America's Suppliers, Inc.
Form 10-K
March 14, 2012

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K**

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

**For the fiscal year ended December 31, 2011**

**OR**

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

**For the transition period from to**

**Commission file number 0-27012**

**AMERICA'S SUPPLIERS, INC.**

*(Exact name of Registrant as specified in its charter)*

| | |
|---|---|
| **Delaware** | **27-1445090** |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. employer identification number)* |

**7575 E. Redfield Road**

**Suite 201**
**Scottsdale, AZ** **85260**
*(Address of principal executive offices)* *(Zip Code)*

**(480) 922-8155**

*(Registrant's telephone number)*

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

**None**

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

**Common Stock ($0.001par value)**

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

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 o No þ

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of 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. See the definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company þ

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $2,708,177 as of June 30, 2011, based upon the closing sale price of the registrant’s common equity reported for such date on the pink sheets. Ordinary shares held by each officer and director and by each person who owns 10% or more of the outstanding ordinary share capital have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 1, 2012, there were 13,709,933 shares of common stock $0.001 par value outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of our definitive Proxy Statement for our 2012 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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**PART I**

***Forward-Looking Information***

*Unless otherwise indicated, the terms "America's Suppliers," "ASI," "Insignia Solutions plc," "Insignia," the "Company," " and "our" refer to America's Suppliers, Inc. and its subsidiaries. In this Annual Report on Form 10-K, we may make certain forward-looking statements, including statements regarding our plans, strategies, objectives, expectations, intentions and resources that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We do not undertake to update, revise or correct any of the forward-looking information. The following discussion should also be read in conjunction with the audited consolidated financial statements and the notes thereto.*

*The statements contained in this Annual Report on Form 10-K that are not historical fact are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements contained herein are based on current expectations that involve a number of risks and uncertainties. These statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "intend," "plan," "could," "is likely," or "anticipates," or the negative the variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. The Company wishes to caution the reader that these forward-looking statements that are not historical facts are only predictions. No assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these projections and other forward-looking statements are based upon a variety of assumptions relating to the business of the Company, which, although considered reasonable by the Company, may not be realized. Because of the number and range of assumptions underlying the Company's projections and forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of the Company, some of the assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to the date of this report. These forward-looking statements are based on current expectations and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company and the results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by the Company or any other person that these estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.*

**Item 1 —** ***Business***

**History**

*Organization*

On December 14, 2009, America's Suppliers, Inc., a Delaware corporation ("ASI" or the "Company"), became the holding company of Insignia Solutions plc, a public limited company incorporated in England and Wales ("Insignia"), pursuant to a scheme of arrangement under Section 897 of the UK Companies Act of 2006 that was approved by the Insignia stockholders on November 30, 2009 and the High Court of Justice in England and Wales on December 14, 2009 (the "Scheme of Arrangement"). Pursuant to the Scheme of Arrangement, every ordinary share, 1 pence par value per share, of Insignia (the "Ordinary Shares") was exchanged and cancelled at a ratio of ten Ordinary Shares for one share of common stock, $.001 par value per share (the "Common Stock"), of ASI (the "Exchange Ratio"). All outstanding Insignia options and warrants were assumed by ASI, adjusted as per the Exchange Ratio, and such options and warrants are now exercisable for shares of ASI Common Stock. Insignia is now a wholly-owned subsidiary of ASI. The securities issued in the transaction were issued in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 3(a)(10) promulgated thereunder.

Insignia was incorporated under the laws of England and Wales on November 20, 1985 under the name Diplema Ninety Three Limited. The Company changed its name to Insignia Solutions Limited on March 5, 1986 and commenced operations on March 17, 1986. Until April 2007, Insignia developed, marketed and supported software technologies that enabled mobile operators and phone manufacturers to update, upgrade and configure the firmware of mobile devices using standard over-the-air ("OTA") data networks.

In April 2007, Insignia sold substantially all of its assets to Smith Micro Software, Inc. From April 2007 until June 23, 2008, Insignia did not generate any revenues from operations and operated as a shell company.

On June 23, 2008, DollarDays International LLC ("DollarDays") entered into a series of transactions to effect a reverse merger with Insignia (the "Merger"). These transactions consisted of the following:

- DollarDays was formed as a Delaware limited liability company on November 5, 2001. On June 20, 2008, DollarDays contributed all of its assets and liabilities to DollarDays International, Inc., a Delaware corporation, ("DDI Inc.") pursuant to a contribution agreement. In return for DollarDays' assets and liabilities, DDI Inc. issued 100% of its common stock to DollarDays. Following the contribution, DDI Inc. became the operating company, and DollarDays had no assets or liabilities except for the DDI Inc. common stock issued to it.

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DDI Inc. merged with Jeode, Inc., a Delaware corporation and a wholly-owned subsidiary of Insignia, whereby DDI Inc. was the surviving corporation and a wholly-owned subsidiary of Insignia. In exchange for all of the DDI Inc. capital stock, Insignia was required to: (1) issue 73,333,333 American Depository Shares ("ADSs") to DDI Inc. stockholders, (2) issue a warrant to purchase 8,551,450 ADSs with an exercise price of $.01 per ADS to Peter Engel, the then-existing Chief Executive Officer of DDI Inc., (3) issue a warrant to purchase 3,603,876 ADSs with an exercise price of $.13 per ADS to a financial advisor of DDI Inc. and (4) issue options to purchase 7,360,533 ADSs, in replacement of DDI Inc. options.

- The combined entity was to issue an aggregate of 7,682,926 ADSs to a new investor DollarDays ("Amorim") in exchange for $550,000 in cash and conversion of a $450,000 note.

Under the agreement and plan of merger, Insignia shareholders maintained approximately 37.1% ownership of the combined company, DDI Inc. shareholders obtained 56.7%, and Amorim obtained 6.2% of the combined company stock. The Merger is accounted for as a reverse merger whereby DDI Inc. is the accounting acquirer resulting in a recapitalization of DDI Inc. equity.

The above share amounts in the Merger transaction have been exchanged according to the Exchange Ratio resulting in 7,333,333 shares to DDI Inc. stockholders, 855,145 warrants to Peter Engel, 360,387 warrants to a financial advisor to DDI Inc., 736,053 options in replacement of DDI Inc. options, and 768,292 shares to Amorim.

*Operations*

Dollar Days

We, through our wholly-owned subsidiary DDI Inc., develop software programs that allow us to provide general merchandise from third party manufacturers and suppliers for resale to businesses through our website at www.DollarDays.com. We have been recognized as a leader in the Internet wholesale market of discounted merchandise by a leading business periodical and numbers trade associations. Our objective is to provide a one-stop discount shopping destination for general merchandise for smaller distributors, retailers and non-profits nationwide seeking single and small cased-sized lots at bulk prices. We launched our first website in October 2001. The site offers customers an opportunity to shop for bargains conveniently, while offering our suppliers an alternative sales channel. We believe our website offers a unique benefit to smaller businesses in that they are able to purchase goods from wholesalers and importers in single and small case lots, with no minimum purchase requirements at discounted prices. We believe the prevailing reason our business has been able to obtain bulk pricing for single case lots is our ability to reach smaller distributors, retailers and non-profits that most general merchandise suppliers cannot economically reach. We provide all the logistics and customer support to serve this sales channel and grow our customer base.

We continually add new, limited inventory products to our website in order to create an atmosphere that encourages customers to visit frequently and purchase products before the inventory sells out. Through our Internet catalog, we offer approximately 150,000 products, including up to 25,000 closeout items at further discounted prices. Closeout merchandise is typically available in inconsistent quantities and prices.

We accept orders, either online or via telephone sales staff, collect payment in the form of credit or debit card, PayPal or similar means, and coordinate with manufacturers, importers and close-out specialists regarding delivery particulars. PayPal refers to the online payment platform located at www.paypal.com and its localized counterparts. Our proprietary software and service procedures allow us to sell merchandise to a single customer, and bill as a singer order, items purchased and delivered from multiple suppliers. We do not take possession of inventory, but we are responsible for processing customer claims and returns.

Our website has a registered base of approximately 230,000 small businesses and receives approximately 3 million monthly page views. We receive an average of approximately 5,000 orders per month. Our target audience is smaller businesses.

Our historical success has resulted largely from the size of our community of active users. We had approximately 35,000 unique customers place an order with us in 2011 as compared to approximately 29,500 unique customers who placed an order with us in 2010. We believe our sales and marketing efforts make inefficient markets more efficient because:

- Our website includes more than 150,000 items on any given day and makes available to our users a wide variety of goods; and
- We bring buyers and sellers together for lower costs than traditional intermediaries.

We have had increased success throughout the years by attracting repeat customers. In 2009, 2010 and 2011, the sales volume of individuals who purchased through our website four times or more were 40%, 40% and 41%, respectively.

WowMyUniverse.com

During 2010, we established a majority-owned subsidiary, WowMyUniverse.com to develop a retail online business to sell directly to consumers. On October 1, 2010, this subsidiary became wholly owned as we acquired the non-controlling interest in exchange for our interest in an unconsolidated subsidiary.

During 2010, most of our activities related to WowMyUniverse.com consisted of website development and marketing activities. While we experienced limited sales through test marketing in 2010 and early 2011, we began full operations in the second half of 2011. Revenues from WowMyUniverse.com were approximately $185,000 in 2011.

**Products and Services**

*Manufacturer, Supplier and Distribution Relationships*

It is difficult to establish wholesale and closeout buying relationships with manufacturers and vendors. Trust and experience gained through past interactions are important. We believe our business model reduces the risk to the manufacturer because its discounted products are sold alongside its full-priced products. We enter into standardized contracts with each of our suppliers. Our supplier relationships provide us with both private label and recognized brand-name products. The table below identifies some of the brand names often found on our website.

| | | |
|---|---|---|
| Avon | Fruit of the Loom | 3M |
| Black & Decker | Gillette | Tommy Hilfiger |
| Calvin Klein | Revlon | Tonka |
| Colgate | Kellogg’s | Victoria’s Secret |
| Disney | NFL | Ziploc |

Our manufacturer and supplier relationships are based on historical experience with manufacturers, vendors and liquidation wholesalers. We are not obligated or entitled to receive merchandise on a long–term or short-term basis, nor do our contractual terms guarantee the availability of merchandise. We control the terms on which products are sold through our website.

*Online Products*

Our customers can locate products on our website by utilizing our proprietary search function or by navigating through online departments. The departments section is currently organized into approximately 32 main categories:

| | | |
|---|---|---|
| America's Boutique Suppliers | Custom Imprinting | Medical Products |
| Arts & Crafts | Electronics & Media | Office & School Supplies |
| As Seen on TV | Food Pantry | Pallet Assortment |
| Automotive | Gift Baskets | Party Supplies |
| Baby Care | Hardware | Pets |
| Bath and Body | Holiday & Seasonal | Religious |
| Books & Calendars | Dome Décor | Sports & Outdoors |
| Candles & Home Fragrance | Housewares | Stationary & Gift Wrap |
| Cleaning Supplies | Jewelry | Store Fixtures |
| Clothing | Lawn & Garden | Toys & Games |
| Cosmetics & Fragrances | Licensed Team Products | |

Our categories change as our business evolves and from time to time we need to add or subtract categories to better serve our suppliers and customers. Each of the departments has multiple categories that more specifically define the products offered within that department. For example, the "Toys & Games" department currently has the following product categories:

| | | |
|---|---|---|
| Action Figures | Games | Remote Control Toys |
| Action Toys | Glow in the Dark | Sport Related Toys |
| Bingo Accessories | Licensed Toys | Stuffed Animals |
| Building Toys | Novelty & fake Money | Teddy Bears |
| Cars, Trucks & Vehicles | Novelty Toys | Toy Animals |
| Costume Dress Up/Make Believe | Outdoor Toys | Toy Musical Instruments |
| Dolls & Doll Accessories | Playing Cards & Accessories | Water Guns |
| Electronic Toys | Puppets | |
| Flashing Novelties | Puzzles | |

Categories are typically further divided into subcategories to facilitate product identification. Individual products can be accessed and viewed from the category or subcategory pages. These specific product pages include product descriptions, color photographs and pricing information.

The number of total products we offer has grown from less than 5,000 in 2001, to more than 150,000 products in 2011. The number of products and product categories change throughout the year, as we periodically reorganize our departments and/or categories to better reflect our current product offerings.

**Sales and Marketing**

We use a variety of methods to target our consumer audience, including online campaigns, direct marketing, and trade-shows.  However, our primary marketing consists of online marketing, including advertising through portals, keywords, search engines, affiliate marketing programs, banners, and email campaigns.  We seek to identify and eliminate campaigns that do not meet our expectations. We generally develop these campaigns internally.

*Marketing*

Our marketing initiatives include, but are not limited to, the following:

*Web Positioning*: In order to maintain favorable positioning and to increase the likelihood of our website being “found” by customers looking for wholesale merchandise, we maintain a proactive search engine optimization effort to assure continued high search engine placement. We currently have over 350,000 web pages indexed in various search engines, including Google, Bing, Yahoo, MSN and AOL. Part of the continuing search engine optimization program involves evolution of page content and product descriptions for maximum indexing and rank possibilities. We believe our newer categories and higher priced products in existing categories help to increase search engine visibility and should, therefore, increase visitor counts. Approximately 75%, 75% and 73% of our gross sales in 2011, 2010 and 2009, respectively, came from “organic” (i.e., unpaid) search engine traffic.

*Website Design* : We continually evaluate our website and make improvements as deemed necessary. Periodically, we intend to re-design our website as market factors and technological advances necessitate.

*Banner Ads*: We place banner ads in many relevant wholesale directories.

