterprise Partners, LLC (an affiliate of Enterprise) for the Company in prior years. The monies owed to Enterprise Partners of \$175,781 were transferred to Beplate & Associates.

Beplate & Associates (and its transferees), which were owed \$175,781 as of March 31, 2012 plus accrued interest of \$175,399.20, or a total of approximately \$351,180, were required to automatically convert the principal and accrued interest thereon on March 31, 2012. These shares have not been issued and the amount owed is included in liability for unissued shares at December 31, 2011.

In October 2010, in connection with the issuance of a note due in November 2010, with a face value of \$75,000, the Company also issued 250,000 shares of common stock. The discount attributable to the issuance of common stock (\$20,100) was expensed over the period the debt was to be outstanding. The allocation was based upon the relative fair values of the securities issued in the transaction. Included in notes payable was an additional \$35,386 in principal and accrued interest thereon payable to three persons. Interest accrues at the rate of 9% per annum. As of December 31, 2011, the Company has not paid the aforementioned past due indebtedness totaling \$111,709.

Note 9. Subsequent Events.

In August 2012, the Company's manufacturing agent in China of its gauze products which is registered and branded in the United States under the trademark HemoStyp™, received 510(k) approval from the U.S. Food and Drug Administration ("FDA") to be sold as a Class I device. The Company has the ability to represent to distributors and customers that its gauze products meet all FDA requirements as a Class I device. This approval now allows us to expand our potential customer base and pursue accounts that requested a current 510(k) FDA approval, including the prescription based medical arena, retail, hospital, EMS, military, state and national governmental agencies and veterinary markets.

During 2012, the Company borrowed an aggregate of \$1,987 from LeadDog Capital LP with interest payable at 16% per year and due dates six months after issuance.

During 2012, the Company converts some of the notes payable to LeadDog Capital LP for 1,500,000 shares of common stock.

On December 10, 2012, the Company entered into a Resignation Agreement with Jan E. Chason. Pursuant to said agreement, Mr. Chason agreed to release the Company from all monies owed to him, except for \$50,000 which shall be paid to him without interest or deduction therefrom on December 11, 2013. Mr. Chason, who owned 1,000,000 shares of Common Stock at the time of his execution of said agreement, received an additional 500,000 shares of restricted Common Stock for a total of 1,500,000 shares, subject to a 9-month lockup through September 11, 2013. As part of the consideration for this transaction, Mr. Chason also agreed to cancel any outstanding warrants or options owned by him.

On December 11, 2012, Mr. Wiechnik resigned from the Board of Directors and agreed to cancel any outstanding options or warrants in exchange for the issuance of 500,000 shares of restricted Common Stock, subject to a 9-month lock-up through September 11, 2013. Mr. Wiechnik also agreed to cancel any outstanding consulting fees, director compensation and/or expenses owed to him as of the execution date of said agreement.

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

On August 6, 2012, Rosenberg Rich Baker Berman & Company (“RRBB”) notified the Company that RRBB resigned as our independent registered public accounting firm. The Company intended to file a Form 8-K when another public accounting firm is selected.

RRBB’s reports on the financial statements for the fiscal years ended December 31, 2010 and 2009, respectively, did not contain an adverse opinion or a disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or auditing principles, except the reports included an explanatory paragraph related to the Company’s ability to continue as a going concern.

During the two fiscal years ended mentioned above and through the interim periods that the firm reviewed in 2011, there were no disagreements with the former accounting firm on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of the former accountant, would have caused it to make a reference to the subject matter of the disagreements in connection with its report.

On April 3, 2013, the Company rehired RRBB to continue to serve as the independent accounting firm of the Company.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company needs to implement disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed in the Company’s Exchange Act reports are recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure.

As of December 31, 2011, the Chief Executive Officer and Chief Financial Officer carried out an assessment, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(b) and 15d-15(b). As of the date of this assessment, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were not effective as of December 31, 2011, because of the material weakness described below.

The Chief Executive Officer and Chief Financial Officer performed additional accounting and financial analyses and other post-closing procedures, including detailed validation work with regard to balance sheet account balances, additional analysis on income statement amounts and managerial review of all significant account balances and disclosures in the Annual Report on Form 10-K, to ensure that the Company’s Annual Report and the financial statements forming part thereof are in accordance with accounting principles generally accepted in the United States of America. Accordingly, management believes that the financial statements included in this Annual Report fairly present, in all material respects, the Company’s financial condition, results of operations, and cash flows for the periods presented.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the interim or annual financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The Chief Executive Officer and Chief Financial Officer assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. In performing its assessment of the effectiveness of the Company's internal control over financial reporting, management applied the criteria described in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified during management's assessment was the lack of sufficient resources with SEC, generally accepted accounting principles ("GAAP") and tax accounting expertise. Also, the Company did not timely file its reports or Form 10-K with the SEC for the year ended December 31, 2011. These control deficiencies did not result in audit adjustments to the Company's 2011 annual or interim financial statements. However, these control deficiencies could result in a material misstatement of significant accounts or disclosures that would result in a material misstatement to the Company's interim or annual financial statements that would not be prevented or detected. Accordingly, management has determined that these control deficiencies constitute a material weakness.

