NYSE Euronext
Form 425
July 08, 2011

Filed by Alpha Beta Netherlands Holding N.V.

Pursuant to Rule 425 under the Securities Act of 1933

Subject Companies:

NYSE Euronext

(Commission File No. 001-33392)
Deutsche Börse

July 8, 2011

Safe Harbour Statement

In connection with the proposed business combination transaction between NYSE Euronext and Deutsche Boerse AG, Alpha Beta Netherlands Holding N.V. ("Holding"), a newly formed holding company, filed, and the SEC declared effective on May 3, 2011, a Registration Statement on Form F-4 with the U.S. Securities and Exchange Commission ("SEC") that includes (1) a proxy statement of NYSE Euronext that also constitutes a prospectus for Holding that was mailed to NYSE Euronext shareholders on or about May 10, 2011 and (2) an offering prospectus of Holding used in connection with Holding's offer to acquire Deutsche Boerse AG shares held by U.S. holders. Holding has also filed an offer document with the German Federal Financial Supervisory Authority (*Bundesanstalt fuer Finanzdienstleistungsaufsicht*) (the "BaFin"), which was approved by the BaFin for publication pursuant to the German Takeover Act (*Wertpapiererwerbs-und Übernahmegesetz*), and was published on May 4, 2011.

Investors and security holders are urged to read the definitive proxy statement/prospectus, the offering prospectus, the offer document, as amended, and published additional accompanying information in connection with the exchange offer regarding the proposed business combination transaction because they contain important information. You may obtain a free copy of the definitive proxy statement/prospectus, the offering prospectus and other related documents filed by NYSE Euronext and Holding with the SEC on the SEC's website at www.sec.gov. The definitive proxy statement/prospectus and other documents relating thereto may also be obtained for free by accessing NYSE Euronext's website at www.nyse.com. The offer document, as amended, and published additional accompanying information in connection with the exchange offer are available at Holding's website at www.global-exchange-operator.com. Holders of Deutsche Börse shares who have accepted the exchange offer have certain withdrawal rights which are set forth in the offer document.

This document is neither an offer to purchase nor a solicitation of an offer to sell shares of Holding, Deutsche Boerse AG or NYSE Euronext. The final terms and further provisions regarding the public offer are disclosed in the offer document that has been approved by the BaFin and in documents that have been filed with the SEC.

No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended, and applicable European regulations. The exchange offer and the exchange offer document as well amended, shall not constitute an issuance, publication or public advertising of an offer pursuant to laws and regulations of jurisdictions other than those of Germany, United Kingdom of Great Britain and Northern Ireland and the United States of America. The relevant final terms of the proposed business combination transaction will be disclosed in the information documents reviewed by the competent European market authorities.

Subject to certain exceptions, in particular with respect to qualified institutional investors (*tekikaku kikan toshika*) as defined in Article 2 para. 3 (i) of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended), the exchange offer will not be made directly or indirectly in or into Japan, or by use of the mails or by any means or instrumentality (including without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce or any facility of a national securities exchange of Japan. Accordingly, copies of this announcement or any accompanying documents may not be, directly or indirectly, mailed or otherwise distributed, forwarded or transmitted in, into or from Japan.

The shares of Holding have not been, and will not be, registered under the applicable securities laws of Japan. Accordingly, subject to certain exceptions, in particular with respect to qualified institutional investors (*tekikaku kikan toshika)* as defined in Article 2 para. 3 (i) of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended), the shares of Holding may not be offered or sold within Japan, or to or for the account or benefit of any person in Japan.

Forward-Looking Statements

This document includes forward-looking statements about NYSE Euronext, Deutsche Boerse AG, Holding, the enlarged group and other persons, which may include statements about the proposed business combination, the likelihood that such transaction could be consummated, the effects of any transaction on the businesses of NYSE Euronext or Deutsche Boerse AG, and other statements that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and actual results of operations, financial condition and liquidity, and the development of the industries in which NYSE Euronext and Deutsche Boerse AG operate may differ materially from those made in or suggested by the forward-looking statements contained in this document. Any forward-looking statements speak only as at the date of this document. Except as required by applicable law, none of NYSE Euronext, Deutsche Boerse AG or Holding undertakes any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

English translation of an article that appeared in *La Tribune* on July 8, 2011:

NYSE Euronext shareholders approve merger

Alliance with Deutsche Börse wins 65.7% support

"*The level of shareholder commitment is great!*" said NYSE Euronext CEO Duncan Niederauer, clearly pleased on Thursday morning at the close of the general meeting called for 8.00 a.m.

Understandably so: shareholders representing 65.7% of outstanding shares (based on initial published figures) approved the proposed merger with Deutsche Börse unveiled last February and expected to generate synergies of EUR 550 million. The deal was approved by 96% of votes expressed at the meeting – above and beyond the 50% of share capital required of the transatlantic exchange for the resolution to go through. "*This vote is important in that it recognizes the deal's underlying logic. Shareholders are giving their full support to our proposal for the industry*," said Dominique Cerutti, the group's no. 2.

Which means NYSE Euronext has cleared the first hurdle on its way to the merger. But others lie ahead: next up is a vote by Deutsche Börse shareholders, who have until midnight on Wednesday to declare their intention of tendering shares. As of 4.00 p.m. Thursday this week, 13.27% of Deutsche Börse's outstanding shares had been tendered. 75%

are needed for the deal to go ahead. And on Thursday the group's Works Council spoke up to recommend that shareholders not contribute their shares.

"We're confident"

But the current level of buy-in does not worry Dominique Cerutti. "*We expect support from Deutsche Börse shareholders to build, given that some will be waiting for the very last day to announce that they are tendering their shares. Many were awaiting the outcome of the NYSE Euronext vote to take a position. We're confident: we have met many [shareholders−] and a very large majority support the proposal. Not counting the fact that 25% of NYSE Euronext and Deutsche Börse shareholders are one and the same*."