*Pay-Per-Click Advertising*: Pay-per-click companies provide advertising space on various relevant websites and charge us based on actual user clicks on our ads. We monitor the results of our various pay-per-click programs and evaluate alternative advertising outlets.

*Promotions*: We offer both broad based promotions on our website available to all users, and targeted promotions transmitted via email directly to select customers. Promotions include, but are not limited to, price discounts, free merchandise or premiums, discount coupons, free shipping, and combinations of different promotions. Free shipping promotions have been our most popular campaigns.

*E-mail Campaigns*: We send approximately 3 million emails per month offering a variety of promotions, as previously discussed.

*Platinum Program*: Under this subscription service, in return for a $49 joining fee and a $15.95 additional monthly fee, customers can receive a number of discounts and savings on goods, services, freight and other products sold on our website. Our platinum program participants purchased more products through our website than non-participants and made purchases more frequently than prior to participating in the program.

*Affiliates*: We promote an "affiliate" program, where we pay a sales commission to affiliates for customers recommended to our website by such affiliates. Approximately 700 affiliates have DollarDays' banners on their websites.

*Distributors*: We encourage Internet entrepreneurs to "clone" our website under the respective entrepreneurs' names. These "clones", for which such entrepreneurs pay us a $99 annual fee and a $15.99 monthly fee, reflect our website at www.DollarDays.com in every aspect except for the difference in name. We have approximately 300 distributors who promote their websites, while we handle all related sales, promotional efforts, customer service, collection and other back office matters in the same manner we handle orders pertaining to our own website. We pay distributors a commission on all sales generated through their independent websites.

*Sales*

No single customer accounts for more than 5% of our sales. We utilize internal staffing and outsourced resources to have sales and support coverage 24 hours per day, seven days a week. The primary function of the sales staff is to field incoming calls and make outgoing calls to solicit new customers, obtain additional sales from infrequent purchasers and re-contact lapsed customers.

To facilitate our sales process, as part of our overall software program we have implemented a vendor management system ("VMS"), which is an interface between us and our vendors. The VMS is the primary platform for a vendor to place and remove its product on our website, as well as providing inventory tracking ability for the vendor. Once a product is listed on the website, customers and sales staff are able to place and fulfill orders.

We have established the DollarDays Institute, which coordinates with our vendors, via regular telephone seminars, on how to better describe and illustrate their products and how to best utilize our VMS to their advantage. Management believes the visual and verbal depiction of the products on our website is crucial to sales and establishing a loyal consumer base. If a product's picture is inadequate or its description incomplete or unpersuasive, the product is unlikely to sell. We believe the DollarDays Institute enables our vendors to better promote their products, and consequently, increase sales.

Our product mix changes daily based on the availability of the products we buy and sell.

Our primary distribution channel is online sales to small businesses, non-profits and home-based businesses located in the United States. During 2011 and 2010, sales to domestic customers accounted for approximately 93% of our net sales, respectively.

**Vendor Relations**

Our ability to service our customers quickly and efficiently is contingent upon vendor response time in fulfilling orders for in-stock merchandise and promptly informing us of out-of-stock products. To facilitate our vendor relationships, we enter into agreements with them whereby they agree to the following:

- Participation in the VMS program to automatically convey information about out-of-stock items, price changes, new products, changes in product description and other important information to be reflected by the vendor on our website;
- Use of one of our pre-approved shippers; and
- Payment of a 2.5% marketing fee, which is automatically deducted from their invoice.

Our merchandising department monitors vendors for compliance with the terms of their respective agreements. In the event a vendor does not comply with the terms of the agreement, such vendor's products may be removed from our website and replaced with products from a more suitable vendor.

We have over 400 vendors and no single vendor accounts for more than 10% of our sales.

**Customer Service and Sales**

We are committed to providing superior customer service. We staff our customer service and sales department with dedicated in-house professionals who respond to phone and e-mail inquiries on products, ordering, shipping status and returns. Our customer service and sales staff processes approximately 2,500 calls per week and up to approximately 3,000 calls per week during peak periods.

**Technology**

We use our internally developed software to support our operations. We have developed intuitive user interfaces and customer tools to create a user-friendly website and developed transaction processing, database and network applications that help enable our users to reliably and securely complete transactions on our sites. Our technology infrastructure simplifies the storage and processing of large amounts of data, eases our operation, and automates much of the administration. Our Internet hosting provider utilizes a distributed protection system to catch and mitigate attacks launched against our servers in addition to regular vulnerability testing. The application sites are hosted using multiple virtual machines spread across multiple physical servers for performance, stability, and protection from hardware failure. Static files such as imagery are mirrored to a content distribution network for low latency delivery to visitors.

We also use a third-party application to provide search, navigation and merchandising techniques to guide customers through our website. We currently employ two full-time IT engineers to monitor and maintain the functionality of our website with domain specialists available in an on-call basis.

We have also developed a web-based e-commerce property specially tailored for vendors listing products on our website. The technology is designed to permit our vendors to list their own products on our website, subject to our approval, and remove such products once the respective inventory is depleted. This technology eases the burden on merchandising personnel to maintain accurate product information and available quantities. The system also provides a means for vendors to provide immediate tracking and short-ship information to speed collection of funds from customers.

Essential systems are backed up on a regular basis mirrored to multiple secure off-site locations for disaster recovery.

We are continually improving our technology to enhance the customer experience and increase efficiency, scalability, and security.

**Competition**

The online wholesale market is rapidly evolving, intensely competitive and has relatively low barriers to entry, as new competitors can launch websites at relatively low costs. We believe competition in the online wholesale market is based predominately on:

- price;
- product quality and selection;
- ease of shopping experience;
- order processing and fulfillment;
- customer service; and

· company brand recognition.

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Our wholesale services compete with other online retailers and traditional wholesalers, liquidation “brokers”, importers and manufacturers that sell general merchandise, some of which may specifically adopt our methods and target our customers. We currently or potentially compete with a variety of companies that can be divided into several broad categories:

- local wholesalers tailored to service and supply small independent retailers that carry “fast-selling” general brands, provide personal delivery and who often have interpersonal relations with smaller retailers;
- catalog sellers, including suppliers from whom we purchase product, such as SMC;
- liquidation e-tailers;
- online general retailers with discount departments such as Amazon.com, Inc., eBay, Inc. and Buy.com, Inc.;
- online specialty retailers such as BlueNile and BackCountry; and
- traditional small business wholesalers such as Costco Wholesale Corporation.

As the market for online wholesale and liquidation grows, we believe that companies involved in online retail, as well as traditional retailers and liquidation brokers, will increase their efforts to develop services that compete with our online services. We are unable to anticipate which other companies are likely to offer products and services in the future that will compete with us.

In addition, many of our current and potential competitors have greater brand recognition, longer operating histories, larger customer bases and significantly greater financial, marketing and other resources than we do, and may enter into strategic or commercial relationships with larger, more established and well-financed companies. Some of our competitors could devote greater resources to marketing and promotional campaigns and devote substantially more resources to their websites and systems development than we can. New technologies and the continued enhancement of existing technologies also may increase competitive pressures. We cannot ensure that we will be able to compete successfully against current and future competitors or address increased competitive pressures.

**Intellectual Property**

We own the rights associated with the trademarks “America’s Suppliers”, “DollarDays”, “DollarDay$” and the logo for DollarDays. We have filed trademark applications with the United States Patent and Trademark Office seeking registration of certain service marks and trademarks. We regard our domain names and similar intellectual property as critical to our success. We rely on a combination of laws and contractual restrictions with our employees, customers, suppliers, affiliates and others to establish and protect our proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our intellectual property without authorization. There can be no assurance that our applications will be successful or that we will be able to secure significant protection for our service marks or trademarks in the United States or elsewhere. In addition, we cannot ensure that others will not independently develop similar intellectual property. Although we have registered and are pursuing the registration of our key trademarks in the United States and internationally, some of our trade names are not eligible to receive trademark protection. In addition, effective trademark protection may not be available or may not be sought by us in every country in which our products and services are made available online, including the United States.

Third parties may in the future recruit our employees who have had access to our proprietary technologies, processes and operations. These recruiting efforts expose us to the risk that such employees will misappropriate our intellectual property.

**Legal and Regulatory Matters**

From time to time, we may receive claims of and become subject to consumer protection, employment, intellectual property and other commercial litigation related to the conduct of our business. Also, we may receive related inquiries from state and federal agencies which might relate to our business practices, or the activity of our customers or suppliers. Such regulatory matters and commercial litigation could be costly and time consuming and could divert our management and key personnel from our business operations. The uncertainty of litigation increases these risks. In connection with such litigation or regulatory inquiries, we may be subject to significant damages or equitable remedies or fines relating to the operation of our business and the sale of products on our website. Any such litigation may materially harm our business, prospects, results of operations, financial condition or cash flow. We are not aware of any outstanding litigation or any pending or threatened litigation that would be expected to have a material adverse effect on our financial condition or results of operations.

These and other types of claims could result in increased costs of doing business through legal expenses, adverse judgments, settlements or require us to change our business practices.

Additional litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Any litigation, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could materially harm our business.

**Government Regulation**

Our services are subject to federal and state consumer protection laws, including laws protecting the privacy of non-public consumer information and regulations prohibiting unfair and deceptive trade practices. In particular, under federal and state financial privacy laws and regulations, we must provide notice to consumers of our policies on sharing non-public information with third parties, provide advance notice of any changes to our policies and, with limited exceptions, give consumers the right to prevent sharing of their non-public personal information with unaffiliated third parties. Furthermore, the growth and demand for online commerce could result in more stringent consumer protection laws that impose additional compliance burdens on online companies. These consumer protection laws could result in substantial compliance costs and could interfere with the conduct of our business.

In many states, there is currently great uncertainty whether or how existing laws governing issues such as property ownership, sales and other taxes, libel and personal privacy apply to the Internet and commercial online services and whether additional laws and regulations will be enacted. In addition, new state tax regulations may subject us to additional state sales and income taxes. New legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the Internet and commercial online services could result in significant additional taxes on our business. These taxes could have an adverse effect on our cash flows and results of operations. Furthermore, there is a possibility we may be subject to significant fines or other payments for any past failures to comply with these requirements.

The Consumer Product Safety Improvement Act (the “Act”) became effective February 10, 2009. This law prohibits resellers from selling children’s’ products that exceed specified levels of lead and certain other chemicals. Resellers are not required to test the products themselves. However, if they do sell such products, they could be subject to civil and/or criminal penalties. Since the merchandise sold through our website it is shipped directly from the manufacturer/importer to the retailer, we never take physical possession of any merchandise and could not test the products. Accordingly, to minimize our risk, we have undertaken the following steps:

- We have discontinued all items which, in our judgment, have any significant likelihood of being out of compliance with the Act. The limited exception to this is that certain closeouts may date back to a period before testing was commonplace. We have discontinued all items we believe constitute a significant risk of containing inappropriate chemicals; and
- We have requested that all our vendors certify that the products they sell are in compliance with the Act. They have all complied except for certain vendors of close-outs who cannot know whether the products they are buying may have been produced before these maximum levels of permissible lead and other chemicals were established.

**Employees**

As of December 31, 2011, we had a total of 39 full-time employees. We have never had a work stoppage, and none of our employees are represented by a labor union. We consider our employee relationships to be positive.

**Reports to Security Holders**

We file reports with the Securities and Exchange Commission, or SEC, including annual reports, quarterly reports and other information we are required to file pursuant to US federal securities laws. You may read and copy materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information from the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, which is http://www.sec.gov.

**Item 1A –** ***Risk Factors***

**Although we have recently achieved profitability, we have a history of significant losses. If we do not maintain profitability, our financial condition and our stock price could suffer.**

We have a history of losses and accumulated deficit. We have recently achieved profitability; however, we may not be able to sustain or increase profitability on a quarterly or annual basis in the future. If our revenues grow more slowly than we anticipate, or if our operating expenses exceed our expectations, our financial results would be harmed.

We will continue to incur significant operating expenses and capital expenditures to continue to improve our software and technologies, and:

- enhance our distribution and order fulfillment capabilities;
- further improve our order processing systems and capabilities;
- expand our customer service capabilities to better serve our customers' needs;
- expand or modify our product offerings;
- rent office space;
- increase our general and administrative functions to support our operations; and
- maintain or increase our sales, branding and marketing activities, including maintaining existing, or entering into new online marketing or marketing analytics arrangements, and continuing or increasing our direct mail campaigns.

Because we may incur many of these expenses before we receive any revenues from our efforts, our losses may be greater than the losses we would incur if we developed our business more slowly. Further, we base our expenses in large part on our operating plans and future revenue projections. Many of our expenses are fixed in the short term, and we may not be able to quickly reduce spending if our revenues are lower than we project. Therefore, any significant shortfall in revenues would likely harm our business, prospects, operating results and financial condition. In addition, we may find that these efforts are more expensive than we currently anticipate, which would further increase our losses. Also, the timing of these expenses may contribute to fluctuations in our quarterly operating results.

**A downturn in general economic conditions may adversely affect our results of operations.**

The success of our operations depends to a significant extent upon a number of factors relating to discretionary consumer spending, including economic conditions affecting disposable consumer income such as employment, business conditions, interest rates and taxation. There can be no assurance that consumer spending will not be adversely affected by economic conditions, thereby impacting our growth, financial condition and results of operations.

**We may experience significant fluctuations in our operating results and growth rate.**

We may not be able to accurately forecast our growth rate. We base our expense levels and investment plans on sales estimates. A significant portion of our expenses and investments is fixed, and we may not be able to adjust our spending quickly enough if our sales are less than expected.

Our revenue growth may not be sustainable, and our percentage growth rates may decrease. Our revenue and operating profit depends on the continued growth of demand for our products and services, and our business is affected by general economic and business conditions worldwide. A softening of demand, whether caused by changes in customer preferences or a weakening of the U.S. or global economies, may result in decreased revenue or growth.