Because of the material weakness, management concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2011, based on the criteria in Internal Control-Integrated Framework issued by COSO.

Changes in Internal Control over Financial Reporting

There were no reported changes in internal control over financial reporting for the quarter ended December 31, 2011.

ITEM 9B. OTHER INFORMATION

Potential Legal Action(s) by the Company

Prior to the filing of this report with the Securities and Exchange Commission, an accounting firm hired by the Company completed a review of certain transactions, the results of which are still being reviewed both internally and externally, to determine a course of action(s), if any, by the Company and the costs associated with such action(s). No assurances can be given that legal action(s), if any, by the Company against any party would have a favorable outcome by the Company.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Directors and Executive Officers

On February 23, 2011, Kelly T. Hickel resigned as Chairman, CEO, President and member of our Board of Directors. His resignation was not the result of any disagreement with us on any matter relating to operations, policies or practices, including accounting or financial policies. On this date, the Board of Directors appointed Dr. Phillip Forman as the Chairman, CEO, President and member of the Board of Directors.

On June 1, 2011, Board of Directors elected Sherman Lazrus – former Deputy Assistant Secretary of Defense; Dr. John Capotorto and Dr. Rodney P. Leibowitz to serve as members of the Board until their successors are duly elected and qualify. As of June 1, 2011, continuing to serve on the Board were Dr. Phillip Forman, Chairman and Chief Executive Officer, Jan E. Chason who also then served as Chief Financial Officer and Michael Wiechnik and Richard P. Rifenburg.

On February 29, 2012, Rodney P. Leibowitz, D.D.S. resigned as a member of the Board of Directors. On June 14, 2012, Sherman Lazrus, resigned as a member of our Board of Directors. His resignation was the result of disagreement over policy and operational matters. On September 5, 2012, Richard P. Rifenburg resigned as a member of the Board of Directors. On December 11, 2012, Jan E. Chason resigned as an officer and director of the Company. On the same date, Michael Wiechnik resigned as a member of the Board of Directors. On December 19, 2012, the Company elected Nate Knight to the Board of Directors. Mr. Knight joined Drs. Forman and Capotorto as continuing members of the Board of Directors. On May 21, 2013, Dr. Forman was elected acting Chief Financial Officer to serve until a permanent replacement is hired.

Our directors and executive officers of the Company as of the filing date of this Form 10-K are as follows:

Name	Age	Position with Company
Dr. Phillip Forman	54	Chief Executive Officer, President, Acting Chief Financial Officer and Chairman of the Board
Dr. John Capotorto	54	Director
Nate Knight	64	Director

Our directors hold office for one- year terms and until their successors have been elected and qualified. Our officers are elected annually by the board of directors and serve at the discretion of the Board.

Phillip Forman, DPM, Chairman of the Board, Chief Executive Officer and President of the Company since February 23, 2011 and acting Chief Financial Officer of the Company since May 21, 2013, served as an executive officer of The Center for Wound Healing, Inc. ("CFWH") from 2001 through 2012, a leading manager of comprehensive wound care treatment centers that offer hyperbaric oxygen therapy as well as traditional wound care treatment modalities. Prior to Dr. Forman's service with CFWH, he was the Medical Director of the New York Hyperbaric, the predecessor to American Hyperbaric, Inc., since 2001 and, from July, 2005 through January 18, 2007, served as the Chief Executive Officer of American Hyperbaric, Inc. Prior to joining New York Hyperbaric, Dr. Forman served as the co-medical director of the Staten Island University Hospital diabetic Treatment Center. Dr. Forman received his doctor degree of Podiatric Medicine from the Pennsylvania College of Podiatric Medicine. His degree is a Diplomate, American Board of Podiatric Surgery. His academic appointments include Podiatric Attending and he has lectured both nationally and internationally on advanced wound care and hyperbaric medicine. In addition, Dr. Forman has extensively participated in numerous wound care clinical trials involving diabetic foot infections, novel antibiotics,

and new biopharmaceuticals for problem and non-healing wounds of the lower extremities. Management believes that the foregoing experience of Dr. Forman make him an ideal candidate to continue to serve on our Board of Directors.

John V. Capotorto, MD, MBA, a director of the Company since June 1, 2011, has served since 2001 as the Chief Medical Officer and Compliance Director for The Center for Wound Healing, Inc. and the President of the American Association of Wound Care Management. Dr. Capotorto has been an attending physician in Adult and Pediatric Endocrinology and clinical assistant professor at State University of New York Health Science Center at Brooklyn. His board certifications have included Internal Medicine, Pediatrics, Adult and Pediatric Endocrinology and Metabolism and is accredited in hyperbaric medicine. Additionally, he has been the Medical Director of the Diabetes Treatment Center at Staten Island University Hospital and has extensive experience in both wound care and hyperbaric medicine. Management believes that the foregoing experience of Dr. Capotorto make him an ideal candidate to continue to serve on our Board of Director as an independent director.

