

Kallo Inc.
Form 10-K/A
July 21, 2014

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

FORM 10-K/A-2

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934 For the fiscal year ended December 31, 2013

Commission file number 000-53183

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

Nevada
(State or other jurisdiction of incorporation or organization)

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

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

Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to section 12(g) of the Act:
None	Common Stock
(Title of Class)	(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2013: \$6,152,941

The registrant had 342,383,783 shares of common stock outstanding as of July 4, 2014.

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REASON FOR AMENDMENT

This amended Form 10-K is being filed to update the annual financial statements and include the audit reports of Schwartz Levitsky Feldman LP and MaloneBailey, LLP.

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PART I

ITEM 1. BUSINESS.

We were incorporated in the state of Nevada on December 12, 2006 as Printing Components Inc. and then changed our name to Diamond Technologies Inc. and then to our current name of Kallo Inc. On December 11, 2009, we merged with Kallo Technologies Inc. (formerly known as Rophe Medical Technologies Inc.), an Ontario corporation and its shareholders (collectively "Rophe") wherein we acquired all of the issued and outstanding shares of common stock of Rophe in exchange for 3,000,000 common shares and \$1,200,000.

Upon acquiring Rophe, the focus of our business changed to developing medical information technology software.

Business Overview

We have two sets of products / Technologies.

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

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

A. Electronic Medical Record System (EMR) – Kallo has exclusive value added reseller rights for Mountain Medical Technologies EMR in Kallo's Brand name "EMCURX".

B. Picture Archiving and Communication System (PACS) – Kallo is the Value added reseller for Candelis in Canada and other healthcare projects globally for an integrated solution offering.

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

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2. Kallo's Copyrighted Technologies:

The following technologies are protected under Canadian and International copyrights and are authored by John Cecil and owned by Kallo Inc. Kallo Inc. has ownership rights of the products referred in this section, of which B, C, and D are under development

A.M.C. Telehealth – Mobile Clinic Telehealth System – Developed and launched in November 2011.

B. EMR Integration Engine – Electronic Medical Record Integration Engine - Under development.

C. C&ID-IMS – Communicable and Infectious Disease Information Management System - Under Development

D. CCG Technology – Clinical-Care Globalization technology – Under Development

The following is a summary of the information:

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

Our Products in Development

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

The company has proprietary Copyrighted Technology "EMR Integration Engine" that demonstrate the future direction for integrated solutions as well as current efforts that illustrate interoperability within the continuum of 1. care. EMR Integration Engine is software, which connects all the other applications in or outside a hospital/clinic with the EMR system. This enables the doctor/nurse to seamlessly access information in other healthcare applications without moving from one computer to the next.

C&ID-IMS is an Internet-based solution for monitoring and managing Communicable and Infectious Disease 2. information. Our target markets are Health Organizations and Ministries of Health, hospitals and Center for Disease Control (CDC) & the World Health Organization (WHO) members around the globe.

CCG is our clinical-care globalization technology. This product is an effective way to capitalize on the growing "medical tourism phenomenon " - patients going to low-cost countries for elective medical procedures –, a 3 fast-growing worldwide, multibillion-dollar industry actively promoted by many countries. CCG can be used by both the destination and home country of a patient to maintain complete and accurate records of the treatment history, avoiding errors due to incomplete patient data and lessening the burden and expense of corrective action on the home country when medical tourists return home.

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

imaging, diagnosis and clinical notes.

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Target Market

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

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

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

Intellectual Property and Research and Development

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

During 2013, we did incur expenses (both management and technical) relating to research and development with considerable efforts in continuing our research and development work on the Mobile Clinic and Telehealth system, which would be rolled out in the near term in different geographies based on the needs and funding availability.

Competition

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

Managements View of the market trend impact:

Kallo believes that the market trend in Canada, USA and globally is continuing to reflect increased adoption of point of care technologies such as EMR and PACS. This is very evident from the market information given below in the section "Market trend and positive impact on our product".

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

Market trend and positive impact on our product

Kallo believes that our EMR will offer customers a far richer integrated medical and clinical content delivered to the doctor at point of care, than any other system in terms of high-priority functionality. EMR is consistently rated among the leaders in all systems of its kind, offering us a significant quality advantage when competing for contracts. In addition, EMR's Clinical Information System is flexible enough that it can be installed in smaller hospitals that are far less attractive to our major competitors, and tailored to the specific needs and policies of that institution. The EMR

also provides a multi-lingual platform, which may give us a competitive advantage in the international markets.