Our net sales and operating results will also fluctuate for many other reasons, including due to risks described elsewhere in this section and the following:

- our ability to retain and increase sales to existing customers, attract new customers and satisfy our customers' demands;
- our ability to expand our network of vendors;
- our ability to access vendor merchandise and fulfill orders;
- the introduction of competitive websites, products and services;
- changes in usage of the Internet and e-commerce, both domestically and internationally;
- timing, effectiveness and costs of expansion and upgrades to our systems and infrastructure;
- the success of our geographic, service and product line expansions;
- the outcomes of legal proceedings and claims;
- variations in the mix of products and services we sell;

- variations in our level of merchandise and vendor returns;
- the extent to which we offer free shipping, continue to reduce product prices worldwide, and provide additional benefits to our customers;
- increases in the prices of fuel and gasoline, as well as increases in the prices of other energy products and commodities like paper and packing supplies;
- the extent to which operators of networks between our customers and our website charge fees to grant our customers unimpaired and unconstrained access to our online services;
- our ability to collect amounts that may become owed to us;
- the extent to which use of our services is affected by spyware, viruses, “phishing” and other spam emails, “denial of service” attacks, data theft, computer intrusions and similar events; and
- terrorist attacks and armed hostilities.

**We are dependent on a limited number of shipping companies.**

We rely on a limited number of shipping companies to deliver inventory to us and completed orders to our customers. If we are not able to negotiate acceptable terms with these companies or they experience performance problems or other difficulties, it could negatively impact our operating results and customer experience. In addition, our ability to ship completed orders to customers may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war or terrorism, acts of God and similar factors. Third parties either drop-ship or otherwise fulfill our customers’ orders, and we are increasingly reliant on the reliability, quality and future procurement of their services. The inability of these other companies to accurately forecast product demand would result in unexpected costs and other harm to our business and reputation.

**Our business could suffer if we are unsuccessful in making, integrating and maintaining acquisitions and investments.**

We may acquire, or invest in or enter into joint ventures with additional companies. These transactions create risks such as:

- disruption of our ongoing business, including loss of management focus on existing businesses;
- problems retaining key personnel;
- additional operating losses and expenses of the businesses we acquired or in which we invested;
- the potential impairment of amounts capitalized as intangible assets as part of the acquisition;
- the potential impairment of customer and other relationships of the company we acquired or in which we invested or our own customers as a result of any integration of operations;
- the difficulty of incorporating acquired technology into our offerings and unanticipated expenses related to such integration;
- the difficulty of integrating a new company’s accounting, financial reporting, management, information, human resource and other administrative systems to permit effective management, and the lack of control if such integration

is delayed or not implemented;

- the difficulty of implementing the controls, procedures and policies appropriate for a larger public company;
- potential unknown liabilities associated with a company we acquire or in which we invest; and
- for foreign transactions, additional risks related to the integration of operations across different cultures and languages, and the economic, political, and regulatory risks associated with specific countries.

Finally, as a result of future acquisitions or mergers, we may need to issue additional equity securities, spend our cash, or incur debt, contingent liabilities, or amortization expenses related to intangible assets, any of which could reduce our profitability and harm our business.

**We may not be able to adequately develop WowMyUniverse.com.**

During 2010, we made investments in a retail website, WowMyUniverse.com. We may experience negative cash flows in the future as we continue to develop this business. We may not have adequate cash flows from our other operations to fund the development of this business. Our experience in developing online businesses is limited to the wholesale marketplace, and our relative lack of experience in retail commerce may be detrimental to the success of WowMyUniverse.com. We may face exposure to business conditions and risks that are unforeseen as a result of this lack of experience.

**The loss of key senior management personnel could negatively affect our business.**

We depend on our senior management and other key personnel, including our Chairman and Chief Executive Officer.  The loss of these individuals or any of our other current or future executive officers or key employees could harm our business, future operating prospects and results of operations.

Additionally, we do not currently maintain “key person” life insurance policies on the lives of any of our executive officers.  This lack of insurance means that we may not have adequate compensation for the loss of the services of these individuals.

**Our vendor relationships subject us to a number of risks.**

We have significant vendors that are important to our sourcing, manufacturing and related ongoing servicing of merchandise and content. We do not have long-term arrangements with most of our vendors to guarantee availability of merchandise, content, components, or services. If our current vendors were to stop selling merchandise, components or services to us on acceptable terms, we may be unable to procure adequate replacements from other vendors in a timely and efficient manner or on acceptable terms, or at all.

**We depend on our relationships with third party vendors for the products that we sell on our website. If we fail to maintain these relationships, our business will suffer.**

At December 31, 2011, we had fulfillment partner relationships with approximately 400 vendors whose products we offer for sale on our website. We depend on our fulfillment partners to provide the product selection we offer. We plan to continue to expand the number of fulfillment partner relationships and the number of products offered for sale by our fulfillment partners on our website. In general, we agree to offer the third parties' products on our website and these third parties agree to provide us with information about their products, honor our customer service policies and ship the products directly to the customer. If we do not maintain our existing relationships or build new relationships with third parties on acceptable commercial terms, we may not be able to offer a broad selection of merchandise, and customers may refuse to shop at our website. In addition, manufacturers may decide not to offer particular products for sale on the Internet. If we are unable to maintain our existing fulfillment partner relationships, or build new ones, or if other product manufacturers refuse to allow their products to be sold via the Internet, our business and prospects would suffer severely.

**We depend upon third-party delivery services to deliver our products to our customers on a timely and consistent basis. Deterioration in our relationship with any one of these third parties could decrease our ability to track shipments, cause shipment delays and increase shipping costs.**

We rely upon multiple third parties for the shipment of our products. We cannot be sure these relationships will continue on terms favorable to us, if at all. Unexpected increases in shipping costs or delivery times could harm our business, prospects, financial condition and results of operations. If our relationships with these third parties are terminated or impaired or if these third parties are unable to deliver products for us, whether through labor shortage, slow down or stoppage, deteriorating financial or business condition, responses to terrorist attacks or for any other reason, we would be required to use alternative carriers for the shipment of products to our customers. In addition, conditions such as adverse weather can prevent carriers from performing their delivery services, which can have an adverse effect on our customers' satisfaction with us. In any of these circumstances, we may be unable to engage alternative carriers on a timely basis, upon favorable terms, or at all. Changing carriers would likely have a negative effect on our business, operating results and financial condition. Potential adverse consequences include:

- reduced visibility of order status and package tracking;
- delays in order processing and product delivery;
- increased cost of delivery, resulting in reduced gross margins; and
- reduced shipment quality, which may result in damaged products and customer dissatisfaction.

**A significant number of merchandise returns could harm our business, financial condition and results of operations.**

We allow our customers to return products. If merchandise returns are significant, our business, prospects, financial condition and results of operations could be harmed. We modify our policies relating to returns from time to time and any policies intended to reduce the number of product returns may result in customer dissatisfaction and fewer repeat customers.

**If the products that we offer on our website do not reflect our customers' tastes and preferences, our sales and profit margins may decrease.**

Our success depends in part on our ability to offer products that reflect consumers' tastes and preferences. Consumers' tastes are subject to frequent, significant and sometimes unpredictable changes. Because some of the products we sell consist of manufacturers' and retailers' excess inventory, we have limited control over some of the specific products we are able to offer for sale. If our merchandise fails to satisfy customers' tastes or respond to changes in customer preferences, our sales could suffer. In addition, any failure to offer products in line with customers' preferences could allow our competitors to gain market share. This could have an adverse effect on our business, prospects, results of operations and financial condition.

**We will have to attract and retain customers.**

Our success depends on our ability to attract and retain customers. We have relationships with online services, search engines, directories and other website and e-commerce businesses to provide content, advertising banners and other links that direct customers to our website. We rely on these relationships as significant sources of traffic to our website and to generate new customers. If we are unable to develop or maintain these relationships on acceptable terms, or to develop suitable alternatives, our ability to attract new customers may be impaired and our financial condition could be harmed. We cannot assure you we will be able to increase our revenues, if at all, in a cost-effective manner.

Further, many online advertisers on whom we may wish to, or presently do, rely on for services, may be reluctant to enter into or maintain relationships with us because our competitors may be more attractive advertising clients. Additionally, failure to achieve sufficient traffic or generate sufficient revenue from purchases originating from online advertisers may cause online advertisers to terminate their relationship with us. Without these relationships, our revenues, business, prospects, financial condition and results of operations could suffer.

**We may not be able to compete successfully against existing or future competitors.**

The online liquidation services market is rapidly evolving and intensely competitive. Barriers to entry are minimal, and current and new competitors can launch new websites at a relatively low cost.

We expect the online liquidation services market to become even more competitive as traditional liquidators and online retailers develop services that compete with ours. In addition, manufacturers and retailers may decide to create their own websites to sell their own excess inventory and the excess inventory of third parties. Competitive pressures created by any one of our competitors, or by our competitors collectively, could harm our business, prospects, financial condition and results of operations.

Further, as a strategic response to changes in the competitive environment, we may from time to time make certain pricing, service or marketing decisions or acquisitions that could harm our business, prospects, financial condition and results of operations. To the extent we enter new lines of businesses, we expect that we would be competing with many established businesses.

Many of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. In addition, online retailers and liquidation e-tailers may be acquired by, receive investments from or enter into other commercial relationships with larger, well-established and well-financed companies. Some of our competitors may be able to secure merchandise from manufacturers on more favorable terms, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory availability policies and devote substantially more resources to website and systems development than we do. Increased competition may result in reduced operating margins, loss of market share and a diminished brand. We cannot assure you we will be able to compete successfully against current and future competitors.

**Our operating results depend on our website, network infrastructure and transaction-processing systems. Capacity constraints or system failures would harm our business and reputation.**

Any system interruptions that result in the unavailability of our website or reduced performance of our transaction systems would reduce our transaction volume and the attractiveness of our services to both our customers and vendors and can be expected to harm our business, prospects, operating results and financial condition.

We use internally developed software and systems for our website and certain aspects of our transaction processing systems. We have experienced periodic systems interruptions due to server failure, which we believe will continue to occur from time to time. If the volume of traffic on our website or the number of purchases made by customers substantially increases, we will need to further expand and upgrade our technology, transaction processing systems and network infrastructure.

Our transaction processing systems and network infrastructure may be unable to accommodate increases in traffic in the future. We may be unable to project accurately the rate or timing of traffic increases or successfully upgrade our systems and infrastructure to accommodate future traffic levels. In addition, we may be unable to upgrade and expand our transaction processing systems in an effective and timely manner or to integrate any newly developed or purchased functionality with our existing systems. Any such difficulties with our transaction processing systems or other difficulties upgrading, expanding or integrating various aspects of our systems may cause unanticipated system disruptions, slower response times, and degradation in levels of customer service, additional expense, impaired quality and speed of order fulfillment or delays in reporting accurate information.

**If the facility where substantially all of our computer and communications hardware is located fails, our business, results of operations and financial condition will be harmed.**

Our success, and in particular, our ability to successfully receive and fulfill orders and provide high-quality customer service, largely depends on the efficient and uninterrupted operation of our computer and communications systems. We have computer and communications hardware located in the eastern and western United States that are backed up regularly. Although we have designed our back-up system in an effort to be able to provide limited back-up website functionality in the event of a failure of our main facility, our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, break-ins, earthquake and similar events, and our back-up systems are not designed to handle the volume of transactions normally handled by our primary systems. Our disaster recovery plan may be inadequate, and our business interruption insurance may be insufficient to compensate us for losses that may occur. Despite the implementation of network security measures, our servers are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays, loss or public disclosure of critical data or the inability to accept and fulfill customer orders. The occurrence of any of the foregoing risks could harm our reputation, business, prospects, financial condition and results of operations.

**We may be unable to protect our proprietary technology or keep up with that of our competitors.**

Our success depends to a significant degree upon the protection of our software and other proprietary intellectual property rights. We may be unable to deter misappropriation of our proprietary information, detect unauthorized use or take appropriate steps to enforce our intellectual property rights. In addition, our competitors could, without violating our proprietary rights, develop technologies that are as good as or better than our technology.

Our failure to protect our software and other proprietary intellectual property rights or to develop technologies that are as good as our competitors' could put us at a disadvantage to our competitors. These failures could harm our business, results of operations and financial condition.

**We may be accused of infringing intellectual property rights of third parties.**

Third parties may claim we infringe their intellectual property rights. The ready availability of damages, royalties and potential for injunctive relief has increased the defense litigation costs of patent infringement claims. Such claims, whether or not meritorious, may result in significant expenditure of financial and managerial resources, and the payment of damages or settlement amounts. Additionally, we may become subject to injunctions prohibiting us from using software or business processes we currently use or may need to use in the future, or requiring us to obtain licenses from third parties when such licenses may not be available on terms acceptable to us or at all. In addition, we may not be able to obtain on favorable terms, or at all, licenses or other rights with respect to intellectual property we do not own in providing e-commerce services.

**If we do not respond to rapid technological changes, our services could become obsolete and we could lose customers.**

To remain competitive, we must continue to enhance and improve the functionality and features of our business. We may face material delays in introducing new services, products and enhancements. If this happens, our customers may forgo the use of our website and use those of our competitors. The Internet and the online commerce industry are rapidly changing. If competitors introduce new products and services using new technologies or if new industry standards and practices emerge, our existing website and our proprietary technology and systems may become obsolete. Our failure to respond to technological change or to adequately maintain, upgrade and develop our computer network and the systems used to process customers' orders and payments could harm our business, prospects, financial condition and results of operations.