Nate Knight, a director of the Company since December 2012, brings to the Company years of business experience and knowledge of the Company's HemoStyp™ product. Mr. Knight was a principal in Med Spring, Inc., the Company that originally developed the HemoStyp™ gauze products prior to the Company's acquisition of the rights to same. Mr. Knight has been a public accountant for over 30 years and has owned and operated his own accounting business. Mr. Knight previously held a Series 7 license and since February 2012, he has been employed by an internal auditor with Prime Alliance Bank. Between 2004 and 2010, Mr. Knight served as Chief Financial Officer of MedSpring Group Inc., a privately owned medical device company. Mr. Knight with his extensive accounting experience and particular knowledge of the Company's HemoStyp™ product line as well as its potential applications, makes his an ideal candidate to continue to serve on our Board of Directors as an independent director.

Directors' and Officers' Liability Insurance

We are currently looking to obtain directors' and officers' liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers, subject to certain exclusions. Such insurance also would insure us against losses which we may incur in indemnifying our officers and directors. In addition, we may enter into indemnification agreements with key officers and directors and such persons shall also have indemnification rights under applicable laws, and our certificate of incorporation and bylaws.

Corporate Governance

Our business, property and affairs are managed by, or under the direction of, our Board, in accordance with the General Corporation Law of the State of Nevada and our By-Laws. Members of the Board are kept informed of our business through discussions with the Chief Executive Officer and other key members of management, by reviewing materials provided to them by management.

We continue to review our corporate governance policies and practices by comparing our policies and practices with those suggested by various groups or authorities active in evaluating or setting best practices for corporate governance of public companies. Based on this review, we have adopted, and will continue to adopt, changes that the Board believes are the appropriate corporate governance policies and practices for our Company. We have adopted changes and will continue to adopt changes, as appropriate, to comply with the Sarbanes-Oxley Act of 2002 and subsequent rule changes made by the SEC and any applicable securities exchange.

Director Qualifications and Diversity

The board seeks independent directors who represent a diversity of backgrounds and experiences that will enhance the quality of the board's deliberations and decisions. Candidates shall have substantial experience with one or more publicly traded companies or shall have achieved a high level of distinction in their chosen fields. The board is particularly interested in maintaining a mix that includes individuals who are active or retired executive officers and senior executives, particularly those with experience in the finance and capital market industries.

In evaluating nominations to the Board of Directors, our Board also looks for certain personal attributes, such as integrity, ability and willingness to apply sound and independent business judgment, comprehensive understanding of a director's role in corporate governance, availability for meetings and consultation on Company matters, and the willingness to assume and carry out fiduciary responsibilities. Qualified candidates for membership on the Board will be considered without regard to race, color, religion, sex, ancestry, national origin or disability.

Risk Oversight

Enterprise risks are identified and prioritized by management and each prioritized risk is assigned to the full board for oversight. These risks include, without limitation, the following:

Risks and exposures associated with strategic, financial and execution risks and other current matters that may present material risk to our operations, plans, prospects or reputation.

Risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosure, internal control over financial reporting, financial policies, investment guidelines and credit and liquidity matters.

Risks and exposures relating to corporate governance; and management and director succession planning.

Risks and exposures associated with leadership assessment, and compensation programs and arrangements, including incentive plans.

Board Leadership Structure

In accordance with the Company's By-Laws, the Chairman of the Board, Dr. Forman, presides at all meetings of the Board. Currently, the offices of President (who serves as Chairman of the Board, Chief Executive Officer and President) are not separated. The Company has no fixed policy with respect to the separation of the offices of the Chairman of the Board and Chief Executive Officer. The Board believes that the separation of the offices of the Chairman of the Board and Chief Executive Officer is likely in the best interests of the Company.

Code of Ethics

We have adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-K of the Exchange Act. This Code of Ethics applies to our directors and senior officers, such as the principal executive officer, principal financial officer and persons performing similar functions. Our Code of Ethics is available as Exhibit 14 to our Annual Report on Form 10-K filed April 16, 2010.

Committees

In the past, the Board of Directors appointed an audit committee and compensation committee, and adopted charters relative to the audit committee. However, with all the changes occurring in the Board of Directors since the beginning of 2011, the Company has no current committees in place as of the filing date of this Form 10-K. The Company intends in the future to expand the Board and to form audit, compensation and nominating committees consisting of one or more independent directors. As of the filing date of this Form 10-K, while the Board of Directors has no committees, John Capotorto and Nate Knight are each independent directors of the Company as that term is defined under the Exchange Act of 1934, as amended. Mr. Knight would also be deemed to be a financial expert. The term "Financial Expert" is defined under the Sarbanes-Oxley Act of 2002, as amended, as a person who has the following attributes: an understanding of generally accepted accounting principles and financial statements; has the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company's financial statements, or experience actively supervising one or more persons engaged in such activities; an understanding of internal controls and procedures for financial reporting; and an understanding of audit committee functions.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. These persons are required by regulation to furnish us with copies of all Section 16(a) reports that they file. Based on our review we believe that, during fiscal 2011, all our current officers and directors were late in complying or did not comply with the applicable filing requirements and that former directors may not have complied with the applicable filing requirements. Dr. Phillip Forman, who did not file a Form 3 or Form 4 for the events that occurred in 2011, intends to correct this oversight immediately.