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

Market trend and negative impact on our product

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

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

Government Regulation and Legislation

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

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

Agreement with Kodiak Capital Group, LLC

On September 26, 2012, we entered into an investment agreement with Kodiak Capital Group, LLC whereby we would issue 2,000,000 shares in exchange for a put option to sell up to \$2,000,000 worth of shares at a price equal to eighty percent (80%) of the lowest daily preceding five days Volume Weighted Average Price at the time of exercise and expires six months from inception. On October 24, 2012, we filed a Form S-1 registration statement relating to the resale of up to 50,000,000 shares of common stock issuable to Kodiak for investment banking services pursuant to an Investment Agreement dated September 26, 2012. Such registration statement was declared effective on October 9, 2013 and the agreement expired six months later. We are currently in discussions with Kodiak Capital Group, LLC to extend the investment agreement. Subsequent to December 31, 2013, we put \$250,000 and 3,472,223 shares have been issued pursuant to the above Agreement prior to its original termination date.

Employees

As of March 25, 2014, we have five full time employees and two part-time employees.

Warranties

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

Insurance

We do not maintain any insurance and do not intend to maintain insurance in the future. Because we do not have any insurance, if we are made a party of a products liability action, we may not have sufficient funds to defend the

litigation. If that occurs a judgment could be rendered against us, which could cause us to cease operations.

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Other

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

Offices

Our administrative office is located at 15 Allstate Parkway, Suite 600, Markham, Ontario, Canada, L3R 5B4, our telephone number is (416) 246-9997. We lease this space from RCN Management Limited Partnership Company, pursuant to a written lease with a term of 2 months. Our monthly rent is approximately \$7,000.

ITEM 1A. RISK FACTORS.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

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

ITEM 3. LEGAL PROCEEDINGS.

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

ITEM 4. MINE SAFETY DISCLOSURES.

None.

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PART II

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

Our shares are traded on the Bulletin Board operated by the Financial Industry Regulatory Authority under the symbol "KALO". A summary of trading by quarter for 2013 and 2012 is as follows:

Fiscal Year	High Bid	Low Bid
2013		
Fourth Quarter 10-1-13 to 12-31-13	\$0.06	\$0.02
Third Quarter 7-1-13 to 9-30-13	\$0.05	\$0.02
Second Quarter 4-1-13 to 6-30-13	\$0.04	\$0.01
First Quarter 1-1-13 to 3-31-13	\$0.04	\$0.01

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

Dividends

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

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

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

Our company's shares are covered by Section 15(g) of the Securities Exchange Act of 1934, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as "bid" and "offer" quotes, a dealers "spread" and broker/dealer compensation; the broker/dealer compensation, the broker/dealers duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers rights and remedies in causes of fraud in penny stock transactions; and, the FINRA's

toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

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Securities authorized for issuance under equity compensation plans

We currently have two equity compensation plans: the 2012 Non-Qualified Incentive Stock Option Plan and the 2011 Non-Qualified Incentive Stock Option Plan.

The 2012 Non-Qualified Incentive Stock Option Plan provides for the issuance of shares of our Common Stock for services rendered to us. The board of directors is vested with the power to determine the terms and conditions of the options. The Plan includes 50,000,000 shares of common stock.

The 2011 Non-Qualified Incentive Stock Option Plan provides for the issuance of shares of our Common Stock for services rendered to us. The board of directors is vested with the power to determine the terms and conditions of the shares. The Plan included 10,000,000 shares of common stock. At September 7, 2012, 7,233,334 shares have been issued under this 2011 Non-Qualified Stock Option Plan; and, 2,766,666 shares of common stock remain available under this plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a)) (c)
Equity compensation plans approved by security holders	None	None	None
Equity compensation plans not approved by securities holders	0	\$0.0	52,766,666
Total	0	\$0.0	52,766,666

ITEM 6. SELECTED FINANCIAL DATA.