**We may not be able to obtain trademark protection for our service marks or trademarks, which could impede our efforts to build brand identity.**

We have filed trademark applications with the Patent and Trademark Office seeking registration of certain service marks and trademarks. There can be no assurance that our applications will be successful or that we will be able to secure significant protection for our service marks or trademarks in the United States or elsewhere. Our competitors or others could adopt product or service marks similar to our marks, or try to prevent us from using our marks, thereby impeding our ability to build brand identity and possibly leading to customer confusion. Any claim by another party against us or customer confusion related to our trademarks, or our failure to obtain trademark registration, could negatively affect our future business prospects. We may need to apply for future trademark protection and there can be no assurance that our future applications will be successful or that we will be able to secure significant protection for our service marks or trademarks in the United States or elsewhere.

**Our business and reputation may be harmed by the listing or sale of pirated, counterfeit or illegal items by third parties.**

We have received in the past, and we anticipate we will receive in the future, communications alleging that certain items listed or sold through our website infringe third-party copyrights, trademarks and trade names or other intellectual property rights or that we have otherwise infringed third parties' past, current or future intellectual property rights.

We may be unable to prevent third parties from listing unlawful goods, and we may be subject to allegations of civil or criminal liability for unlawful activities carried out by third parties through our website. Any costs incurred as a result of liability or asserted liability relating to the sale of unlawful goods could harm our revenues, business, prospects, financial condition and results of operations.

Resolving litigation or claims regarding patents or other intellectual property, whether meritorious or not, could be costly, time-consuming, cause service delays, divert our management and key personnel from our business operations, require expensive or unwanted changes in our methods of doing business or require us to enter into costly royalty or licensing agreements, if available. As a result, these claims could harm our business. Negative publicity generated as a result of the foregoing could damage our reputation, harm our business and diminish the value of our brand name.

**We may be liable if third parties misappropriate our customers' personal information.**

If third parties are able to penetrate our network security or otherwise misappropriate our customers' personal information or credit card information, or if we give third parties improper access to our customers' personal information or credit card information, we could be subject to liability. This liability could include claims for unauthorized purchases with credit card information, impersonation or other similar fraud claims or damages for alleged violations of state or federal laws governing security protocols for the safekeeping of customers' personal information. This liability could also include claims for other misuses of personal information, including unauthorized marketing purposes. Liability for misappropriation of this information could adversely affect our business. In addition, we could incur additional expenses if new regulations regarding the use of personal information are introduced or if government agencies investigate our privacy practices.

We rely on encryption and authentication technology licensed from third parties to provide the security necessary to effect secure transmission of confidential information such as customer credit card numbers. We cannot assure you that advances in computer capabilities, new discoveries in the field of cryptography or other events or developments will not result in a compromise or breach of the algorithms we use to protect customer transaction data. If any such compromise of our security were to occur, it could harm our reputation, business, prospects, financial condition and results of operations. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to expend significant capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches. We cannot assure you that our security measures will prevent security breaches or that failure to prevent such security breaches will not harm our business, prospects, financial condition and results of operations.

**Our success is tied to the continued use of the Internet and the adequacy of the Internet infrastructure.**

Our future revenues and profits, if any, substantially depend upon the continued widespread use of the Internet as an effective medium of commercial business. Factors which could reduce the widespread use of the Internet include:

- actual or perceived lack of security of information or privacy protection;
- possible disruptions, computer viruses or other damage to Internet servers or to users' computers;
- significant increases in the costs of transportation of goods; and
- governmental regulation.

**Credit card fraud could adversely affect our business.**

We do not carry insurance against the risk of credit card fraud, so the failure to adequately control fraudulent credit card transactions could reduce our net revenues and our gross margin. We have implemented technology to help us detect the fraudulent use of credit card information. However, we may in the future suffer losses as a result of orders placed with fraudulent credit card data even though the associated financial institution approved payment of the orders. Under current credit card practices, we may be liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. If we are unable to detect or control credit card fraud, our liability for these transactions could harm our business, results of operation or financial condition.

**If one or more states successfully assert that we should collect sales or other taxes on the sale of our merchandise or the merchandise of third parties that we offer for sale, our business could be harmed.**

We do not currently collect sales or other similar taxes for physical shipments of goods into states, other than Arizona. One or more local, state or foreign jurisdictions may seek to impose sales tax collection obligations on us even though we are engaged in online commerce, and have no physical presence in those jurisdictions. The location of our fulfillment centers and customer service center networks, or any other operations of the Company, establishing a physical presence in states where we are not now present, may result in additional sales and other tax obligations. Our business could be adversely affected if one or more states or any foreign country successfully asserts that we should collect sales or other taxes on the sale of our merchandise.

**Existing or future government regulation could harm our business.**

Today there are relatively few laws specifically directed towards conducting business on the Internet. However, due to the increasing popularity and use of the Internet, many laws and regulations relating to the Internet are being debated at the state and federal levels. These laws and regulations could cover issues such as user privacy, freedom of expression, pricing, fraud, quality of products and services, taxation, advertising, intellectual property rights and information security. Applicability to the Internet of existing laws governing issues such as property ownership, copyrights and other intellectual property issues, taxation, libel, obscenity and personal privacy could also harm our business. For example, United States and foreign laws regulate our ability to use customer information and to develop, buy and sell mailing lists. The vast majority of these laws was adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised thereby. Those laws that do reference the Internet are only beginning to be interpreted by the courts and their applicability and reach are therefore uncertain. These current and future laws and regulations could harm our business, results of operation and financial condition.

The Consumer Product Safety Improvement Act became effective February 10, 2009 and prohibits resellers from selling children's products that exceed specified levels of lead and certain other chemicals. Resellers are not required to test the products themselves, however, if they do sell such products, they could be subject to civil and/or criminal penalties. Since the merchandise sold through our website it is shipped directly from the manufacturer/importer to the retailer, we never take physical possession of any merchandise and could not test the products. Accordingly, to minimize our risk, we have undertaken the following steps:

- We have discontinued all items which, in our judgment, have any significant likelihood of being out of compliance with the Act. The limited exception to this is that certain closeouts may date back to a period before testing was commonplace. We have discontinued all items we believe constitutes a significant risk of containing inappropriate chemicals. However, some products or a garment with an inappropriate thread or button may slip through; and

- We have insisted that all our vendors certify that the products they sell are in compliance with the Act. They have all complied except for certain vendors of close-outs who cannot know whether the products they are buying may have been produced before these maximum levels of permissible lead and other chemicals were established.

Despite our efforts, it is possible we may become subject to litigation under the Consumer Product Safety Improvement Act. Any such litigation could be expected to harm our reputation and may impact our future business prospects and results of operations.

**Laws or regulations relating to privacy and data protection may adversely affect the growth of our Internet business or our marketing efforts.**

We are subject to increasing regulation at the federal, state and international levels relating to privacy and the use of personal user information. For example, we are subject to various telemarketing laws that regulate the manner in which we may solicit future suppliers and customers. Such regulations, along with increased governmental or private enforcement, may increase the cost of growing our business. In addition, many jurisdictions have laws that limit the uses of personal user information gathered online or offline or require companies to establish privacy policies. The Federal Trade Commission has adopted regulations regarding the collection and use of personal identifying information obtained from children under 13. Proposed legislation in this country and existing laws in foreign countries require companies to establish procedures to notify users of privacy and security policies, obtain consent from users for collection and use of personal information, and/or provide users with the ability to access, correct and delete personal information stored by us. Additional legislation regarding data security and privacy has been proposed in Congress. These data protection regulations may restrict our ability to collect demographic and personal information from users, which could be costly or harm our marketing efforts, and could require us to implement new and potentially costly processes, procedures and/or protective measures.

**We may be subject to product liability claims if people or property are harmed by the products we sell or if the products do not comply with government regulations.**

Although we do not take legal title to any of the merchandise sold on our website, some of the products we sell may expose us to product liability claims relating to personal injury, death or property damage, and may require product recalls or other actions. If the products we sell do not comply with government regulations, we may also be exposed to product liability claims. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. In addition, some of our agreements with vendors and sellers do not indemnify us from product liability.

**We are subject to payment related risks.**

We accept payments using a variety of methods, including credit card, debit card, credit accounts (including promotional financing), gift certificates, direct debit from a customer's bank account, physical bank check and payment upon delivery. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, electronic checks, and promotional financing, and it could disrupt our business if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, and our business and operating results could be adversely affected.

**We recently reincorporated our company from a UK company to a Delaware company pursuant to an exemption under the Securities Act of 1933, as amended, and the SEC did not pass upon either the adequacy or procedural requirements of the reincorporation.**

On December 14, 2009, we reincorporated from a company formed under the laws of England and Wales to a Delaware corporation. The ordinary shares of the UK based company were exchanged for shares of common stock in the Delaware based company at a ratio of 10 ordinary shares for one share of common stock. The securities issued in the transaction were issued in reliance on an exemption from the registration requirements of the Securities Act, pursuant to Section 3(a)(10) promulgated thereunder. Therefore, no U.S. governmental agency, state or federal, has reviewed the adequacy or procedural aspects of the reincorporation. In the event any such procedural requirements were not fully met, the exemption relied upon by the Company may not be available, which could require the Company to expend substantial time and resources to properly register the common stock, during which time holders may not be able to dispose of common stock in the public market or on otherwise acceptable terms.

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**The market for our common stock may be illiquid, and the price of our common stock might be volatile.**

Shares of our common stock are currently traded on the Pink Sheets, and it is not expected that our Common Stock will be traded on a national securities exchange like the New York Stock Exchange or NASDAQ in the near future. Historically, the market for securities traded on the Pink Sheets has been less liquid than the markets for securities traded on national securities exchanges. Because of such illiquidity and the fact that our Common Stock would be valued by market-makers (if a material market develops) based on market forces which consider various factors beyond our control, there can be no assurance that the market value of the shares at any given time would be the same or higher than the public purchase price of our shares. In addition, the market price, if a material market develops, could decline if the yields from other competitive investments exceed the actual dividends paid by us on our shares. The market price of our Common Stock may be volatile in the future based on a variety of factors, including changes in general economic conditions, developments in securities and other financial markets, our operating results, and other factors discussed in this report and/or currently unknown to the Company.

**Our common stock may be subject to the "penny stock" rules as promulgated under the Exchange Act.**

In the event that no exclusion from the definition of "penny stock" under the Exchange Act is available, then any broker engaging in a transaction in our Common Stock will be required to provide its customers with a risk disclosure document, disclosure of market quotations, if any, disclosure of the compensation of the broker-dealer and its sales person in the transaction, and monthly account statements showing the market values of our securities held in the customer's accounts. The bid and offer quotation and compensation information must be provided prior to effecting the transaction and must be contained on the customer's confirmation of sale. Certain brokers are less willing to engage in transactions involving "penny stocks" as a result of the additional disclosure requirements described above, which may make it more difficult for holders of our Common Stock to dispose of their shares.

**Item 1B — *Unresolved Staff Comments***

None.

**Item 2 — *Properties***

ASI, through its wholly-owned subsidiary DollarDays, leases approximately 5,500 square feet in Scottsdale, Arizona, which houses the Company's corporate headquarters and all business functions. The lease term expires October 31, 2017. Rent payable in 2012 is $69,862. ASI believes this facility is adequate to meet its current operating needs.

**Item 3 —** ***Legal Proceedings***

Neither the Company (including its subsidiaries) nor any of our property is a party, or otherwise subject, to any material pending legal proceedings, other than ordinary routine litigation incidental to our business.

**Item 4 —** ***Mine Safety Disclosures***

Not Applicable

**PART II**

**Item 5 —** ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

**Market Price of Common Stock (and Predecessor Securities)**

The following table sets forth the high and low sales prices for our Common Stock for the respective periods indicated, as reported by Pink Sheets and/or the OTCBB, as applicable:

**<u>Common Stock Prices</u>**

| | 2011 Quarters Ended | | | |
|---|---|---|---|---|
| | Dec 31 | Sept 30 | June 30 | Mar 31 |
| Quarterly per share stock price: | | | | |
| High | 0.225 | 0.2 | 0.35 | 0.42 |
| Low | 0.12 | 0.12 | 0.12 | 0.09 |

| | 2010 Quarters Ended | | | |
|---|---|---|---|---|
| | Dec 31 | Sept 30 | June 30 | Mar 31 |
| Quarterly per share stock price: | | | | |
| High | 0.35 | 0.25 | 0.51 | 0.2 |
| Low | 0.09 | 0.1 | 0.04 | 0.01 |

As of December 31, 2011 our transfer agents reported there were approximately 128 holders of record of our Common Stock. In addition we believe a substantial number of holders of Common Stock are held in nominee or street name by brokers.

**Dividends**

We have not declared or paid any cash dividends on our Common Stock, and our present policy is to retain earnings for use in our business. As of December 31, 2011 and 2010, we had accumulated deficits of approximately $6.7 million, and accordingly, we do not expect to pay dividends on our Common Stock for the foreseeable future.