Communications with the Board of Directors

Stockholders may communicate with the Board of Directors by sending a letter to United Health Products, Inc. Board of Directors, c/o our securities counsel, Morse & Morse, PLLC, 1400 Old Country Road, Suite 302, Westbury, NY 11590. Our securities counsel will receive the correspondence and forward it to the Chairman or to any individual director or directors to whom the communication is directed, unless the communication is unduly hostile, threatening, and illegal, does not reasonably relate to the Company or its business, or is similarly inappropriate. The Chairman of the Board has the authority to discard or disregard any inappropriate communications or to take other appropriate actions with respect to any such inappropriate communications.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the overall compensation earned over the fiscal years ended December 31, 2011 and 2010 by (1) each person who served as the principal executive officer of the Company or its subsidiary during fiscal year 2011; (2) our most highly compensated (up to a maximum of two) executive officers as of December 31, 2011 with compensation during fiscal year ended 2011 of \$100,000 or more; and (3) those two individuals, if any, who would have otherwise been included in section (2) above but for the fact that they were not serving as an executive of us as of December 31, 2011.

	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Award (\$)(8)	Options Awards (\$)(7)	Non-Equity Incentive Plan Compensation (\$)	Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(2)(3)	Total (\$)
Dr. Phillip Forman Chief Executive Officer(4)	2011	210,000	\$ -0-	-0-	\$ 90,076	\$ -0-	\$ -0-	\$ -0-	\$ 300,076
	2010	60,000	-0-	220,000	84,750	-0-	-0-	-0-	364,750
Kelly Hickel Former CEO(5)	2011	30,000	-0-	15,000	90,076	-0-	-0-	-0-	105,076
	2010	120,000	-0-	370,000	14,125	-0-	-0-	-0-	504,125
Jan Chason Former CFO(6)	2011	130,000	-0-	-0-	67,557	-0-	-0-	-0-	117,557
	2010	70,000	-0-	110,000	10,000	-0-	-0-	-0-	180,000

(1) FAS 123R requires the company to determine the overall full grant date fair value of the restricted stock awards and options as of the date of grant based upon the Black-Scholes method of valuation which total amounts are set forth in the table above under the year of grant, and to then expense that value over the service period over which the restricted stock awards and options become vested. As a general rule, for time-in-service-based restricted stock awards and options, the company will immediately expense any restricted stock awards and option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock awards and options. For a description FAS 123R and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the consolidated financial statements included with this Form 10-K.

- (2) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than \$10,000; (ii) any “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for the benefit of the named executive officer; and (vii) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.
- (3) Includes compensation for service as a director described under Director Compensation, below.
- (4) Includes accrued compensation of \$260,000 as of December 31, 2011.
- (5) Includes compensation paid to his affiliated entity, FSR, Inc.
- (6) Includes compensation paid to his affiliate entity, JEC Consulting Inc. Of the \$130,000 paid to Mr. Chason in 2011, \$80,000 was actually received by him and \$50,000 represents the amount of a settlement agreement entered into in 2012 for monies owed to him and payable in December 2013.
- (7) 2011 option expense for Dr. Forman and Mr. Hickel of \$90,076 is for 2,000,000 options, exercisable at \$.06 per share. The option expense of \$67,557 for Mr. Chason was for 1,500,000 options, exercisable at \$.15 per share. The aforementioned options all have a term of five years. However, Mr. Chason agreed to terminate his options in December 2012 as part of his settlement agreement with the Company. In 2010, the option expense from Mr. Forman of \$84,750 was for 750,000 options, exercisable at \$.15 per share over a term of five years. The \$110,000 option expense in 2010 for Jan Chason is based upon options to purchase 1,500,000 shares, exercisable at \$.15 per share over a term of five years. The option expense for Mr. Hickel in 2010 is based upon options to purchase 125,000 shares granted to FSR, Inc. at \$.15 per share over a term of five years.
- (8) Dr. Forman received 2,000,000 shares and zero shares of restricted Common Stock for 2010 and 2011, respectively. Mr. Hickel received 3,000,000 shares and zero shares of restricted Common Stock for 2010 and 2011, respectively. Mr. Chason received 1,000,000 shares and zero shares of restricted Common Stock for 2010 and 2011, respectively. However, in 2012, Mr. Hickel received 250,000 shares and Mr. Chason received 500,000 shares of Common Stock, which shares are not reflected in the table above.