Christèle Fradin

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English translation of an article that appeared in *Les Echos* on July 8, 2011:

[NYSE Euronext] shareholders yesterday approved the merger with the Frankfurt Stock Exchange by a two-thirds majority at an Extraordinary General Meeting in New York. Deutsche Börse shareholders have until July 13 to decide.

NYSE Euronext shareholders give overwhelming support to merger

NYSE Euronext executives can breathe more easily: yesterday morning in New York, its shareholders came out overwhelmingly in favour of the proposed merger with Deutsche Börse, the Frankfurt Exchange, at an Extraordinary General Meeting. The resolution calling for the merger was approved by 96% of shares voting, representing 65.7% of total voting rights. To be formally approved, the proposal needed a minimum 50% of voting rights attached to NYSE Euronext shares.

Initial reserves linked to the NY exchange's shift to German control had weakened in recent weeks. The general meeting lasted around forty minutes, but was marked by fierce criticism from Evelyn Davis, a well-known US shareholder activist. "*This is a very, very sad day*," said Davis, who is Jewish. Now over 80, she was forced to flee Europe with the rise of the Nazis. "*Soon we'll have 'Deutschland über alles' [again]. By 2020, there will be only two major financial centers left: Frankfurt and Shanghai*."

Uncontested leader in derivatives

Approval by NYSE Euronext shareholders is only the first formal step in sealing the alliance with Deutsche Börse, whose shareholders have until July 13 to decide; for the deal to go ahead, it must win 75% of voting rights carried by DB shares. "*I haven't met a single DB shareholder that doesn't support the tie-up*," said NYSE Euronext CEO Duncan Niederauer yesterday. Deputy CEO Dominique Cerutti was also confident: "*Timing plays a role in the vote. Traditionally, Deutsche Börse shareholders wait for the last minute to vote. We expect the vote to gather strength between now and July 13.*"

Next will come the standard regulatory procedures, with US authorities paying special attention to derivatives business managed by the new entity. Combining the two groups' respective derivatives subsidiaries will create the uncontested leader in the field in Europe, which means antitrust authorities in Brussels will have to give the green light. The Deutsche Börse-NYSE Euronext merger is estimated at $9.4 billion (€6.6 billion) to be fully paid in securities. If it is finalized, the two market operators will become 100% subsidiaries of an Amsterdam-based holding company, with Deutsche Börse shareholders holding 60% of the new entity to NYSE Euronext shareholders' 40%. Duncan Niederauer will be reappointed to his current position, this time for the combined group, and Reto Francioni, the current head of the Frankfurt Exchange, will become chairman of the board.

Mathieu Rosemain

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English translation of an article that appeared in *de Telegraaf* on July 8, 2011:

Dream merger of exchanges closer to reality

From one of our reporters

NEW YORK – The US–European exchange operator NYSE Euronext has taken an important step in the direction of its dream merger with the Germans. An overwhelming majority of the shareholders of the intercontinental exchange operator voted in favour of the merger yesterday. This has eliminated the first, but also the least formidable, obstacle to creating the world's largest exchange operator.

The shareholders meeting in Manhattan in the heart of the city of New York, was chaired by Jan-Michiel Hessels, the chairman of the supervisory board of NYSE Euronext. A few shareholders addressed the meeting, including an elderly American woman who gave an emotional speech urging shareholders to vote no. She had few supporters, and 96% voted in favour of the merger with Deutsche Börse, a deal valued at $ 10.4 billion (€ 7.3 billion).

CEO Cees Vermaas of NYSE Euronext Amsterdam said this was a "good first step" in the right direction. He also stressed that while the vote was an important milestone, there are still other hurdles to take.

For Deutsche Börse, it will be more difficult to obtain the approval of its shareholders. Three fourths of the shares have to be registered as assenting by 13 July. The merger also requires the approval of the European Commission and local regulators. After the merger, the new exchange operator will have a Dutch holding company. Headquarters will be based in Frankfurt and New York. The earliest possible date for the completion of the merger is the end of this year.

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English translation of an article that appeared in *Financieele Dagblad* on July 8, 2011:

Green light for exchange merger

By: Marijn Jongsma

AMSTERDAM

Thursday the shareholders of NYSE Euronext gave the green light for the takeover of Deutsche Börse. Senior executive Duncan Niederauer has good hope that the owners of the intended German partner will follow suit later this month.

‘We have spoken to Deutsche Börse’s major shareholders,’ said the CEO. ‘And I haven’t met anyone who doesn’t support the merger.’ 75% of the shares have to be registered as assenting before 13 July, but earlier this week only 11% had been tendered. According to Niederauer this is not surprising, as the parties concerned wanted to wait for the outcome of the extraordinary shareholders meeting of NYSE Euronext in New York. One fourth of the shareholders also own shares in Deutsche Börse. ‘I can’t imagine that they will oppose the takeover in Germany.’ Cees Vermaas, the CEO of NYSE Euronext Amsterdam, stresses that Deutsche Börse has many American shareholders who support the takeover by transatlantic exchange NYSE Euronext.

Obtaining the necessary permission from the European Commission is seen as more problematic. In theory, the combination would have a dominant position in the derivatives (e.g. options) market and in the clearing, or settlement, of transactions.

‘We will have to give a good explanation of our business model, and the market we operate in,’ said Vermaas. ‘Much more than half of all volume in the derivatives market is traded over the counter. As are a large portion of all equities. There are more than one hundred trading platforms in Europe. The question, therefore, is whether it is realistic to say that we have a dominant position. The merger gives Europe a tremendous opportunity to retain some control over the market infrastructure.

European competition commissioner Joaquín Almunia has in the past been critical of Deutsche Börse’s ‘silo model’ in which trading and clearing are in the same hands.

Vermaas warns of the dangers of the ‘spaghetti model’. ‘More competition should not lead to more risk. Past Brussels experiences proved that forcing clearing houses to work together does not work.’

One down, two to go.