**Securities Authorized for Issuance Under Equity Incentive Compensation Plans**

<u>1995 Incentive Stock Option Plan</u>

We have a 1995 Incentive Stock Option Plan for U.S. employees (the "1995 Plan"), which provide for the issuance of stock options to employees and outside consultants of ASI to purchase shares of Common Stock. As of the date of this report, no shares are available for issuance under the 1995 Plan. Stock options were generally granted at prices of not less than 100% of the fair market value of the ordinary shares on the date of grant. Options granted under our option plans generally vest over a four-year period. Options are exercisable until the tenth anniversary of the date of grant unless they lapse before that date.

| | 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 reflected in column (a)) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 382,599 | $ 1.77 | 0 |
| Equity compensation plans not approved by security holders | 0 | n/a | 0 |
| Total | 382,599 | $ 1.77 | 0 |

<u>2009 Long Term Incentive Compensation Plan</u>

We have a 2009 Long Term Incentive Compensation Plan (the “2009 Plan”), which provides for the issuance of stock options, warrants and other securities to employees and outside consultants of ASI to purchase shares of Common Stock. A maximum of 2,000,000 shares may be issued under the 2009 Plan. Stock options are generally granted at prices of not less than 100% of the fair market value of the common stock on the date of grant. Options granted under our option plans generally vest over a four year period. Options are exercisable until the tenth anniversary of the date of grant unless they lapse before that date.

| | 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 reflected in column (a)) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 460,086 | $ 0.20 | 1,539,914 |
| Equity compensation plans not approved by security holders | 630,000 | $ 0.20 | n/a |
| Total | 1,090,086 | 0.20 | 1,539,914 |

The tables above reflect the status of the Company's equity compensation plans as of December 31, 2011.

**Recent Sales of Unregistered Securities**

None.

**Item 6 — *Selected Financial Data***

Not required for smaller reporting companies.

**Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations***

*Except for the historical information contained in this Annual Report on Form 10-K, the matters discussed herein are forward-looking statements. Words such as "anticipates," "believes," "expects," "future," and "intends," and similar expres are used to identify forward-looking statements. These and other statements regarding matters that are not historical are forward-looking statements. These matters involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include without limitation those discussed below as well as those discussed elsewhere in this Report. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.*

**Executive Overview**

We develop software programs that allow us to provide general merchandise for resale to businesses through our website at www.DollarDays.com. We have been recognized as a leader in the Internet wholesale market of discounted merchandise by a leading business periodical and trade associations. Our objective is to provide a one-stop discount shopping destination for general merchandise for smaller distributors, retailers and non-profits nationwide seeking single and small cased-sized lots at bulk prices. We launched our first website in October 2001. The site offers customers an opportunity to shop for bargains conveniently, while offering our suppliers an alternative sales channel. We believe our website offers a unique benefit to smaller businesses in that they are able to purchase goods from wholesalers and importers in single and small case lots, with no minimum purchase requirements at discounted prices. We believe the prevailing reason our business has been able to obtain bulk pricing for single case lots is our ability to reach smaller distributors, retailers and non-profits that most general merchandise suppliers cannot economically reach. We provide all the logistics and customer support to serve this sales channel and grow our customer base.

We continually add new, limited inventory products to our website in order to create an atmosphere that encourages customers to visit frequently and purchase products before the inventory sells out. Through our Internet catalog, we offer approximately 150,000 products, including up to 10,000 closeout items at further discounted prices. Closeout merchandise is typically available in inconsistent quantities and prices.

We accept orders, either online or via telephone sales staff, collect payment in the form of credit or debit card, PayPal or similar means, and coordinate with manufacturers, importers and close-out specialists regarding delivery particulars. PayPal refers to the online payment platform located at www.paypal.com and its localized counterparts. Our proprietary software and service procedures allow us to sell merchandise to a single customer, and bill as a singer order, items purchased and delivered from multiple suppliers. We do not take possession of inventory, but we are responsible for processing customer claims and returns.

Our website has a registered base of approximately 230,000 small businesses and receives approximately 3 million monthly page views. We receive an average of approximately 5,000 orders per month. Our target audience is smaller businesses.

**Recent Developments**

***New Business Ventures***

In December 2009, we entered into a series of agreements to develop WowMyUniverse.com, Inc. (“Wow”), a retail online business to sell directly to consumers, and Business Calcium, Inc. (“Business Calcium”), a website development company. Under these agreements, we were obligated to pay an aggregate of $260,000 beginning in January 2010, consisting of $60,000 for consulting fees and $200,000 in exchange for a 25% equity interest in Business Calcium and a 90% interest in Wow. As part of these agreements, Business Calcium owned the remaining 10% interest in Wow. As of December 31, 2011, all amounts were paid under this agreement.

From inception through September 30, 2010, Business Calcium and Wow incurred net operating losses of $96,219 and $98,153, respectively, as these entities were in the development stage and had yet to generate revenues. Business Calcium was accounted for as an equity-method investment and our proportionate share of their losses were $24,055 which is reflected in other income (expense) in the accompanying consolidated income statement. Wow was accounted for as a consolidated subsidiary, and the non-controlling interest in Wow’s losses were $9,187 from inception through September 30, 2010.

On October 1, 2010, we entered into an agreement with Business Calcium to exchange our 25% investment in Business Calcium and a $50,000 promissory note for Business Calcium’s 10% non-controlling interest in WOW. The unsecured note bears interest at 6% annually and, together with accrued interest, is reflected as a note receivable on the consolidated balance sheets included herein. The debtor is currently delinquent on its payments but the Company expects to collect the entire balance of the note receivable.

During 2010 and 2011, most of our activities related to WowMyUniverse.com consisted of website development and marketing activities. Total Sales for WowMyUniverse.com were $185,000 for the year ended December 31, 2011.

***Loss from Coupon Promotion***

We have been utilizing various promotional campaigns over the past twelve months that have yielded substantial increases in revenues. However, we encountered unforeseen losses during the three months ended June 30, 2011 related to one of these campaigns. On April 12, 2011, we launched a promotional campaign on our website (www.dollardays.com) providing for free shipping in connection with orders of school supplies. On that date, certain coupon sites suggested that their patrons combine the free shipping offer with coupons previously distributed in March for $20 for a Facebook promotion. Within 90 minutes, 23 coupon sites picked up this social marketing, which resulted in an overwhelming and unexpected customer response. We honored customer orders that were placed while we were addressing the error in our ordering system. This error resulted in losses of approximately $214,000 during the three months ended June 30, 2011 comprised of coupon redemption costs and shipping costs of the products. We have implemented additional operational controls to prevent similar occurrences in the future.

**Critical Accounting Estimates and Assumptions**

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. As such, in accordance with the use of accounting principles generally accepted in the United States of America, our actual realized results may differ from management's initial estimates as reported. Summaries of our significant accounting policies are detailed in the notes to the consolidated financial statements, which are an integral component of this filing.

The following summarizes critical estimates made by management in the preparation of the consolidated financial statements.

***Accounts Receivable***

Accounts receivable represent amounts earned but not collected in connection with the Company's sales. Trade receivables are carried at their estimated collectible amounts and generally consist of amounts due from credit card transactions.

The Company follows the allowance method of recognizing uncollectible accounts receivable. The allowance method recognizes bad debt expense as a percentage of accounts receivable based on a review of individual accounts outstanding, and prior history of uncollected accounts receivable. The allowance for doubtful accounts at December 31, 2011 and 2010 was $0 as the Company expected to collect substantially all amounts due. Bad debt expense for the years ended December 31, 2011 and 2010 was $27,876 and $4,554, respectively.

The Company follows the allowance method of recognizing sales returns. The allowance method recognizes sales returns as a percentage of sales based on a prior history of sales returns. The allowance for sales returns at December 31, 2011 and 2010 was $0 and $17,601, respectively. Sales returns expense for the years ended December 31, 2011 and 2010 was $416,207 and $444,205, respectively.

***Property and Equipment***

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Leasehold improvements and assets recorded under capital leases are amortized on a straight-line basis over the shorter of the assets' useful lives or lease terms. Depreciation and amortization expense was $91,542 and $81,481 for the years ended December 31, 2011 and 2010, respectively.

The Company capitalizes website development costs in accordance with the provisions of Accounting Standards Codification (“ASC”) 350. Generally, the Company capitalizes costs incurred to develop its website applications and infrastructure. Capitalized website development costs totaled $100,086 and $71,000 for the years ended December 31, 2011 and 2010, respectively.

***Long-lived Assets***

In accordance with ASC 360, which requires that long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

We evaluate our long-lived assets for impairment whenever changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts exceed the fair values of the assets. Assets to be disposed of are reported at the lower of carrying values or fair values, less costs of disposal. No impairment of our long-lived assets existed at December 31, 2011 and 2010.

***Deferred Financing Costs***

In 2010, the Company paid $40,000 in nonrefundable fees to an investment bank to pursue capital raise opportunities and reflected this amount as deferred financing costs in the accompanying consolidated balance sheet at December 31, 2010. In 2011, the Company ceased pursuing such financing activities and the amount was expensed in the accompanying consolidated statement of operations for the year ended December 31, 2011.

***Revenue Recognition***

Revenue is recognized when the four criteria for revenue recognition are met: (1) persuasive evidence of an arrangement exists; (2) shipment or delivery has occurred; (3) the price is fixed or determinable and (4) collectability is reasonably assured.  Cash payments received in advance of product shipment are deferred as reflected as a deferred revenue liability in the accompanying balance sheets.  Allowances for sales returns and discounts are recorded as a component of net sales in the period the allowances are recognized.

All amounts billed to customers for shipping and handling costs are included in net revenues in the accompanying statements of operations.  Actual shipping costs incurred are reflected as a component of cost of sales in the accompanying statements of operations.  Total shipping expense included in cost of sales was $2,265,472 and $1,872,401 for the years ended December 31, 2011 and 2010, respectively.

We evaluated the provisions of ASC 605 regarding reporting revenue gross as a principal or net as an agent, noting that the task force determined that it is a matter of judgment and a preponderance of the evidence as to whether a company satisfies the gross versus net indicators.  As a result of our analysis, we determined that it qualifies for “gross” revenue recognition.

***Income Taxes***

We account for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements or tax returns.  In estimating future tax consequences, we generally consider all expected future events other than enactments of changes in the tax law or rates.

***Fair Value of Financial Instruments***

Our financial instruments include cash and cash equivalents, short-term investments, receivables and payables and short-term debt. The fair value of the short-term instruments approximates fair value due to the short-term maturities of such instruments.

***Stock- Based Compensation***

Effective January 1, 2006, the Company adopted the provisions of ASC 718, and accounts for equity-based compensation cost as measured at the grant date based on the fair value of the award. The Company elected the modified-prospective method upon the adoption of ASC 718.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and employee stock purchase plan shares. The assumption for the expected term was determined using the simplified method outlined in Staff Accounting Bulletin No. 110. The risk-free interest rate is based on the US Treasury rates at the date of grant with maturity dates approximately equal to the expected term at the grant date. The historical volatility of a representative group of peer companies' stock is used as the basis for the volatility assumption.

**Results of Operations**

During the year ended December 31, 2011, we generated net income totaling $92,907 from our primary operating subsidiary, DollarDays. We have recently made investments in new business ventures as outlined above which have reduced our profitability, yet we have generated net income on a consolidated basis for four consecutive quarters. While there can be no assurance that we will continue to generate profits in the future, we are excited about the growth of our core business and the potential of our new investments.

*Net Revenues*

| Net Revenues | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|---|---|---|---|---|---|
| Year Ended December 31 | $16,826,121 | $15,409,064 | $1,417,057 | 9.2 | % |

Net revenues increased from 2010 to 2011 due to improved marketing and targeted advertising efforts and the launch of WowMyUniverse.com. Sales from Wow increased by approximately $169,000 in 2011 as compared to 2010. While we cannot give absolute assurance, we believe that improved general economic conditions also have contributed to an increase in net revenues.

Factors that influence future revenue growth include general economic conditions, our ability to attract vendors that offer compelling products and the impact of our marketing activities.

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*Cost of Goods Sold*

| Cost of Goods Sold | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|---|---|---|---|---|---|
| Year Ended December 31 | $11,338,604 | $10,399,870 | $ 938,734 | 9.0 | % |

Cost of goods sold increased from 2010 to 2011 due primarily to increased sales. Gross margin was 33.6% in 2010 and 2011. However, during 2011 we experienced favorable growth in margins which was offset by the impacts of the coupon promotion described above for which we experienced gross margin of ($72,000) on sales of approximately $143,000.

Factors which may influence the cost of goods sold include our general sales volumes, negotiated terms with vendors and general economic conditions.

*Sales and Marketing Expenses*

| Sales and Marketing | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|---|---|---|---|---|---|
| Year Ended December 31 | $3,598,236 | $3,013,803 | $ 584,433 | 19.4 | % |

Sales and marketing expenses include fees for attracting users to our site, including search engine optimization, telemarketing and other marketing efforts as well as promotional activities to increase sales by end users.  Sales and marketing expenses increased from 2010 to 2011 due to increases in marketing, targeted advertising and web search optimization efforts as well as the impacts of the coupon promotion described above for which we incurred additional promotion costs of $142,000. As our revenue growth exceeded that of sales and marketing expenditures, we believe that we are making improvements in the efficiency and effectiveness of our sales and marketing efforts.

Factors influencing sales and marketing expenses include strategic decisions with respect to the cost-effectiveness of each of our marketing activities.

*General and Administrative Expenses*

| General and Administrative | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|---|---|---|---|---|---|
| Year Ended December 31 | $2,117,113 | $1,986,423 | $ 130,690 | 6.6 | % |

General and administrative expenses includes management fees, salaries and other compensation expenses, rent, utilities, general office expenses, insurance and other costs necessary to conduct business operations. General and administrative expenses increased from 2010 to 2011 due primarily to an increase in stock based compensation of approximately $89,000, increased board fees of $114,000 (which were previously suspended for cost savings purposes) and increased software and hosting expenses of $57,000, partially offset by a reduction in attorney's fees and miscellaneous costs associated with our new business ventures.

Factors that can influence the amount of general and administrative expenses include the amount and extent by which we compensate our consultants, executives and directors with stock-based or other compensation, the rate of growth of our business and the extent to which we outsource or bring certain activities in-house.

*Other Income (Expense)*

| Other Income (Expense) | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year |
|---|---|---|---|---|
| Year Ended December 31 | $6,419 | $(28,375) | $ 34,794 | 122.6 % |

Other income (expense) in 2011 consisted of interest income. Other income (expense) in 2010 consisted of a loss of $24,055 associated with our equity-method investment in Business Calcium which we have divested in October 2010, and other miscellaneous losses.