For a description of the material terms of each named executive officers’ employment arrangements, including the terms of any contract, agreement, plan or other arrangement that provides for any payment to a named executive officer in connection with his or her resignation, retirement or other termination, or a change in control of the company see section below entitled “Employment Arrangements.”

No outstanding common share purchase option or other equity-based award granted to or held by any named executive officer in 2011 were repriced or otherwise materially modified, including extension of exercise periods, the change of vesting or forfeiture conditions, the change or elimination of applicable performance criteria, or the change of the bases upon which returns are determined, nor was there any waiver or modification of any specified performance target, goal or condition to payout.

Employment Arrangement

Since fiscal 2011, Dr. Forman is receiving an accrued salary of \$5,000 per month. The Company expects to enter into an employment contract with Dr. Forman at such time as the Company gets current with its SEC filings under the Exchange Act of 1934, as amended, and obtains additional financing.

Executive Officer Outstanding Equity Awards At Fiscal Year-End

The following table provides certain information concerning any common share purchase options, stock awards or equity incentive plan awards held by each of our named executive officers that were outstanding, exercisable and/or vested as of December 31, 2011.

Name	Option Awards			Stock Awards			Equity Incentive Plan Awards:		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) Unearned	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value Of Unearned Shares, Units Or Other Rights That Have Not Vested
J a n Chason	2,000,000	-0-	-0-	0.15	2016	-0-	N/A	-0-	N/A
P h i l l i p Forman	750,000	-0-	-0-	0.15	2016	-0-	N/A	-0-	N/A
K e l l y Hickel	125,000	-0-	-0-	0.15	2016	-0-	N/A	-0-	N/A
J a n Chason	1,500,000	-0-	-0-	0.06	2015	-0-	N/A	-0-	N/A
K e l l y Hickel	2,000,000	-0-	-0-	0.06	2015	-0-	N/A	-0-	N/A
P h i l l i p Forman	2,000,000	-0-	-0-	0.06	2015	-0-	N/A	-0-	N/A

N/A – Not applicable.

Review of Risks Arising from Compensation Policies and Practices

We have reviewed our compensation policies and practices for all employees and concluded that any risks arising from our policies and practices are not reasonably likely to have a material adverse effect on the Company.

DIRECTOR COMPENSATION

Cash Fees and Options

Currently the Company has no audit, compensation, corporate governance, nominating or other committee of the Board of Directors, although it intends to establish an audit, compensation and corporate governance committee in the near future. No cash fees have been paid to board members for serving on the board. The Company has rewarded its directors with restricted shares and/or options.

Rodney P. Liebowitz, who served on the board of directors between June 30, 2011 and February 29, 2012, was issued 2,000,000 shares of Common Stock in September 2010. Mr. Lazrus, who served on the board of directors from June 2011 through 2012, did not receive any shares or options in the Company in 2010 or 2011. Dr. John Capotorto, who has served on the board of directors of the Company since June 2011 and Nate Knight, who has served on the board of directors since December 2012, have not received any options or shares of Common Stock of the Company since 2010. Richard Rifenburg, who resigned from the board of directors in September 2012, did not receive any shares of restricted Common Stock. However, he was granted in fiscal 2010 and fiscal 2011, 500,000 options and 700,000 options, respectively. Michael Wiechnik did not receive any restricted shares of the Company's Common Stock in 2010 or 2011. However, he received 500,000 restricted shares in 2012 as part of his resignation from the Board. Mr. Wiechnik also received in 2010 and 2011, options to purchase 500,000 shares and 700,000 shares, respectively.

Travel Expenses

All directors shall be reimbursed for their reasonable out of pocket expenses associated with attending the meeting.

2011 Compensation

The following table shows the overall compensation earned for the 2011 fiscal year with respect to each non-employee and non-executive directors of the Company as of December 31, 2011.

DIRECTOR COMPENSATION							
Name and Principal Position	Fees Earned or Paid in Cash (\$)	Stock Awards (\$ (1)	Option Awards (\$) (1)	Non-Equity Incentive Plan Compensation (\$ (2)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$ (3)	Total (\$)
	Rodney P. Liebowitz	\$-0-	\$-0-	\$-0-	\$ -0-	\$ -0-	\$ -0-
John Capotorto	\$-0-	\$-0-	\$-0-	\$ -0-	\$ -0-	\$ -0-	\$-0-
Richard Rifenburg	\$-0-	\$-0-	\$31,527	\$ -0-	\$ -0-	\$ -0-	\$31,527
Michael Wiechnik	\$-0-	\$-0-	\$31,527	\$ -0-	\$ -0-	\$ -0-	\$31,527
Sherman Lazrus	\$-0-	\$-0-	\$-0-	\$ -0-	\$ -0-	\$ -0-	\$-0-

(1) FAS 123R requires the company to determine the overall full grant date fair market value of the restricted stock awards and the options as of the date of grant based upon the Black-Scholes method of valuation which total amounts are set forth in the table above under the year of grant, and to then expense that value over the service period over which the restricted stock awards and the options become exercisable vested. As a general rule, for time-in-service-based restricted stock awards and options, the company will immediately expense any restricted stock award or option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock award and option. For a description FAS 123 R and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the financial statements included with this Form 10-SB/A.