- 96% of the NYSE Euronext shareholders present at the meeting voted in favour
- That accounts for nearly 66% of all outstanding shares
- Now it’s the turn of Deutsche Börse’s investors
- The approval of the competition authorities in the US and Europe is the final step

English translation of an article that appeared in *Website TVI/Diário IOL online* on July 8, 2011:

NYSE Euronext/Deutsche Borse merger is positive

NYSE Euronext, Lisbon, CEO, Luis Laginha de Sousa, said on Thursday that the NYSE Euronext/Deutsche Boerse merger is very positive not only for shareholders but also to the community that serves the stock exchange. NYSE Euronext's shareholders approved the operation, and Deutsche Boerse will vote on the combination on 13th of July.

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English translation of an article that appeared in *Diário Noticias* on July 8, 2011:

NYSE Euronext shareholders approve merger

NYSE Euronext shareholders gave 'green light' to the merger with Deutsche Borse (approved by more than 65% of NYSE Euronext shareholders). The Deutsche stock exchange announces in February the intention to merger with group NYSE Euronext, an operation of almost 10 billion dollars. The deal will create the world's biggest bourse operator.

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English translation of an article that appeared in *Diário Economico Online* on July 8, 2011:

Luis Laginha highlights the importance of the merger with Deutsche Boerse

NYSE Euronext, Lisbon, CEO, Luís Laginha de Sousa, highlighted the importance of the approval by NYSE Euronext shareholders to the merger with Deustche Boerse, and said that this combination can contribute to boost the Portuguese stock market.

Luis Laginha de Sousa considered that the approval in the general meeting for 90% of 70% of shareholders present, "was an important step" because it meant that they support the combination. "There is a deep conviction that this transaction makes sense for shareholders", he said. After this important step, the NYSE Euronext, Lisbon, CEO said that there is "great confidence" that the shareholders of Deutsche Boerse, which will vote next week the combination (13^{th} of July), "will all support [the merger] ".

After this vote by shareholders, the combination need to get approval by the relevant competition and financial, and securities and other regulatory authorities on US and Europe.

For the Portuguese stock market, "we think that [the combination] may be an additional contribution to inject dynamism in to the market, "brings an" additional capacity to promote the country, Portuguese companies and project them internationally".

NYSE Euronext and Deutsche Boerse announced the combination of their activities in February, a merger of 9.6 billion dollars (about 6.7 billion euros) and will generate synergies of 550 million euros.

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English translation of an article that appeared in *Diario Economico Newspaper* on July 8, 2011:

In a great photo leg (half a page), the economic newspaper reports that NYSE Euronext shareholders approved the merger with Deutsche Borse. NYSE Euronext, Lisbon, CEO, Luis Laginha de Sousa, said that "was an important step" because it meant that they support the combination. "There is a deep conviction that this transaction makes sense for shareholders", he said. NYSE Euronext and Deutsche Boerse announced the combination of their activities in February, a merger of 9.6 billion dollars (about 6.7 billion euros) and will generate synergies of 550 million euros.

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English translation of an article that appeared in *OJE* on July 8, 2011:

NYSE Euronext approves D.Borse

NYSE Euronext shareholders approved the combination with Deutsche Borse, a merger of 9.43 billion dollars (about 6.57 billion euros), an important step to close the operation rapidly. More than 65% of the shareholders gave approval to the merger, surpassing the 50% needed. The all stock transaction will give Frankfurt-based Deutsche Borse 60% of the combined entity, while NYSE Euronext CEO, Duncan Niederauer, will run the organization.

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English translation of an article that appeared in *Agência Financeira* on July 8, 2011:

NYSE Euronext/Deutsche Borse merger is positive

NYSE Euronext, Lisbon, CEO, Luis Laginha de Sousa, said on Thursday that the NYSE Euronext/Deutsche Boerse merger is very positive not only for shareholders but also to the community that serves the stock exchange.

NYSE Euronext's shareholders approved the operation. Also pending is 13th July deadline for at least 75% of Deutsche Borse shareholders to approve the plan. Luis Laginha de Sousa added that the merger was approved by 65 percent of NYSE Euronext's shareholders and more than 90 percent were present in yesterday's General meeting.

For the CEO of Lisbon stock exchange this combination will give a greater international visibility to the listed companies, allow the promotion of the country and Portuguese companies. Deutsche Boerse announces in February that the acquisition of NYSE Euronext for almost 10 billion dollars, will create the largest stock Exchange in the world.

The all stock transaction will give Frankfurt-based Deutsche Borse 60% of the combined entity, while NYSE Euronext CEO, Duncan Niederauer, will run the organization.

The new company will include besides New York and Frankfurt, the rest of the European exchanges of the group (Lisbon, Paris, Amsterdam and Brussels).

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English translation of an article that appeared in *PÚBLICO* on July 8, 2011:

The Exchanges of New York and Frankfurt are closer to a merger

Pedro Crisóstomo

The NYSE Euronext, one of the most iconic stock exchanges groups, gave another step towards the merging with Deutsche Börse in order to create the largest stock Exchange in the world. This merging was announced in February. Yesterday, the shareholders have approved the merging of this company with the one that manages the Frankfurt exchange.

This operation was approved by 65,6% of the shareholders, said Luís Laginha de Sousa, CEO of Euronext Lisbon, one of the exchanges that will be affected by this merging. It's now missing the approval of the Germans, so that this merging can go on. The new company will include besides New York and Frankfurt, the rest of the European exchanges of the group (Lisbon, Paris, Amsterdam and Brussels),

If, on the 13th of July, this merging count on the support of the shareholders of DB, another step was taken. During this walk, there were known several proposals to compete with this merger (such as Nasdaq and ICE).

The two offers that were refused by the board of NYSE Euronext had a value of around 7,9 million Euros, but the board was very clear from the beginning that they would not step backward regarding the agreement with the Germans.

Nasdaq and ICE have tried a third hostile takeover, making an offer directly to the shareholders – doing what we call an hostile bid offer – but, regarding the position taken by the competition authority of the North-American Justice Department , they ended by giving up their proposal. Besides the Germans having the shares control of the new Group, it will be the current CEO of NYSE Euronext to be the face of the new company. From New York, Duncan Niederaurer will work as a CEO and Reto Fraccioni, he current CEO of DB, will be non-executive, from Frankfurt.