*Net Income (Loss)*

| Net Income (Loss) | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year |
|---|---|---|---|---|
| Year Ended December 31 | $5,395 | $224,435 | $ (219,040 ) | (97.6 )% |

Net income (loss) decreased from 2010 to 2011 due primarily to the impacts of the coupon promotion described above.

**Liquidity and Capital Resources**

Our operating cash flows decreased by $775,052 to $(8,945) for the year ended December 31, 2011 as compared to $766,107 for the year ended December 31, 2010. This decrease was attributable to a decrease in net income of $228,227, and a decrease of $685,532 in the management of working capital and other assets and liabilities, partially offset by a $138,707 increase in non-cash charges and other adjustments.

Cash flows from investing activities were $266,955 for the year ended December 31, 2011, consisting of $500,000 of maturities in short term investments, $30,000 of loans to Business Calcium and $203,045 of purchases of equipment. Cash outflows from investing activities were ($406,993) for the year ended December 31, 2010, consisting of $115,000 of purchases of short term investments, $100,395 of cash investments in Business Calcium (which was divested in October 2010), $20,000 of loans to Business Calcuim and $171,598 of purchases of equipment and website development costs, primarily associated with WowMyUniverse.com.

There were no cash flows from financing for the year ended December 31, 2011. Financing cash outflows were ($40,000) for the year ended December 31, 2010 and represent deferred financing costs paid to a third party to assist us with raising capital to expand our WowMyUniverse.com operations.

The Company intends to generate operating cash flows through the growth of its existing business, the improvement of operating margins and by growth through acquisitions. Although there can be no assurance, management believes that such measures and its existing cash on hand and liquid assets will provide it with enough liquidity to operate its current business and continue as a going concern in the short term.

The Company has the following obligations under non-cancelable lease commitments as of December 31, 2011:

| | |
|---|---|
| 2012 | 111,485 |
| 2013 | 98,635 |
| 2014 | 78,731 |
| 2015 | 76,341 |
| 2016 | 78,631 |
| Thereafter | 67,156 |
| Total | $510,979 |

**Off Balance Sheet Arrangements**

The Company did not have any off-balance sheet arrangements at December 31, 2011 and 2010.

**New Accounting Pronouncements**

We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

**Item 7A — *Quantitative and Qualitative Disclosures About Market Risk***

Not required for smaller reporting companies.

**Item 8 — *Financial Statements and Supplementary Data***

The financial statements included in this report under this item are set forth beginning on Page F-1 of this report, immediately following the signature pages.

**Item 9 — *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None

**Item 9A — Controls and Procedures**

***Evaluation of Disclosure Controls and Procedures***

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Chief Executive Officer and

Chief Financial Officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

***Changes in Internal Control Over Financial Reporting***

There was no change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

***Management's Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). 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 the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control — Integrated Framework. Based on our assessment using those criteria, our management concluded that our internal control over financial reporting was effective as of December 31, 2011.

**Item 9B —** ***Other Information***

None.

## PART III

### Item 10 — *Directors, Executive Officers and Corporate Governance*

The information required by this item is incorporated by reference from the information to the Company's definitive proxy statement for the Annual Meeting of Shareholders to be held later this year.

### Item 11 — *Executive Compensation*

The information required by this item is incorporated by reference from the information to the Company's definitive proxy statement for the Annual Meeting of Shareholders to be held later this year.

### Item 12 — *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item is incorporated by reference from the information to the Company's definitive proxy statement for the Annual Meeting of Shareholders to be held later this year.

### Item 13 — *Certain Relationships and Related Transactions, and Director Independence*

The information required by this item is incorporated by reference from the information to the Company's definitive proxy statement for the Annual Meeting of Shareholders to be held later this year.

### Item 14 — *Principal Accounting Fees and Services*

The information required by this item is incorporated by reference from the information to the Company's definitive proxy statement for the Annual Meeting of Shareholders to be held later this year.

**PART IV**

Item 15 — Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

1. *Financial Statements and Reports*

The consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K are filed as part of this Report.

2. Financial Statements Schedule

Other financial statement schedules have been omitted because either the required information (i) is not present, (ii) is not present in amounts sufficient to require submission of the schedule or (iii) is included in the Consolidated Financial Statements and Notes thereto under Part II, Item 8 of this Annual Report on Form 10-K.

3. *Exhibits*

The exhibit list in the Index to Exhibits is incorporated herein by reference as the list of exhibits required as part of this Report.

**SIGNATURES**

Pursuant to the requirements of 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 on March 14, 2012.

AMERICA’S SUPPLIERS, INC.

By: /s/ Marc Joseph
Marc Joseph
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Michael Moore
Michael Moore
Chief Financial Officer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

| Signature | Capacity | Date |
|---|---|---|
| /s/ Christopher Baker<br>Christopher Baker | Chairman | March 14, 2012 |
| /s/ Marc Joseph<br>Marc Joseph | Director | March 14, 2012 |

| | | |
|---|---|---|
| /s/ Vincent Pino<br>Vincent Pino | Director | March 14, 2012 |
| /s/ Justiniano Gomes<br>Justiniano Gomes | Director | March 14, 2012 |
| /s/ Eric Best<br>Eric Best | Director | March 14, 2012 |

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors

America’s Suppliers, Inc.

Scottsdale, Arizona

We have audited the accompanying consolidated balance sheets of America’s Suppliers, Inc. and its subsidiaries (collectively the “Company”) as of December 31, 2011 and 2010 and the related consolidated statements of operations, changes in shareholders’ equity (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 consolidated financial position of America’s Suppliers, Inc. and its subsidiaries as of December 31, 2011 and 2010 and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*/s/* MALONEBAILEY, LLP

www.malone-bailey.com
Houston, Texas
March 13, 2012

**AMERICA’S SUPPLIERS, INC.**

**CONSOLIDATED BALANCE SHEETS**

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| Assets | | |
| Cash and cash equivalents | $ 655,219 | $ 397,209 |
| Certificates of deposit | 425,031 | 900,000 |
| Accounts receivable, net | 148,905 | 85,479 |
| Inventory | 38,908 | 1,318 |
| Note receivable - current portion | 53,008 | - |
| Prepaid expenses and other current assets | 62,462 | 71,273 |
| Total current assets | 1,383,533 | 1,455,279 |
| Property and equipment, net | 467,263 | 355,760 |
| Deferred financing costs | - | 40,000 |
| Note receivable | - | 20,000 |
| Deposits and other assets | 7,250 | 37,264 |
| Total assets | $ 1,858,046 | $ 1,908,303 |
| Liabilities and Shareholders' Equity (Deficit) | | |
| Accounts payable | $ 1,679,366 | $ 1,540,510 |
| Accrued expenses | 138,143 | 504,902 |
| Deferred revenue | 30,000 | 8,569 |
| Other liabilities | 2,931 | 4,487 |
| Total current liabilities | 1,850,440 | 2,058,468 |
| Shareholders' equity (deficit): | | |
| Preferred shares, $0.001 par value, 1,000,000 shares authorized, no shares outstanding at December 31, authorized, no shares outstanding at December 31, 2011 and December 31, 2010 | - | - |
| Common stock, $0.001 par value, 50,000,000 shares authorized, 13,970,339 and 14,255,857 shares issued and outstanding at December 31, 2011 and December 31, 2010, respectively | 13,970 | 14,256 |
| Additional paid in capital | 6,703,625 | 6,550,963 |
| Accumulated deficit | (6,709,989) | (6,715,384) |
| Total shareholders' equity (deficit) | 7,606 | (150,165) |
| Total liabilities and shareholders' equity (deficit) | $ 1,858,046 | $ 1,908,303 |

See accompanying notes to consolidated financial statements.

**AMERICA'S SUPPLIERS, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

| | Year ended December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Net revenues | $16,826,121 | $15,409,064 |
| Advertising revenue | 238,547 | 243,842 |
| Cost of goods sold | 11,338,604 | 10,399,870 |
| Gross profit | 5,726,064 | 5,253,036 |
| Operating expenses: | | |
| Sales and marketing | 3,598,236 | 3,013,803 |
| General and administrative | 2,117,113 | 1,986,423 |
| Total operating expenses | 5,715,349 | 5,000,226 |
| Operating income: | 10,715 | 252,810 |
| Other income (expense): | | |
| Loss from equity investment | - | (24,055) |
| Other income (expense) | 6,419 | (4,320) |
| Total other income (expense) | 6,419 | (28,375) |
| Income before income taxes | 17,134 | 224,435 |
| Income tax expense | (11,739) | - |
| Net income | 5,395 | 224,435 |
| Less: net loss attributable to noncontrolling interest | - | (9,187) |
| Net income attributable to America's Suppliers, Inc. | $5,395 | $233,622 |
| Net income per share: | | |
| Basic | $- | $0.02 |
| Diluted | $- | $0.02 |
| Weighted average common shares outstanding | | |
| Basic | 13,430,054 | 12,964,732 |
| Diluted | 13,600,289 | 13,191,093 |

See accompanying notes to consolidated financial statements.

**AMERICA'S SUPPLIERS, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**

| | Common Stock Shares | Common Stock Amount | Additional Paid in Capital | Accumulated Deficit | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|
| Balance at December 31, 2009 | 12,925,348 | 12,925 | 6,574,345 | (6,949,006 ) | - | (361,736) |
| Issuance of noncontrolling interest in subsidiary | - | - | - | - | 9,187 | 9,187 |
| Net income | - | - | - | 233,622 | (9,187 ) | 224,435 |
| Issuance of unvested shares | 1,180,509 | 1,181 | (1,181 ) | - | - | - |
| Issuance of vested shares | 150,000 | 150 | (150 ) | - | - | - |
| Stock based compensation - warrants | - | - | 23,968 | - | - | 23,968 |
| Stock based compensation - stock options | - | - | 7,917 | - | - | 7,917 |
| Stock based compensation - stock awards | - | - | 31,591 | - | - | 31,591 |
| Reacquisition of noncontrolling interest in subsidiary | - | - | (85,527 ) | - | - | (85,527 ) |
| Balance at December 31, 2010 | 14,255,857 | $14,256 | $6,550,963 | $(6,715,384 ) | $ - | $(150,165) |
| Net income | | | | 5,395 | | 5,395 |
| Cancelled unvested shares | (285,518 ) | (286 ) | 286 | | | - |
| Stock based compensation - stock options | | | 37,780 | | | 37,780 |
| Stock based compensation - stock awards | | | 114,596 | | | 114,596 |
| Balance at December 31, 2011 | 13,970,339 | $13,970 | $6,703,625 | $(6,709,989 ) | $ - | $7,606 |

See accompanying notes to consolidated financial statements.

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**AMERICA'S SUPPLIERS, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Year Ended December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Cash flows from operating activities: | | |
| Net income | $ 5,395 | $ 233,622 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Loss from equity investment | - | 24,055 |
| Loss attributable to noncontrolling interest | - | (9,187 ) |
| Depreciation and amortization | 91,542 | 81,481 |
| Bad debt expense | 27,876 | 4,554 |
| Loss on disposal of fixed assets | - | 8,708 |
| Stock-based compensation | 152,376 | 63,476 |
| Write-off of deferred financing costs | 40,000 | - |
| Changes in assets and liabilities: | | |
| Accounts receivable | (91,302 ) | (21,926 ) |
| Inventory | (37,590 ) | (1,318 ) |
| Prepaid and other current assets | 8,811 | 3,856 |
| Deposits and other assets | 4,983 | (5,013 ) |
| Accounts payable | 138,856 | 502,730 |
| Accrued expenses | (366,759 ) | (109,929 ) |
| Accrued interest on note receivable | (3,008 ) | - |
| Deferred revenue | 21,431 | (7,674 ) |
| Other liabilities | (1,556 ) | (1,328 ) |
| Net cash provided by (used in) operating activities | (8,945 ) | 766,107 |
| | | |
| Cash flows from investing activities: | | |
| Purchases of certificates of deposit | - | (115,000 ) |
| Maturities of certificates of deposit | 500,000 | - |
| Investment in Business Calcium | - | (100,395 ) |
| Loans to Business Calcium | (30,000 ) | (20,000 ) |
| Purchases of property and equipment | (203,045 ) | (171,598 ) |
| Net cash provided by (used in) investing activities | 266,955 | (406,993 ) |
| | | |
| Cash flows from financing activities: | | |
| Payment of deferred financing costs | - | (40,000 ) |
| Net cash used in financing activities | - | (40,000 ) |
| | | |
| Change in cash and cash equivalents | 258,010 | 319,114 |
| | | |
| Cash and cash equivalents, beginning of period | 397,209 | 78,095 |
| | | |
| Cash and cash equivalents, end of period | 655,219 | 397,209 |

| | | |
|---|---|---|
| Supplemental cash flow disclosures: | | |
| Cash paid for interest | $ - | $ - |
| Cash paid for income taxes | $ 11,739 | $ - |

See accompanying notes to consolidated financial statements.

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**AMERICA'S SUPPLIERS, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1: BACKGROUND**

On December 14, 2009, America's Suppliers, Inc., a Delaware corporation ("ASI" or the "Company"), became the holding company of Insignia Solutions plc, a public limited company incorporated in England and Wales ("Insignia"), pursuant to a scheme of arrangement under Section 897 of the UK Companies Act of 2006 that was approved by the Insignia stockholders on November 30, 2009 and the High Court of Justice in England and Wales on December 14, 2009 (the "Scheme of Arrangement"). Pursuant to the Scheme of Arrangement, every ordinary share, 1 pence par value per share, of Insignia (the "Ordinary Shares") was exchanged and cancelled at a ratio of ten Ordinary Shares for one share of common stock, $0.001 par value per share (the "Common Stock"), of ASI (the "Exchange Ratio"). All data for common stock, options and warrants have been adjusted to reflect the one-for-ten reverse split for all periods presented. In addition, all common stock prices and per share data for all periods presented have been adjusted to reflect the one-for-ten reverse stock split. Insignia is now a wholly-owned subsidiary of ASI.