(2) Excludes awards or earnings reported in preceding columns.

(3) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than \$10,000; (ii) any “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from the company except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, the company relating to life insurance for the benefit of the director; (vii) any consulting fees earned, or paid or payable; (viii) any annual costs of payments and promises of payments pursuant to a director legacy program and similar charitable awards program; and (ix) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

As of the filing date of this Form 10-K, the Company had outstanding 96,350,140 shares of Common Stock. The only persons of record who presently hold or are known to own (or believed by the Company to own) beneficially more than 5% of the outstanding shares of such class of stock is listed below. The following table also sets forth certain information as to holdings of the Company's Common Stock of all officers and directors individually, and all officers and directors as a group.

Name and Address of Beneficial Owner (1) Officers and Directors:	Number of Common Shares	Percentage
Dr. Phillip Forman (2)	4,840,000	4.9
Dr. John Capotorto	-0-	-0-
Nate Knight	-0-	-0-
All directors and officers as a group (three persons) (2)	4,840,000	4.9

Represents less than 1%

(1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, and is generally determined by voting powers and/or investment powers with respect to securities. Unless otherwise noted, all of such shares of common stock listed above are owned of record by each individual named as beneficial owner and such individual has sole voting and dispositive power with respect to the shares of common stock owned by each of them. Such person or entity's percentage of ownership is determined by assuming that any options or convertible securities held by such person or entity, which are exercisable within sixty (60) days from the date hereof, have been exercised or converted as the case may be, but not for the purposes of determining the number of outstanding shares held by any other named beneficial owner. All addresses are c/o Morse & Morse, PLLC, 1400 Old Country Road, Suite 302, Westbury, NY 11590.

(2) Includes 2,090,000 shares and options/warrants to purchase 2,750,000 shares.

Securities Authorized for Issuance under Equity Compensation Plans.

On February 23, 2011, the Board of Directors approved, subject to stockholder approval, the 2011 Employee Director and Consultant Incentive Plan. There are 6,000,000 shares reserved for issuance under the Plan. Since stockholder approval of this Plan was not obtained, the Plan was cancelled. In addition, the Company also granted outside of the Plan, 11,725,000 options to directors and consultants that expire in 2015 and 2016. As described under Item 13, Jan Chason, who had 3,500,000 options granted and Michael Wiechnik who had 700,000 options issued, agreed to cancel their options in December 2012.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

During 2010, we borrowed an aggregate of \$119,000 from LeadDog Capital LP through issuances of notes payable for one year periods with interest payable at 16% per year. LeadDog Capital LP and its affiliates, including Roadrunner Capital Group, LLC, are shareholders and warrant holders. This group is restricted from becoming a beneficial owner (as such term is defined under Section 13(d) and Rule 13d-3 of the Exchange Act), of more than 9.5% of our outstanding shares of common stock.

In February and March 2011, the Company redeemed \$43,109 of indebtedness, including interest, to LeadDog Capital LLP for 862,179 shares of common stock.

In February 2011, the Company awarded options to purchase an aggregate of 7,250,000 shares of the Company's common stock at \$0.06 per share to the Officers, Directors and a consultant.

In February 2011, the Board authorized the issuance of 300,000 shares to a consultant for providing financial expertise to the Company. In March 2011, the Company engaged a marketing company to as provide marketing and branding services in order to increase distribution of the Company's products. The agreement was for 12 months automatically renewable for 12 months and provides for monthly payments of \$5,000. Additional consideration includes 500,000 shares of common stock of which half was paid on closing and the balance is due after 6 months. The Company also agreed to pay commissions on sales directly attributed to the services of the marketing company. The Company later cancelled this agreement and was only obligated to issue 250,000 shares of Common Stock. The Company recorded non-cash compensation expense of \$94,000.

During the period January 1 through April 11, 2011, the Company borrowed \$100,000 from LeadDog Capital LP with interest payable at 16% per year and due dates six months after issuance. During the February and March 2011, LeadDog Capital LP converted \$43,000 of the indebtedness to it for 862,179 shares of the Company's common stock.

On April 6, 2011, the Company issued 1,000,000 shares of its Common Stock to LeadDog Capital. In November 2011, the Company issued a warrant to purchase 250,000 shares. The consideration issued to LeadDog was extending the due date of the notes payable. The warrants are exercisable at \$.001 per share and have a term of three years.

As of January 1, 2010, the Company owed LeadDog Capital LP \$87,600. During 2010, the Company recorded on its books and records new borrowings of \$118,700, accrued interest of \$10,135, amortization of loan discount of \$3,700 and redemption of indebtedness of \$73,800 resulting in a balance owed at December 31, 2010 of \$146,335. During 2011, the Company recorded on its books and records new borrowings of \$314,429, interest accrued of \$44,102 and redemption of indebtedness of the issuance of 862,179 shares of Common Stock, resulting in an amount owed at December 31, 2011 of \$409,398. See "Note 4 in the Notes to Financial Statements."