The value of the listed companies in the two combined platforms is about 11,1 M Euros, and the revenues of the two groups (in 2010) were EUR 4,1 billion.

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English translation of an article that appeared in *PÚBLICO online* on July 7, 2011:

07.07.2011 - 17:04 Por Pedro Crisóstomo

German is a point of interest to the Lisbon exchange, considering the transatlantic merger

Germany is one of the interest points that the merging between the Frankfurt Exchange and the NYSE Euronext Group may increase to the Portuguese exchange, which, among other European Exchanges, completes the New-Yorker group involved in this initiative, says Luís Laginha de Sousa, the CEO of Euronext Lisbon.

The merging between DB and NYSE Euronext today approved in general assembly of NYSE Euronext, is seen by Luís Laginha de Sousa as a "consolidation process" in a worldwide scale, giving continuity to what happen before with the connection of Bolsa de Valores de Lisboa to Euronext, back in 2002.

"German is one of the motors in Europe, so, the Portuguese companies see in Germany a big point of interest which we will be able to use at its maximum value", said the CEO of the Portuguese Exchange, talking to Público about the transatlantic combination that will result from this merger.

To Laginha de Sousa, that relationship will "help much more the Portuguese companies in what cost efficiencies is concerned. In 8 years, the average price per trade as decreased around three times its values in 2003 before the integration on the NSC, the common trading platform (it happen a year after the merger was completed) by that time the price per trade was about 2,28 and by the end of 2010 it was in average 0,59 Euros.

Laginha de Sousa admitted that the merger may bring needs of adjustments, but the more significant adjustments that the Portuguese exchange done so far happened before and after the merger with Euronext, which, he says, it's natural when a company joins another.

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English translation of an article that appeared in *Jornal de Negocios* on July 7, 2011:

'Green light' to Lisbon join Frankfurt

NYSE Euronext's shareholders approved the combination with Deutsche Borse. Portuguese Stock Exchange will gain scale and the transactions costs can be reduced.

NYSE Euronext shareholders approved yesterday the merger with Deutsche Borse, another step towards to integrate the Lisbon Stock Exchange in a group that includes the Frankfurt stock exchange. This combinations will bring more visibility to the Portuguese listed companies and will permit to reduce the transactions costs to the members and investors.

Almost 90% of the shareholders presents in general assembly approved the merger with Deutsche Borse, which will create the largest stock exchange in the world.

The shareholders gave a strong sign that this combination makes sense , added Luis Laginha de Sousa. Achieve scale to justify the high investments in technology that the business demands, increase the global presence and provide greater liquidity for Portuguese listed companies are some of the factors that justify the merger.

The merger combines the world leader in equities, NYSE Euronext, with the largest derivatives trading platform, creating the largest stock market in the world. The combined portfolio of both companies joins the New York Stock Exchange, Frankfurt, Paris, Amsterdam, Brussels and Lisbon. And trading platforms for futures and options Eurex (Europe), ISE (USA) and LIFFE (London).

To Laginha Sousa, the merger has advantages for the Portuguese listed companies. [The merger] bring more visibility to the Portuguese listed companies and will permit to reduce transactions costs . For the banks and the brokers that are members of NYSE Euronext this combination represents a integration in bigger platform.

To move forward, the merger of 9.43 billion dollars (about 6.57 billion euros) must be approved by at least 75% of Deutsche Borse shareholders. The all stock transaction will give Frankfurt-based Deutsche Borse 60% of the combined entity, while NYSE Euronext CEO, Duncan Niederauer, will run the organization. After this vote by shareholders, the combination need to get approval by the relevant competition and financial, and securities and other regulatory authorities on US and Europe.

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English translation of an article that appeared in *De Tijd* on July 8, 2011:

Stijn Demeester

***First hurdle in mega merger taken*.**

Yesterday, the shareholders of the NYSE Euronext approved the merger with Deutsche Börse. This was the first, easiest hurdle for the merger of two giants.
66 percent of the shareholders backed the merger. 50% of the shareholders had to approve the $ 9.4 billion bid. "*The result shows that the predominantly American shareholders of NYSE Euronext, understood the benefits of a merger*," said Vincent Van Dessel, shortly after the meeting he attended in New York.

Now that the "prey" NYSE Euronext voted, the uncertainties about the merger are not over yet. Next week the shareholders of Deutsche Börse must have tendered their shares. In order for the bid to succeed, ¾ of the shareholders of Deutsche Börse must support the bid. So far, only 11 percent of the shareholders have done so.

Van Dessel is not worried, "*Duncan Niederauer, CEO of NYSE Euronext, said recently that he had not met any single shareholder of Deutsche Börse who was against the deal. It is typical for investors, especially institutional investors, to wait as long as possible to tender their shares. You should also know that one quarter of the shareholders of Deutsche Börse and NYSE Euronext are common*. "

Next comes the European Commission which may cause some difficulties. Last week, the competition authorities sent a lengthy questionnaire to Deutsche Börse and NYSE Euronext. Asking some 165 questions, quite a lot according to experts, Europe wants to find out whether the merger between the two giants will distort competition in the market. The merger between Deutsche Börse and NYSE Euronext is the largest one since the wave of mergers struck the exchanges landscape a few months ago. Several of them have been abandoned in the meanwhile. The London Stock Exchange and Toronto blew off their merger last week, as previously was the case with the stock exchanges in Australia and Singapore. London received strong opposition from a consortium of Canadian banks and pension funds. The combination BATS/Chi-X, two of the most popular European trading platforms also is uncertain, as the UK watchdog is further analyzing the deal.