Insignia commenced operations in 1986 and until April 2007 developed, marketed and supported Mobile Device Management ("MDM") software technologies that enable mobile operators and phone manufacturers to configure, update and upgrade mobile devices using standard over-the-air data networks.

In April 2007 Insignia sold substantially all its assets to Smith Micro Software, Inc. From April 2007 until June 23, 2008, Insignia did not generate any revenues from operations and operated as a shell company.

On June 23, 2008, DollarDays International LLC ("DollarDays") entered into a series of transactions to effect a reverse merger with Insignia (the "Merger"). These transactions consisted of the following:

- DollarDays formed a wholly owned Delaware corporation DollarDays International, Inc. ("DDI Inc.") and contributed all its assets and liabilities in exchange for 100% of the stock of DDI Inc.

- DDI Inc. merged with Jeode, Inc., a Delaware corporation and a wholly-owned subsidiary of Insignia, whereby DDI Inc. was the surviving corporation and a wholly-owned subsidiary of Insignia and Insignia issued 7,333,333 American Depository Receipts ("ADSs"), which were common stock equivalents of Insignia in exchange for all of the outstanding common stock of DDI Inc.

- The combined entity issued 768,292 ADSs to a new investor in exchange for $550,000 and the conversion of a note payable of $450,000.

Under the agreement and plan of merger, Insignia shareholders maintained approximately 37.1% ownership of the combined company, DDI Inc. shareholders obtained 56.7%, and a new investor obtained 6.2% of the combined company stock. The Merger is accounted for as a reverse merger whereby DDI Inc. is the accounting acquirer resulting in a recapitalization of DDI Inc. equity. Accordingly, the Company has retroactively restated all equity and per share amounts for periods prior to the Merger to reflect the equivalent amounts based on the exchange ratio set forth in the Merger.

DDI Inc., through its website, www.DollarDays.com, is an Internet based wholesaler of general merchandise to small independent resellers. Orders are placed by customers through the website where, upon successful payment, the merchandise is shipped directly from the vendors' warehouses.

The consolidated financial statements set forth herein include the accounts and results of ASI, DDI Inc. and the results of Insignia and its subsidiaries beginning with the date of acquisition of the Merger. Because DDI Inc. is the accounting acquirer in the Merger, all historical financial information for periods prior to June 23, 2008 are those of DDI Inc. and do not reflect the activities of Insignia. All intercompany amounts are eliminated in consolidation.

Certain reclassifications have been made to prior period reported amounts to conform to current year presentation.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

***Basis of presentation and principles of consolidation***

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

***Use of estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on deposit with domestic banks and, at times, may exceed federally insured limits.

***Short Term Investments***

Short term investments consist principally of certificates of deposits (“CDs”) with original maturities more than three months.  The Company invests in CDs issued by domestic banks and, at times, may exceed federally insured limits.

***Accounts Receivable***

Accounts receivable represent amounts earned but not collected in connection with the Company’s sales. Trade receivables are carried at their estimated collectible amounts and generally consist of amounts due from credit card transactions.

The Company follows the allowance method of recognizing uncollectible accounts receivable. The allowance method recognizes bad debt expense as a percentage of accounts receivable based on a review of individual accounts outstanding, and prior history of uncollected accounts receivable. The allowance for doubtful accounts at December 31, 2011 and 2010 was $0 as the Company expected to collect substantially all amounts due. Bad debt expense for the years ended December 31, 2011 and 2010 was $27,876 and $4,554, respectively.

The Company follows the allowance method of recognizing sales returns. The allowance method recognizes sales returns as a percentage of sales based on a prior history of sales returns. The allowance for sales returns at December 31, 2011 and 2010 was $0 and $17,601, respectively. Sales returns expense for the years ended December 31, 2011 and 2010 was $416,207 and $444,205, respectively.

***Inventory***

Substantially all of the Company's sales orders are shipped directly from the Company's vendors. Accordingly, such inventory is not reflected on the consolidated financial statements at December 31, 2011 and 2010, respectively. Inventory consists of product returns and other miscellaneous items and are carried at the lower of cost or market.

***Property and Equipment***

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Leasehold improvements and assets recorded under capital leases are amortized on a straight-line basis over the shorter of the assets' useful lives or lease terms. Depreciation and amortization expense was $91,542 and $81,481 for the years ended December 31, 2011 and 2010, respectively.

The Company capitalizes website development costs in accordance with the provisions of Accounting Standards Codification ("ASC"). Generally, the Company capitalizes costs incurred to develop its website applications and infrastructure. Capitalized website development costs totaled $100,086 and $71,000 for the years ended December 31, 2011 and 2010, respectively.

***Long-lived Assets***

In accordance with ASC 360-10, which requires that long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company evaluates its long-lived assets for impairment annually whenever changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts exceed the fair values of the assets. Assets to be disposed of are reported at the lower of carrying values or fair values, less costs of disposal. The Company recognized no impairment loss at December 31, 2011 or

2010.

***Deferred Financing Costs***

In 2010, the Company paid $40,000 in nonrefundable fees to an investment bank to pursue capital raise opportunities and reflected this amount as deferred financing costs in the accompanying consolidated balance sheet at December 31, 2010. In 2011, the Company ceased pursuing such financing activities and the amount was expensed in the accompanying consolidated statement of operations for the year ended December 31, 2011.

***Deferred Rent***

The Company is a lessee under an operating lease with escalating lease payments (see Note 7). In accordance with the provisions of ASC 840, rent expense is recognized on a straight line basis over the life of lease. Deferred rent was $2,931 and $4,487 at December 31, 2011 and 2010, respectively, and is included in other current liabilities in the accompanying consolidated balance sheets.

***Revenue Recognition***

Revenue is recognized when the four criteria for revenue recognition are met: (1) persuasive evidence of an arrangement exists; (2) shipment or delivery has occurred; (3) the price is fixed or determinable and (4) collectability is reasonably assured. Cash payments received in advance of product shipment are deferred as reflected as a deferred revenue liability in the accompanying consolidated balance sheets. Allowances for sales returns and discounts are recorded as a component of net sales in the period the allowances are recognized.

All amounts billed to customers for shipping and handling costs are included in net revenues in the consolidated statement of operations. Actual shipping costs incurred are reflected as a component of cost of sales in the accompanying consolidated statements of operations. Total shipping expense included in cost of sales was $2,265,472 and $1,872,401 for 2011 and 2010, respectively.

The Company has evaluated the provisions of ASC 605-45 regarding reporting revenue gross as a principal or net as an agent, noting that the task force determined that it is a matter of judgment and a preponderance of the evidence as to whether a company satisfies the gross versus net indicators. As a result of its analysis, the Company has determined that it qualifies for “gross” revenue recognition.

Advertising revenue is recognized as the service is provided on our website in accordance with the terms of the advertising arrangement.

***Advertising***

The Company’s advertising activities consist of telemarketing, search engine optimization; Internet based advertising and other advertising activities. The Company expenses advertising costs as incurred. Advertising expense was

$1,241,892 and $1,036,871 for 2011 and 2010, respectively.

***Income Taxes***

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in its financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax law or rates.

Prior to the Merger, the Company was an LLC, a pass-through entity for income tax purposes. In connection with the Merger, the Company formed a wholly owned Delaware corporation and contributed all its assets and liabilities in exchange for 100% of the stock of DDI Inc. No provision for income taxes have been reflected on the books of the Company prior to the Merger based on the pass-through nature of the Company.

***Fair Value of Financial Instruments***

The Company' financial instruments include cash and cash equivalents, short term investments, short term receivables and payables and short-term debt. The fair value of the short-term instruments approximates fair value due to the short-term maturities of such instruments. Fair value for the convertible debt instruments and other short-term debt instruments cannot be reasonably estimated as no market exists for such instruments and competitive market rates for similar instruments cannot be determined with any reasonable assurance.

As the total number of ordinary shares to be issued exceeded the authorized number of ordinary shares at December 31, 2008, the Company recognized a liability of $134,252 at December 31, 2008 for the fair value of unauthorized, unissued shares based on the quoted market prices available at the date of the legal commitment. The fair value of the liability for unauthorized, unissued shares was recorded at market value as of December 31, 2008, and a corresponding gain of $3,036 was recognized due to changes in the fair value of the liability during 2009. The Company issued all remaining shares to be issued during 2009. This unissued shares liability was reclassified to equity in 2009 due to the authorized share increase and reverse stock split.

***Stock- Based Compensation***

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and employee stock purchase plan shares. The assumption for the expected term was determined using the simplified method outlined in Staff Accounting Bulletin No. 110. The risk-free interest rate is based on the US Treasury rates at the date of grant with maturity dates approximately equal to the expected term at the grant date. The historical volatility of a representative group of peer companies' stock is used as the basis for the volatility assumption.

***Concentrations of credit risk***

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and cash equivalents and short-term investments. The Company invests its excess cash primarily in certificates of deposits with federally insured quality financial institutions.

***Recently Issued Accounting Pronouncements***

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on its results of operations, financial position or cash flow.

**NOTE 3: BUSINESS VENTURES**

In December 2009, the Company began to develop WowMyUniverse.com, Inc. (“Wow”), a retail online business to sell directly to consumers, and Business Calcium, Inc. (“Business Calcium”), a website development company. Under related agreements, we paid $260,000 in 2010 for a 25% equity interest in Business Calcium and a 90% interest in Wow. Business Calcium owned the remaining 10% interest in Wow.

From inception through September 30, 2010, Business Calcium and Wow incurred net operating losses of $96,219 and $98,153, respectively, as these entities were in the development stage and had yet to generate revenues. Business Calcium was accounted for as an equity-method investment and our proportionate share of their losses were $24,055 which is reflected in other income (expense) in the accompanying consolidated income statement. Wow was accounted for as a consolidated subsidiary, and the non-controlling interest in Wow’s losses were $9,187 from inception through September 30, 2010.

On October 1, 2010, we exchanged our 25% investment in Business Calcium and a $50,000 promissory note for Business Calcium’s 10% non-controlling interest in WOW, so that henceforth, we own 100% of WOW and none of Business Calcium. The unsecured note bears interest at 6% annually and, together with accrued interest, is reflected as a note receivable on the accompanying consolidated balance sheets. The debtor is currently delinquent on its payments but the Company expects to collect the entire balance of the note receivable. In accordance with ASC 810-10-45, the Company has recorded the difference between the carrying value of the WOW non-controlling interest of $0 and the carrying value of our investment in Business Calcium of $85,527 as a reduction to shareholders’ equity.

During 2010 and 2011, most of our activities related to WowMyUniverse.com consisted of website development and marketing activities. Total Sales for WowMyUniverse.com were $185,000 for the year ended December 31, 2011.

**NOTE 4: EARNINGS PER SHARE**

Basic income (loss) per share is computed based on the weighted average number of common shares outstanding and excludes any potential dilution. Diluted income (loss) per share reflects potential dilution from the exercise or conversion of securities into common stock. The effects of certain stock options and warrants are excluded from the determination of the weighted average common shares outstanding for diluted income per share in each of the periods presented as the effects were anti-dilutive or the exercise price for the outstanding options exceeded the average market price for the Company’s common stock.

| | Year Ended December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Net income (loss) attributable to America's Suppliers | $5,395 | $233,622 |
| Basic weighted average common shares outstanding | 13,430,054 | 12,964,732 |
| Add incremental shares for: | | |
| Stock options | - | - |
| Warrants | 170,235 | 226,361 |
| Diluted weighted average common shares outstanding | 13,600,289 | 13,191,093 |
| Net income (loss) per share: | | |
| Basic | $- | $0.02 |
| Diluted | $- | $0.02 |

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The following dilutive securities were excluded from the computation of weighted average common shares outstanding as the effects were antidilutive:

| | Year Ended December 31, 2011 | 2010 |
|---|---|---|
| Stock options | 1,022,685 | 886,176 |
| Warrants | 867,483 | 717,483 |
| Restricted stock | 260,345 | 1,180,509 |

**NOTE 5: PROPERTY AND EQUIPMENT**

The following table sets forth information with respect to property and equipment at December 31, 2011 and 2010:

| | December 31, 2011 | **December 31, 2010** |
|---|---|---|
| Software and website development costs | $ 517,290 | $ 380,791 |
| Computer equipment | 225,350 | 158,804 |
| Leasehold improvements | 37,718 | 37,718 |
| | 780,358 | 577,313 |
| Less: accumulated depreciation and amortization | (313,095) | (221,553) |
| | $ 467,263 | $ 355,760 |

**NOTE 6: LINE OF CREDIT**

The Company has a $150,000 revolving line of credit with a financial institution. As of December 31, 2011 and 2010, the balance outstanding on the line of credit was $0. Interest payments are due monthly at an annual rate of 6%. The line of credit has no stated maturity date.

**NOTE 7: LEASES**

<u>Operating Leases</u>

The Company leases office space in Scottsdale, Arizona under an operating lease that expires in 2012. Rent expense under this lease totaled $133,754 and $126,992 for the years ended December 31, 2011 and 2010, respectively.

The Company is a party to various leases for office and communications equipment extending through 2014. Lease expense related to these leases was $41,622 and $33,403 for 2011 and 2010, respectively.