Between February and March, 2012, the Company issued to Kelly T. Hickel 250,000 shares and to Roman Felix 100,000 shares for services rendered and to LeadDog Capital 2,453,739 shares in exchange for the conversion of

principal and accrued interest of approximately \$50,000.

On December 10, 2012, the Company entered into a Resignation Agreement with Jan E. Chason. Pursuant to said agreement, Mr. Chason agreed to release the Company from all monies owed to him, except for \$50,000 which shall be paid to him without interest or deduction therefrom on December 11, 2013. Mr. Chason, who owned 1,000,000 shares of Common Stock at the time of his execution of said agreement, received an additional 500,000 shares of restricted Common Stock for a total of 1,500,000 shares, subject to a 9-month lockup through September 11, 2013. As part of the consideration for this transaction, Mr. Chason also agreed to cancel any outstanding warrants or options owned by him.

On December 11, 2012, Mr. Wiechnik resigned from the Board of Directors and agreed to cancel any outstanding options or warrants in exchange for the issuance of 500,000 shares of restricted Common Stock, subject to a 9-month lock-up through September 11, 2013. Mr. Wiechnik also agreed to cancel any outstanding consulting fees, director compensation and/or expenses owed to him as of the execution date of said agreement.

Amounts due to Affiliates

The Company entered into an investment advisory agreement with United EcoEnergy Advisors, LLC (the "Investment Advisor") in March 2006, during the period that the Company was regulated as a BDC, under which the Investment Advisor, subject to the overall supervision of the board of directors of the Company, agreed to provide investment advisory services to the Company. The Investment Advisor was owned by two individuals who owned a majority interest in the Company (prior to June 2009) and one of whom served on the Company's Board of Directors. No advisor fees were paid or accrued. In October 2009, the Investment Advisor and the Company agreed to terminate this agreement.

On September 1, 2008, the Company entered into an Administration Agreement with Enterprise Administration, LLC ("Enterprise"), under which Enterprise provided administrative services to the Company, either directly or through sub-administration agreements. Enterprise is owned by the two individuals who owned the Investment Advisor. Under the terms of the agreement, all management and administration, and related operating needs, were provided by Enterprise, and the Company is to reimburse Enterprise for the actual costs of the services on a monthly basis. Pursuant to the agreement, Enterprise charged the Company \$157,500 during the nine months ended September 30, 2009. Enterprise and the Company agreed to terminate the agreement, effective September 2, 2009, and Enterprise agreed to forgo any unpaid amounts. Accordingly, the Company wrote-off the obligation of \$131,250 in 2009 by crediting additional paid in capital for the amount as a related party granted the forgiveness.

The amounts due to affiliates of \$175,781 at December 31, 2010 and 2009 represent funds advanced by and expenses paid by Enterprise Partners, LLC (an affiliate of Enterprise) for the Company in prior years. The monies owed to Enterprise Partners of \$175,781 was transferred to Beplate & Associates.

Beplate & Associates (and its transferees), which was owed \$175,781 as of November 30, 2011 plus accrued interest of \$175,399.20, or a total of approximately \$351,180, was to automatically convert the principal and accrued interest thereon on March 31, 2012 into 11,706,007 shares. However, the issuance of these 11,706,007 shares did not take place until June 2013.

Issuances of Common Stock - 2010

In April 2010, the Board of Directors awarded compensation in the form of options and shares of common stock to Board members for past services as well as for current Board service. The Company issued FSR, Inc. as compensation for the services of the Company's Chief Executive Officer 1,000,000 shares of common stock for services rendered and \$250,000 as part of the Board of Directors compensation program and recorded a non-cash charge of \$187,500 at the time of the issuance based upon the fair value of the shares issued. All other Board members were awarded options – see Note 8.

In April 2010, the Company's principal operating subsidiary entered into agreements with two consultants. One consultant was engaged to provide technical expertise in connection with preparing and executing FDA approvals as well as providing assistance in the distribution and sales of product extensions. The second consultant was engaged to provide consulting and advisory services and assistance to the Company, including compliance with regulatory and reporting requirements for the Company and its products, and assistance in marketing, selling and distributing the Company's products in certain countries in the Far East. Compensation for the two consultants includes the issuance

of 800,000 shares of the Company's common stock for which the Company recorded a non-cash charge of \$110,000 at the time of the award based upon the value of the shares issued.

In August and November 2010, the Company awarded two of the Company's officers and three other consultants 7.5 million shares of common stock, in aggregate, for services rendered to the Company. The Company recorded a non-cash charge of \$1.2 million in 2010 based upon the fair value of the shares issued.

During 2010, the Company conducted a private placement of its common stock at \$.15 per share pursuant to Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended, open to “accredited investors” as that term is defined in Rule 501 of Regulation D. The Company received fully paid subscriptions for 3,384,112 shares. In connection, with this offering the Company issued a finder 100,000 shares of common stock.