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English translation of an article that appeared in *L Echo* on July 8, 2011:

Jennifer Nille

Green light for DB/NYSE merger (p1)

Yesterday in New York, the NYSE Euronext shareholders approved the merger with Deutsche Börse. The first obstacle for the operation has been removed. However, both parties still need to obtain the approval of the competent supervisors and regulators. This week, the European Commission sent a questionnaire to market players in the derivatives market in order to evaluate the impact of the merger of Deutsche Börse and NYSE Euronext. Vincent Van Dessel, Chairman of the Brussels exchange is of the opinion that "*the arguments are sufficiently strong to convince the anti-trust authorities.*

A first yes to the DB-NYSE merger

Thursday, the NYSE Euronext shareholders voted in favour of the merger with Deutsche Börse. According to preliminary figures, 96.09% of the shares present (65.68 of the outstanding shares) approved the transaction. "*It is clear that shareholders have understood the benefits of this operation. Previous mergers of the group have shown the value creation for them"* commented Vincent Van Dessel from New York. "*Shareholders have understood how they could benefit from the future growth of the group and they validated the federal model, one of its elements being the focus on developing SMEs.*

Deutsche Börse, however had to review the conditions of its initial offer which was launched in February in order to satisfy the NYSE Euronext shareholders. Synergies have been increased by 150 million compared to the initial plan. And last month, NYSE Euronext and Deutsche Börse have proposed a special dividend to their shareholders. Deutsche Börse s shareholders have until July 13 to tender their shares. NYSE Euronext shareholders will receive 0.47 share of the new group per old share. On top, they will receive 94 cents per share. On Thursday, the share of NYSE Euronext closed at 24.54 in Paris. Deutsche Börse shares closed at 54.59.

Up to the regulators and supervisors

NYSE Euronext and Deutsche Börse have obtained shareholders approval before the regulators and supervisors agreement. "*We hope to have the deal done by the end of the year*" said Vincent Van Dessel. *We have arguments convincing enough to respond to the anti-trust questions*," he insists. As for regulators, both groups have yet to get the sign-off of the regulators in their respective markets.
In the case of NYSE Euronext, the college of regulators, set up at the creation of Euronext, will have to decide. Jean-Paul Servais, Chairman of the FSMA (the Belgian market authority) recently told us that he would ensure "*that each regulated market be entitled to financial and human resources enabling it to be in contact with the local listed companies*" . He added that all authorities of the college of regulators agree. "*A market undertaking is not only about*

trading, it’s also about listing" he recalls. But Vincent Van Dessel was confident.

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Arrayit buffers and solutions are optimized to increase the quality of microarray manufacturing, processing, and use. Purification kits provide both a high yield and superior purity. Applications include: DNA microarrays, fluorescent probe purification, sequencing and others. Arrayit kits utilize proprietary binding membranes and purification chemistries for optimal performance.

Healthcare Platforms

Arrayit's patented Healthcare technology, the Variation Identification Platform (VIP), allows diagnostic tests to be performed by depositing as many as 100,000 biological samples into a single microarray. VIP manufacturing and clean room technology platforms are also sold to customers who license the technology from Arrayit. VIP platforms enable the manufacture of extremely high-quality microarrays with superior precision and accuracy. These microarrays containing 100,000 individual features allow the simultaneous genotyping of 100,000 different patients in a single test.

Advertising, Marketing and Sales

Paul K. Haje has led a successful advertising, sales and marketing program for Arrayit since 1999. Arrayit is the most highly recognized independent brand name in the microarray industry. This was accomplished through visibility in major broadcast television news media, full page advertisements in top scientific journals, trade shows and workshops, vendor fairs, direct mail campaigns, feature articles in major trade publications and e-mail newsletters. All advertising and marketing efforts drive traffic to the Arrayit.com website and web based store resulting in sales.

The Arrayit.com web site, which regularly receives more than 1,500 unique visitors per day and 40,000 visitors per month and over 1 million hits per month, is considered by many to be the portal of the microarray industry. As an additional enticement for researchers, Arrayit hosts an E-library providing a searchable reference database for all microarray publications.

The Company's sales strategy has been successful by providing personalized sales and support. The sales force is currently comprised of three persons. The Company plans to hire additional experienced sales professionals with microarray, diagnostics and pharmaceutical contacts who will capitalize on the company's powerful microarray technologies. The company anticipates a sales force of approximately ten within three years.

Strategic Distributorships

The Company utilizes 38 international distributors in South America, Europe, Japan, the Middle East, South Africa, China, Singapore, Korea, India, Taiwan, Israel and other locations world-wide. The Company has generally chosen one representative in each geographical area, and has worked closely with that organization to promote the Company's product line. These global distributors purchase directly from Arrayit for resale on net 30 day terms, and represent approximately 45% of the Company's 2008 revenues. These foreign receivables are insured through Euler Hermes ACI.

Facilities

Arrayit's corporate offices and research facilities are located at 524 East Weddell Drive, Sunnyvale, California 94089. The corporate headquarters covers 8,000 square feet which in addition to the executive offices, shipping and receiving, include a microarray manufacturing cleanroom demonstration facility, two (2) microarray manufacturing clean-rooms, a substrate manufacturing cleanroom, preparation and packing facilities, and quality control and quality assurance work stations.

Regulatory Matters

We are not subject to direct governmental regulation other than the laws and regulations generally applicable to businesses in the jurisdictions in which we operate. In addition, we believe we are in compliance with all relevant environmental laws.

Employees

We presently have ten employees.

Comment Letters Issued by the SEC

During 2008 and 2009, the SEC has issued comment letters relating to its previously filed Forms 10K and 10Q. We are in the process of responding to these comment letters.

ITEM 1A. RISK FACTORS

Our securities are highly speculative and should only be purchased by persons who can afford to lose their entire investment in our Company. If any of the following risks actually occur, our business and financial results could be negatively affected to a significant extent. The Company's business is subject to many risk factors, including the following:

We Will Need Additional Financing To Continue Our Business Plan

Current collaboration agreements present Arrayit with near term opportunities for substantial growth. Capital is required to take advantage of these opportunities.

An immediate opportunity exists with OZ Systems of Arlington, Texas. The government mandates hearing loss tests for all infants born in the USA. OZ Systems has relationships and long-term contracts with hospitals worldwide to test for hearing loss. They currently test over four million (4,000,000) infants per year for hearing loss.