Future minimum annual lease payments under the operating lease agreements are as follows for each of the years ended December 31:

| | |
|---|---|
| 2012 | 111,485 |
| 2013 | 98,635 |
| 2014 | 78,731 |
| 2015 | 76,341 |
| 2016 | 78,631 |
| Thereafter | 67,156 |
| Total | $510,979 |

**NOTE 8: STOCK OPTIONS**

The Company maintains a 2009 Long Term Incentive Compensation Plan, which provides for the issuance of stock options to employees and outside consultants of the Company to purchase shares of Common Stock. As of the date of this report, 1,000,000 shares were authorized for issuance under the 2009 Plan. Stock options are generally granted at prices of not less than 100% of the fair market value of the common stock on the date of grant. Options granted under our option plans generally vest over a four year period. Options are exercisable until the tenth anniversary of the date of grant unless they lapse before that date.

During 2010, the Company granted an aggregate of 460,086 stock options under the 2009 Plan to certain employees and officers. The aggregate grant date fair value of the awards was $25,107 based on the following assumptions: volatility of 69%, risk-free rate of return of 0.87%, stock price of $0.15 and expected term of 3.4 years. The Company recognized $14,168 of stock-based compensation expense during the year ended December 31, 2011 related to these awards.

During February 2011, the Company granted 180,000 stock options at a strike price of $0.20 to members of its Board of Directors. The grant date fair value of the awards was $19,856, which was determined using a Black Scholes option pricing model using the following assumptions: volatility of 64%, risk-free rate of return of 2.2%, stock price of $0.20 and expected term of 5 years. The options expire in 2016. As these awards were immediately vested, the Company expensed the entire grant date fair value of the award in February 2011. No other awards were granted during the year ended December 31, 2011. The following sets forth a summary of stock options:

| | Number of Units | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) |
|---|---|---|---|
| Outstanding at December 31, 2009 | 574,776 | $ 2.28 | |
| Grants | 460,086 | 0.20 | |
| Forfeitures | (148,686 ) | 3.29 | |
| Exercises | - | - | |
| Outstanding at December 31, 2010 | 886,176 | $ 1.03 | 3.1 |
| Grants | 180,000 | 0.20 | |
| Forfeitures | (43,491 ) | 2.84 | |
| Exercises | - | - | |
| Outstanding at December 31, 2011 | 1,022,685 | $ 0.81 | 2.6 |
| Exerciseable at December 31, 2011 | 746,633 | $ 1.03 | 2.2 |

The following sets forth exercise price information for options outstanding at December 31, 2011:

| Exercise Price | Number of Shares Outstanding | Exerciseable |
|---|---|---|
| $0.01 - $0.89 | 640,086 | 364,034 |
| $0.90 - $2.00 | 374,599 | 374,599 |
| $2.01 - $4.00 | 5,500 | 5,500 |
| $4.01 - $7.00 | - | - |
| $7.01 - $10.00 | 1,000 | 1,000 |
| $10.01+ | 1,500 | 1,500 |
| | 1,022,685 | 746,633 |

The options have no intrinsic value as of December 31, 2011. The future expense relating to unvested awards (net of estimated forfeitures) is $10,939 at December 31, 2011 which will be recognized over a period of 1.7 years.

**NOTE 9: COMMON STOCK**

On February 25, 2009, the Company granted of an aggregate of 1,475,636 common shares as follows:

- Twenty percent at the date of grant;
- Twenty percent following the first anniversary of the date of grant conditional upon the achievement of a closing price not less than $0.60 and daily volume of 5,000 shares for 25 days of the 30 day period immediately prior to the anniversary date;
- Thirty percent following the second anniversary of the date of grant conditional upon the achievement of a closing price not less than $1.00 and daily volume of 5,000 shares for 25 days of the 30 day period immediately prior to the anniversary date; and
- Thirty percent following the third anniversary of the date of grant conditional upon the achievement of a closing price not less than $1.50 and daily volume of 5,000 shares for 25 days of the 30 day period immediately prior to the anniversary date.

At December 31, 2010, the Company included 295,127 shares as outstanding in connection with the grants described above. The Company estimated the grant date fair value to be $47,220 (net of estimated forfeitures) based on the stock price at the date of grant and an estimated 25% probability of achieving the performance criteria. The Company recognized stock based compensation of $7,703 for 2010 related to these awards.

During 2010, Peter Engel, the Company's existing CEO and Chairman, unexpectedly passed away. In recognition of his contributions to the Company, the Board of Directors approved an amendment to his restricted stock award from February 25, 2009, allowing his estate to vest in 79,172 shares by waiving the conditional closing price not less than $0.60 and daily volume of 5,000 shares for 25 days of a 30-day period. The Company recognized an additional expense of $638 during the year ended December 31, 2010 related to this amendment.

During 2010, the Company issued an aggregate of 150,000 common shares to members of its Board of Directors. These awards were made in lieu of cash compensation for service on the Board of Directors and vested on December 31, 2010. The Company recognized $23,250 of expense during 2010 related to these awards.

On June 10, 2011, as consideration for services rendered, the Company modified the restricted stock award granted February 25, 2009 to waive the performance criteria and establish a time-based vesting schedule, with 634,645 shares immediately vested and the remaining to be vested in February 2012.

The Company accounted for this as a share-based payment modification in accordance with the provisions of the FASB Accounting Standards Codification ("ASC") Section 718. As such, the Company computed the fair value of the restricted stock immediately before and after the modification, and is expensing the incremental difference of $120,824, together with the unrecognized compensation cost attributable to the original grant of $1,738 on a pro rata basis over the remaining service period. As of December 31, 2011, 260,345 shares remain unvested. The unvested shares are included in shares outstanding at December 31, 2011, but are excluded from the weighted average shares outstanding computation for basic earnings per share in accordance with ASC 260.

The Company recognized total expense of $114,596 during the year ended December 31, 2011 related to restricted stock awards, inclusive of the effects of the modification. The Company has an aggregate of $8,913 of future expense related to nonvested awards which will be recognized in the first quarter of 2012. An aggregate of 285,518 shares were cancelled during the year ended December 31, 2011 as the respective individuals were terminated.

**NOTE 10: WARRANTS**

The following table summarizes warrants outstanding:

| | Number of Units | | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Intrinsic value |
|---|---|---|---|---|---|
| Outstanding at December 31, 2009 | 1,707,447 | $ | 1.46 | | |
| Grants | 300,000 | | 0.20 | | |
| Forfeitures | (434,819 ) | | 4.31 | | |
| Exercises | - | | - | | |
| Outstanding at December 31, 2010 | 1,572,628 | $ | 0.44 | 2.9 | $68,412 |
| Grants | 150,000 | | 0.18 | | |
| Forfeitures | - | | - | | |
| Exercises | - | | - | | |
| Outstanding at December 31, 2011 | 1,722,628 | $ | 0.41 | 2.1 | $64,136 |
| Exerciseable at December 31, 2011 | 1,722,628 | $ | 0.41 | 2.1 | $64,136 |

During 2010, the Company issued an aggregate of 300,000 warrants to members of its Board of Directors in lieu of cash compensation. The grant date fair value of the warrants was $23,968 based on the following assumptions: volatility of 69%, risk-free rate of return of 2.01%, stock price of $0.15-$0.18 and expected term of 5 years. These awards were fully expensed during the year ended December 31, 2010 as all awards vested at the date of grant.

During July 2011, the Company granted 150,000 fully vested warrants to its Chief Executive Officer for prior services rendered. The grant date fair value of these warrants was $11,673 using the following assumptions: volatility of 70%, risk-free rate of return of 1.7%, stock price of $0.18 and expected term of 2.5 years. These awards were fully expensed during the year ended December 31, 2011 as all awards vested at the date of grant.

**NOTE 11: INCOME TAXES**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

| | 2011 | 2010 |
|---|---|---|
| Current (benefit)/liability | $11,739 | $46,721 |
| Deferred provision | - | (46,721) |
| Net income tax provision | $11,739 | $- |

Income taxes for years ended December 31, are summarized as follows:

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A reconciliation of the differences between the effective and statutory income tax rates for years ended December 31, is as follows:

| | 2011 Amount | Percent | 2010 Amount | Percent |
|---|---|---|---|---|
| Federal statutory rates | $5,826 | 34 % | $76,308 | 34 % |
| State income taxes | 1,199 | 7 % | 15,711 | 7 % |
| Permanent differences | 6,493 | 38 % | 4,520 | 2 % |
| Return to provision adjustments | 248,615 | 1451 % | - | 0 % |
| Changes in valuation allowance, including the utilization of net operating loss carryforwards | (262,133) | (1530)% | (96,538) | (43)% |
| Alternative minimum tax | 11,739 | 69 % | - | 0 % |
| Effective rate | $11,739 | 69 % | $0 | 0 % |

At December 31, deferred income tax assets and liabilities were comprised of:

| | 2011 | 2010 |
|---|---|---|
| Deferred tax assets (liabilities) - current: | | |
| Stock-based compensation | $72,125 | $75,970 |
| Book-tax differences in operating assets | 90,427 | 5,155 |
| Total current deferred tax assets (liabilities) | 162,552 | 81,125 |
| Deferred tax assets (liabilities) - long-term: | | |
| Property, plant and equipment | (4,316) | - |
| Net operating loss carryforwards | 397,942 | 737,186 |
| Total net deferred tax assets | 556,178 | 818,311 |
| Valuation allowance | (556,178) | (818,311) |
| Net deferred tax assets | $- | $- |

A full valuation allowance has been established against all net deferred tax assets as of December 31, 2011 based on estimates of recoverability. While the Company has optimistic plans for its business and has recently achieved profitability, it determined that such a valuation allowance was necessary given the uncertainty with respect to future operations.

The Company has net operating loss carryforwards totaling approximately $971,000 which expire between 2013 and 2015 for state purposes and between 2023 and 2025 for federal purposes, respectively.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

From time to time, the Company is party to certain legal proceedings incidental to the conduct of its business. Management believes that the outcome of pending legal proceedings will not, either individually or in the aggregate, have a material adverse effect on its business, financial position, and results of operations, cash flows or liquidity.

**NOTE 13: CONCENTRATIONS OF CREDIT RISK**

The Company maintains cash balances at banks in the United States. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, bank balances may exceed federally insured limits.

**NOTE 14: EMPLOYEE BENEFIT PLANS**

The Company has a 401(k) plan covering all full-time employees and participants may contribute a percentage of their compensation to the plan. The Company does not currently match or make contributions to the plan. Employee contributions are fully vested and non-forfeitable. The assets of the plan are held separately from those of the Company and are independently managed and administered.

**NOTE 15: SUBSEQUENT EVENTS**

On January 13, 2012, the Company approved the issuance of stock options to purchase an aggregate of 141,000 shares of the Company's common stock at a purchase price of $0.15 per share. The options vest as follows: twenty percent on the grant date, and twenty percent, thirty percent and thirty percent on the first, second and third successive anniversaries of the grant date, respectively. The Company has not yet calculated the impacts of this grant on its financial conditions or results of operations for the year ended December 31, 2012.

**INDEX TO EXHIBITS**

| Exhibit Number | Exhibit Title |
|---|---|
| 2.1 | Agreement and Plan of Merger By and Among Insignia Solutions plc, Jeode Inc. and DollarDays International, Inc., dated June 23, 2008, incorporated by reference to Exhibit 2.1 filed with the Registrant’s Current Report on Form 8-K on March 18, 2009 |
| 2.2 | Scheme of Arrangement, whereas America’s Suppliers, Inc., a Delaware corporation became the holding company of Insignia Solutions plc, a public limited company incorporated in England and Wales, incorporated by reference to the Registrant’s Definitive Proxy Statement filed on December 10, 2009 |
| 3.1 | Registrant’s Certificate of Incorporation, incorporated by reference to Exhibit 3.1 filed with the Registrant’s Definitive Proxy Statement on December 10, 2009 |
| 3.2 | Registrant’s By-Laws, incorporated by reference to Exhibit 3.2 filed with the Registrant’s Definitive Proxy Statement on December 10, 2009 |
| 10.1* | Registrant ’ s 2009 Long-Term Incentive Compensation Plan, incorporated by reference to Exhibit 4.1 filed with the Registrant’s Form S-8 Registration Statement (No. 333-176223) on August 11, 2011 |
| 10.2* | Registrant’s Form of Stock Award Agreement, incorporated by reference to Exhibit 4.2 filed with the Registrant’s Form S-8 Registration Statement (No. 333-176223) on August 11, 2011 |
| 10.3* | Employment Agreement, dated as of November 11, 2010, by and between the Registrant and Marc Joseph, incorporated by reference to Exhibit 10.1 filed with the Registrant’s Current Report on Form 8-K filed on November 17, 2010 |
| 10.4 * | Employment Agreement, dated as of November 30, 2010, by and between the Registrant and Michael Moore, incorporated by reference to Exhibit 10.1 filed with the Registrant’s Current Report on Form 8-K filed on November 30, 2010 |
| 14.1 | Code of Ethics, incorporated by reference to Exhibit 14.1 filed with the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2005, filed on July 7, 2006 |
| 21† | List of Subsidiaries of the Registrant |
| 23† | Consent of Independent Registered Public Accounting Firm |
| 31.1† | |

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|---|---|
| | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2† | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1† | Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2† | Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101 | The following financial statements from America's Suppliers, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011, formatted in XBRL (Extensible Business Reporting Language); (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Changes in Shareholders' Equity (Deficit), (iv) Consolidated Statements of Cash Flows, and (v) the Notes to Consolidated Financial Statements, tagged as blocks of text** |

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|---|---|
| † | Filed or furnished herewith. |
| * | Compensatory plan or arrangement. |
| ** | In accordance with Rule 406T of Regulation S-T, the XBRL related to information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of Exchange Act,or otherwise subject to the liability of that section, and shall not be part of any registration or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. |