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

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

This section of the report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

Our auditors have included a going concern emphasis of matter paragraph as part of the audit of our year-end consolidated financial statements. We have not generated revenues since the inception of Kallo's operations. We have been able to remain in business as a result of investments, in debt or equity securities, by our officers and directors and by other unrelated parties. We expect to incur operating losses in the foreseeable future and our ability to continue as a going concern is dependent upon our ability to raise additional money through investments by others and achieve

profitable operations. There is no assurance that we will be able to raise additional money or that additional money or that additional financing will be available to us on satisfactory terms or that we will be able to achieve profitable operations. The consolidated statements were prepared under the assumption that the Company will continue as a going concern, however, there can be no assurance that such financial support shall be ongoing or available on terms or conditions acceptable to the Company. This raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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For the last 4 fiscal years, starting January 2010, Kallo management and board of directors have raised funds through a personal and professional network of angel investors. This has enabled product and business development, continued operations, and generation of customer interest. In order to continue operations, management has contemplated several options to raise capital and sustain operations in the next 12 months. One of these options is an equity line of credit from Kodiak Capital Group LLC. Management's opinion is that this line of credit from Kodiak Capital Group LLC will enable continued operations for the next 12 months. There is no assurance that Kodiak Capital Group LLC will supply us with any money. In the event we do not receive any funds from Kodiak, we will continue to borrow money from or sell restricted shares of our common stock to our officers and directors in order to maintain operations. Our officers and directors are under no legal duty to provide us with additional financing nor have our officers and directors committed to provide us with additional financing.

Analysis of our business acquisition and operations cost indicate a reasonable requirement of USD \$2,000,000 or less. We have entered into an agreement with Kodiak Capital Group, LLC., a Delaware limited liability company ("Kodiak") whereby we have the right to "put" to Kodiak up to \$2,000,000 in our shares of common stock. In connection therewith, we have filed a Form S-1 registration statement with the Securities and Exchange Commission registering for sale up to 50,000,000 shares of our common stock. This arrangement expired in April 2014, but we are in discussions with Kodiak to extend the agreement. If the agreement is extended, based upon the current price of our common stock, we believe that if Kodiak purchases all 50,000,000 shares of common stock, we will only receive \$720,000. The reasonable funding requirement of US\$2,000,000 is estimated to fund our operations and capital requirements over the next 12 months. Management believes that the Company can be generating revenue in the next 6-12 months, and therefore will not require additional funding.

On November 20, 2012, we signed a memorandum of understanding with the Ministry of Health of the Republic of Ghana for the supply and implementation of a National Mobile Care program with Mobile Clinics and Clinical Command Centers integrated with the existing healthcare system and improve the healthcare delivery services to the rural and remote population of Ghana at large for a total project cost for National implementation and Maintenance support for five years of US\$158,500,000.

A formal contract for the implementation of the Mobile Care projects will be signed upon the satisfaction of several conditions including approval of the related credit facilities, finalization and approval of the detailed technical specifications, successful completion of a "Value for Money" audit and other approvals required by different governmental bodies in Ghana.

To date, the Ministry of Health of the Republic of Ghana had approved the detailed technical specifications proposed by Kallo and the "Value for Money" audit has been completed. A financial institution has submitted a formal term sheet for the required credit facilities to the Ministry of Finance of Ghana. We expect the final approval by the Ministry of Finance and the Parliament of the Republic Ghana to come shortly.

On January 23, 2014, we announced the signing of a US\$200,000,925 (Two Hundred million nine hundred and twenty-five US dollars) Supply Contract with the Ministry of Health and Public Hygiene of the Republic Of Guinea.

Under the Supply Contract, Kallo will implement customized healthcare delivery solutions for the Republic of Guinea. The components of the solutions include, MobileCare, RuralCare, Hospital Information Systems, Telehealth Systems, Pharmacy Information, disaster management, air and surface patient transportation systems and clinical training.

The Government of Guinea has been looking into securing funding for the Kallo MobileCare Project for US\$200,000,925 and a financial institution has come to the stage of agreeing on the terms requested by the Government of Guinea based on their acceptable economic framework for such projects. We expect the final

documentation between the financial institution and the Government of Guinea to be completed shortly, which would trigger the release of Kallo's down payment for the project initiation and production.

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MobileCare™ supply contract includes:

- Mobile
- 1. clinics
(10)
Clinical Command
- 2. Centre
(1)
Administration
- 3. Centre
(1)
- 4. Utility vehicles
(2)
User
- 5. training
(5 years)
- 6. Professional and clinical training
(5 years)
- 7. Hardware and software
maintenance (5years)
- 8. Operations & management support