Arrayit has fully developed, tested and validated a hearing loss screen using our patented VIP technology that can replace the existing OZ test, creating immediate revenue for Arrayit. The test is highly accurate and can be performed at a fraction of current cost, yet billable at current market prices, making this an equally attractive opportunity for OZ to transition its existing contracts to the new test.

An audiologist uses an auditory signal and behavioral monitoring of the child's response to the sound for the current OZ hearing loss test. The test is analyzed and results reported back to the attending physician, who informs the parents. This test has fair accuracy and requires $1,500 of confirmatory testing if a determination of hearing loss is indicated. The Arrayit hearing loss test is based on Arrayit's patented VIP technology. It can screen 100,000 children in a single test for fourteen (14) different forms of hearing loss, including a form of hearing loss that does not occur until the child reaches six years of age. The Arrayit test will require FDA approval prior to release.

Arrayit's diagnostic test can be accomplished in a CLIA approved laboratory. The DNA samples will be collected from the patients by the hospital, and forwarded to Arrayit's CLIA approved laboratory. The tests will be conducted in volume on a single microarray using Arrayit's patented VIP method.

The information derived from the test is not urgent; nor is the hearing loss condition life threatening. This allows Arrayit time to conduct the tests in volume as the requirement to report to the attending physician is within three months of the sample collection. The test results will be reported electronically to OZ Systems which in-turn will advise the attending physician and counsel the parents as necessary.

The agreement proposes a 50/50 split of proceeds with Oz Systems. All patient identity would be protected in the patient tracking technology software provided by Oz Systems. Oz Systems would conduct all patient follow through and interface with the physicians. The test would retail for around $80 and Arrayit's out of pocket costs would be in the range of $2-3 per test.

Other mid to long term opportunities for Arrayit Diagnostic tests arise from collaborations with Stage One Diagnostics of Little Rock, Arkansas and BioSystems International of Paris, France.

Stage One is currently isolating antibodies related to ovarian cancer at their laboratory in Arkansas. When that phase of the research is completed, Arrayit will print microarrays with these known antibodies. That slide, when immersed in a solution of patient's blood, would conclusively indicate whether that patient has ovarian cancer, even before any symptoms occur. As the market moves toward preventative medicine, Arrayit believes a simple test conducted at the site of care would be a valuable and widely utilized screen for ovarian cancer. This project is in the late stages of development. Arrayit will have the marketing rights for the product and produce the kit for the healthcare providers. How the proceeds will be shared is yet to be determined.

BioSystems International (BSI) is producing antibodies of blood plasma, taken from human sources, for which Arrayit is developing a microarray that potentially has the capability to identify predictors and biomarkers for such difficult to diagnose diseases as Parkinson's disease and Alzheimer's disease, among others. Once these biomarkers are identified, a diagnostic slide could then be developed for broad use across the healthcare industry. Arrayit will also benefit from licensing of these antibodies for such downstream applications.

Arrayit has begun collaboration with the Parkinson's Institute to test known Parkinson's Disease patients' blood to identify biomarkers for Parkinson's Disease from the human plasma proteome microarray marketed as PlasmaScan. Arrayit is also working with Stanford University to test known Alzheimer's patients' blood to identify biomarkers for Alzheimer's Disease using PlasmaScan.

The chart below outlines the cash required to expand the laboratory facilities at Arrayit and capitalize on these opportunities.

Manufacturing Set-up Expense for Diagnostic Tests

Diagnostic Test Opportunities Expense for Setup (thousands$)			
Hearing loss Ovarian Cancer Parkinson's Disease			
Launch date	March 1, 2009	Jun 1, 2009	Sept 1, 2009
	$'000	$ '000	$ '000
Clean Room	200		
New lab Equip	1,000		
CLIA Certification	150		
FDA Approval	50	50	50
Approval Time	6 months	6 months	6 months
Sales Team Dev	50	150	150
Kit Development	50	150	50
Totals	1,500	350	250

Because the equipment sales require up front monies to build the systems, additional cash will be required for this growth and for building the inventory of supplies in the range of $700,000.

9

We Have A Limited Operating History As A Public Company Upon Which You Can Assess Our Prospects And We Are Subject To The Risks Associated With Any New Public Company.

As a result of our short history of operations as a public company, there is little historical information regarding our operations upon which you can base your investment decision. In addition, we are subject to all of the business risks and uncertainties associated with any newly public business enterprise. Additionally, our management has limited experience operating a public company. As such, our Company may not be able to continue to meet its continued filing requirements and may be late in its periodic filings, which late filings may cause the Company to be delisted from the Over-The-Counter Bulletin Board. If this were to happen, any investment in the Company could become devalued or worthless.

Our Growth Will Place Significant Strains On Our Resources.

The Company's growth, if any, is expected to place a significant strain on the Company's managerial, operational and financial resources. Furthermore, assuming the Company receives additional contracts, and obtains additional partners, it will be required to manage multiple relationships with other third parties. These requirements will be exacerbated in the event of further growth of the Company or in the number of its contracts, partnerships and employees. There can be no assurance that the Company's systems, procedures or controls will be adequate to support the Company's operations or that the Company will be able to achieve the rapid execution necessary to successfully offer its services and continue its business plan. The Company's future operating results, if any, will also depend on its ability to add additional personnel commensurate with the growth of its business, if any. If the Company is unable to manage growth effectively, the Company's business, results of operations and financial condition will be adversely affected.

An Interruption In or Breach of Our Information Systems May Result In Lost Business and Increased Expenses.

We rely heavily upon communications and information systems to conduct our business. Any failure, interruption or breach in security of or damage to our information systems or the third-party information systems on which we rely could prevent us from conducting our business operations and/or if such failure resulted in the release of non-public and confidential information, could make us subject to litigation or actions for damages.

The Inability To Attract And Retain Qualified Employees Could Significantly Harm Our Business.