As of June 15, 2010, the Company entered into a letter of engagement with an investor relations firm to develop and implement a financial communications program designed to increase investor awareness of the Company in the investment community. Pursuant to the agreement, the Company was to issue up to 1,320,000 shares of our common stock in two installments of 660,000 shares, the first on signing of the agreement and the second on the six month anniversary of the agreement provided that the agreement had not been terminated. The Company recorded a charge of \$118,800 based upon the fair value of the shares issuable. The Company terminated the agreement in November 2010 and has not issued any shares as of April 11, 2011.

Stock Options and Warrants – 2010/2009

In April 2010, the Company granted options to purchase an aggregate of 4,475,000 shares of common stock at a \$0.15 per share to directors and consultants, including options for 2,850,000 common shares for past services and the balance as compensation for current service as Board members. As of the time of issuance, the Company recorded non-cash compensation charges of \$506,000. The options have a term of 5 years. The fair value of option grants were estimated on the date of grant in April 2010 using the Black-Scholes option-pricing model with the following assumptions:

Expected volatility	100 %
Expected dividends	0 %
Expected term	5 years
Risk-free rate	2.62 %

In 2009, in connection with the private placement of units consisting of 1 share and 1 warrant, the Company issued 1,413,878 warrants which are exercisable at \$.25 per share. The Company also issued 22,943 warrants, exercisable at \$.001 per share in connection with notes payable to LeadDog Capital LP in 2009.

Agreement with American Diabetes Association

Epic entered into a corporate sponsorship agreement with American Diabetes Association (the “ADA”) on July 29, 2010 that was to become effective on November 1, 2010. This agreement enables Epic to act as a sponsor of the ADA’s programs and utilizes the ADA’s trademarks and logos in association with Epic’s products, as approved by the ADA. The agreement has a three-year term expiring October 31, 2013, subject to a mutual option to renew. The annual cost of the agreement is \$400,000. The Company and the ADA have informally agreed to defer the implementation date of this agreement until the Company’s manufacturing agent obtained 510(k) approval to sell Epic’s products as a Class I device and until the Company obtained additional financing. After the filing date of this Form 10-K, the Company intends to revisit this agreement with the ADA to see if it should be implemented, modified or cancelled.

Director Independence

John Capotorto and Nate Knight are deemed by management to be independent directors of the Company as that term is defined under Section 10 of the Securities Exchange Act of 1934, as amended.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Rosenberg Rich Baker Berman & Co, are our independent registered accountants and the following table sets forth the fees billed by then for fiscal 2011 and 2010 for the categories of services indicated.

	Year Ended December 31,	
	2010	2011
Audit fees	\$25,000	\$33,500
Audit-related fees	15,000	-0-
Tax fees	-0-	-0-
All other fees	-0-	-0-

Audit fees consist of fees related to professional services rendered in connection with the audit of our annual financial statements and the review of the quarterly financial statements. All other fees relate to other professional services rendered.

Audit Committee Pre- Approval Policy

We understand the need for the accounting firm to maintain objectivity and independence in its audit of our financial statements. To minimize relationships that could appear to impair their objectivity, our Audit Committee has restricted the non-audit services that they may provide to us.

The Audit Committee also has adopted policies for pre-approving all non-audit work performed by the accounting firm who audits the Company's financial statements.

ITEM 15: EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements

The financial statements required by Item 8 are submitted in a separate section of this report, beginning Page F-1, incorporated herein and made a part hereof.

(2) Financial Statement Schedules

Schedules have been omitted because of the absence of conditions under which they are required or because the required information is included in the financial statements or notes thereto.

(3) Exhibits

The following exhibits are filed with this report, or incorporated by reference as noted:

3(i) Articles of Incorporation of the Company, dated May 11, 2006. (1)

3(ii) By-laws of the Company. (1)

21 Subsidiaries of the Registrant*

31.1 Certification of Principal Executive Officer*

31.2 Certification of Principal Financial Officer*

32 Section 1350 Certificate by Chief Executive Officer and Chief Financial Officer*

101.SCH Document, XBRL Taxonomy Extension (*)

101.CAL Calculation Linkbase, XBRL Taxonomy Extension Definition (*)

101.DEF Linkbase, XBRL Taxonomy Extension Labels (*)

101.LAB Linkbase, XBRL Taxonomy Extension (*)

101.PRE Presentation Linkbase (*)

* Filed herewith.

(1) Incorporated by reference to the Company's Registration Statement filed with the SEC on Form SB-1 on June 22, 2006.

SIGNATURES

In accordance with Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: June 19, 2013

By:/s/ Phillip Forman
Dr. Phillip Forman
Principal Executive Officer, Acting
Principal Financial Officer, President
and Chairman of the Board

Dated: June 19, 2013

By:/s/ John Capotorto
Dr. John Capotorto
Director

Dated: June 19, 2013

By:/s/ Nate Knight
Nate Knight
Director