We continually need to attract, hire and successfully integrate additional qualified personnel in an intensely competitive hiring environment in order to manage and operate our business. The market for skilled management, professional and loan servicing personnel is highly competitive. Competition for qualified personnel may lead to increased hiring and retention costs. If we are unable to attract, successfully integrate and retain a sufficient number of skilled personnel at manageable costs, it will harm our business, results of operations and financial condition.

There Are Risks That We Will Not Be Able To Implement Our Business Strategy.

Our financial position, liquidity, and results of operations depend on our management’s ability to execute our business strategy. Key factors such as technology advancement, government regulations, outcome of researches and access to capital market all play an important role in our execution of business strategy.

We Incur Significant Costs As A Result Of Operating As A Fully Reporting Company In Connection With Section 404 Of The Sarbanes Oxley Act, And Our Management Is Required To Devote Substantial Time To Compliance Initiatives.

We anticipate incurring significant legal, accounting and other expenses in connection with our status as a fully reporting public company. The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and new rules subsequently implemented by the SEC have imposed various new requirements on public companies, including requiring changes in corporate governance practices. As such, our management and other personnel will need to devote a substantial amount of time to these new compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In addition, the Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure of controls and procedures. In particular, for fiscal year 2009, Section 404 will require us to obtain a report from our independent registered public accounting firm attesting to the assessment made by management. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts. We currently do not have an internal audit group, and we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

There Is Currently Only A Limited Market For Our Common Stock, And The Market For Our Common Stock May Continue To Be Illiquid, Sporadic And Volatile.

There is currently only a limited market for our common stock, and as such, we anticipate that such market will be illiquid, sporadic and subject to wide fluctuations in response to several factors moving forward, including, but not limited to:

(1) actual or anticipated variations in our results of operations;

(2) our ability or inability to generate new revenues;

(3) the number of shares in our public float;

(4) increased competition;

(6) conditions and trends in the market for automobiles and vehicle leasing.

Furthermore, because our common stock is traded on the Over-The-Counter Bulletin Board, our stock price may be impacted by factors that are unrelated or disproportionate to our operating performance. These market fluctuations, as well as general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price of our common stock. Additionally, at present, we have a limited number of shares in our public float, and as a result, there could be extreme fluctuations in the price of our common stock. Further, due to the limited volume of our shares which trade and our limited public float, we believe that our stock prices (bid, ask and closing prices) are entirely arbitrary, are not related to the actual value of the Company, and do not reflect the actual value of our common stock (and in fact reflect a value that is much higher than the actual value of our common stock). Shareholders and potential investors in our common stock should exercise caution before making an investment in the Company, and should not rely on the publicly quoted or traded stock prices in determining our common stock value, but should instead determine the value of our common stock based on the information contained in the Company's public reports, industry information, and those business valuation methods commonly used to value private companies.

Investors May Face Significant Restrictions On The Resale Of Our Common Stock Due To Federal Regulations Of Penny Stocks.

Our common stock will be subject to the requirements of Rule 15(g)9, promulgated under the Securities Exchange Act as long as the price of our common stock is below $5.00 per share. Under such rule, broker-dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements, including a requirement that they make an individualized written suitability determination for the purchaser and receive the purchaser's consent prior to the transaction. The Securities Enforcement Remedies and Penny Stock Reform Act of 1990, also requires additional disclosure in connection with any trades involving a stock defined as a penny stock.

Generally, the Commission defines a penny stock as any equity security not traded on an exchange or quoted on NASDAQ that has a market price of less than $5.00 per share. The required penny stock disclosures include the delivery, prior to any transaction, of a disclosure schedule explaining the penny stock market and the risks associated with it. Such requirements could severely limit the market liquidity of the securities and the ability of purchasers to sell their securities in the secondary market.

In addition, various state securities laws impose restrictions on transferring "penny stocks" and as a result, investors in the common stock may have their ability to sell their shares of the common stock impaired.

Item 1B. UNRESOLVED STAFF COMMENTS

The staff of the Securities and Exchange Commission (“SEC Staff”) conducted a review of our Annual Report on Form 10-KSB for the year ended December 31, 2005 and issued a letter dated September 14, 2006 commenting on certain aspects of these reports. We believe that all matters addressed in the comment letters and our subsequent responses to these letters and discussions with the SEC Staff have been resolved with the exception of certain disclosures related to how the Company applied the guidance in EITF 00-19 in evaluating whether the conversion feature on the Discounted Convertible Notes Payable due to SovCap is an embedded derivative that should be separated from the debt host and accounted for at fair value under SFAS 133. The SEC also indicated that it appears that the notes being convertible at a rate of 75% of the average closing bid price of the company's common stock results in the number of shares that could be required to be delivered upon settlement being indeterminate. The SEC referred the Company to paragraph 20 of EITF 00-19 and requested that we advise them how we considered this guidance in your analysis, as well as any other relevant criteria discussed in the EITF that you considered.

We believe that our disclosures made related to the SovCap embedded derivative were appropriate and that they complied with EITF 00-19. This unresolved comment has no effect on our previously reported consolidated financial position, results of operations or cash flows. Our discussions with the SEC Staff on this matter have not been concluded.

ITEM 2. PROPERTIES

The Company has corporate headquarters and operates out of leased premises in Sunnyvale, California.

ITEM 3. LEGAL PROCEEDINGS

Civil Action number 01-2226 between TeleChem International, Inc., Pediatrix Screening, Inc. and Pediatrix Screening LP went to jury trial in the United States District Court in the Western District of Pennsylvania in the summer of 2007. The jury awarded TeleChem $5 million in damages for Pediatrix's breach of contract, fraudulent misrepresentation, and punitive damages. The jury awarded Pediatrix $1,085,001 for TeleChem's breach of contract. Pediatrix appealed the jury's decision, and requested that the damages award to TeleChem be reduced. This appeal was denied. Pediatrix put $5 million in bond, and submitted an appeal to the Third Circuit Court of Appeals to request that the damages award to TeleChem be reduced. The parties await the Third Circuit Court's response.

There are no other legal proceedings, although we may, from time to time, be party to certain legal proceedings and other various claims and lawsuits in the normal course of our business, which, in the opinion of management, are not material to our business or financial condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company had no matters submitted to a vote of security holders during the fiscal quarter ended December 31, 2008.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our common stock now trades publicly on the OTC Bulletin Board under the symbol "ARYC". Previous to March 19, 2009, our common stock traded under the symbol "IMHI". The OTCBB is a regulated quotation service that displays real-time quotes, last-sale prices and volume information in over-the-counter equity securities. The OTCBB securities are traded by a community of market makers that enter quotes and trade reports. This market is extremely limited and any prices quoted are not a reliable indication of the value of our common stock.

The following table sets forth the quarterly high and low bid prices per share of our common stock by the OTCBB during the last two fiscal years. The quotes represent inter-dealer quotations, without adjustment for retail mark-up, markdown or commission and may not represent actual transactions. The trading volume of our securities fluctuates and may be limited during certain periods. As a result of these volume fluctuations, the liquidity of an investment in our securities may be adversely affected.

QUARTER ENDED	HIGH	LOW
December 31, 2008	$ 1.50	$ 0.54
September 30, 2008	$ 4.47	$ 0.90
June 30, 2008	$ 3.00	$ 1.20
March 31, 2008	$ 4.50	$ 0.21

December 31, 2007	$	0.60	$	0.21
September 30, 2007	$	3.30	$	0.42
June 30, 2007	$	4.50	$	1.05
March 31, 2007	$	11.70	$	3.00

As of July 30, 2009, we had 3,295,809 post split (98,874,270 pre split) shares of common stock issued and outstanding held by approximately 1,812 shareholders of record; 123,254 post split (3,697,611 pre-split) shares of Series A Convertible Preferred Stock issued and outstanding and 103,143 (pre and post split) shares of Series B Convertible Preferred Stock issued and outstanding .

Dividends

We have never declared or paid any cash dividends on our common stock, and we do not anticipate paying any dividends in the foreseeable future. We intend to devote any earnings to fund the operations and the development of our business.

Common Stock

Holders of shares of common stock are entitled to one vote per share on each matter submitted to a vote of shareholders. In the event of liquidation, holders of common stock are entitled to share pro rata in the distribution of assets remaining after payment of liabilities, if any. Holders of common stock have no cumulative voting rights, and, accordingly, the holders of a majority of the outstanding shares have the ability to elect all of the directors. Holders of common stock have no preemptive or other rights to subscribe for shares. Holders of common stock are entitled to such dividends as may be declared by the Board out of funds legally available therefore. The outstanding shares of common stock are validly issued, fully paid and non-assessable.

RECENT SALES OF UNREGISTERED SECURITIES

All sales of unregistered common stock that occurred in 2008 has been previously reported in our public filings with the Securities and Exchange Commission and is described in detail in Management' Discussion and Analysis below.

ITEM 6. SELECTED FINANCIAL DATA

Not required.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

THIS REPORT CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933 AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934. THESE FORWARD LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL RESULTS OR ANTICIPATED RESULTS, INCLUDING THOSE SET FORTH UNDER "RISK FACTORS" IN THIS MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND ELSEWHERE IN THIS REPORT. THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH "SELECTED FINANCIAL DATA" AND THE COMPANY'S FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT.

Restatement of Financial Statements

This Amendment No. 2 on Form 10-K/A reflects an enhancement of our footnote disclosure and a retroactive restatement of our consolidated financial statements for the year ended December 31, 2008, to reflect retroactive treatment of our March 22, 2009 30:1 reverse stock split to the consolidated financial statements included in Item 8 of this Form 10-K/A. The financial statements have been restated as a result of a comment letter received from the SEC to reflect additional disclosure.

The restatement for these errors had no effect upon the Company’s net income, as originally reported for the fiscal year ended December 31, 2008, other than a $100,000 increase in net loss related to the derivative liability. The restatement had no effect on our cash or net cash used in operations for the fiscal year ended December 31, 2008. After reviewing the circumstances leading up to the restatement, management believes that the errors were inadvertent and unintentional. In addition, following the discovery of these errors, we have begun implementing procedures intended to strengthen our internal control processes and prevent a recurrence of future errors.

The previous Amendment No. 1 on Form 10-K/A reflects a restatement of our consolidated financial statements for the year ended December 31, 2008, as discussed in Note 17 to the consolidated financial statements included in Item 8 of this Form 10-K/A. The financial statements have been restated as a result of a comment letter received from the SEC and from management's determination along with outside legal counsel that the Company had inadvertently not recorded the disposal of discontinued operations as part of the reverse merger., as well as the subsequent fiscal quarter ended June 30, 2008, primarily in connection with the calculation and recognition of revenue, including reimbursable and outside production costs and expenses, and properly recording general and administrative expenses in the periods in which they were incurred.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect amounts reported in the accompanying consolidated financial statements and related footnotes. These estimates and assumptions are evaluated on an on-going basis based on historical developments, market conditions, industry trends and other information the Company believes to be reasonable under the circumstances. There can be no assurance that actual results will conform to the Company's estimates and assumptions, and that reported results of operations will not be materially adversely affected by the need to make accounting adjustments to reflect changes in these estimates and assumptions from time to time. The following policies are those the Company believes to be the most sensitive to estimates and judgments. The Company's significant accounting policies are more fully described in Note 2 to our consolidated financial statements.

PLAN OF OPERATIONS FOR THE NEXT TWELVE MONTHS

Throughout the remainder of fiscal 2009, we plan to continue investing to support our long-term growth initiatives. We plan to partner with other alliances, enter new markets and further expand our presence in existing markets.

DEBT OBLIGATIONS

The Company has $3,368,830 (2007 - $3,549,558) of debt. Amounts incurred directly by Arraying amount to $1,320,856; of which $323,283 is being liquidated by monthly installments of $8,572 over a 60 month term; and $845,396 is due from the former TeleChem shareholders and their families, who have deferred repayment of their loans until the $323,283 has been paid in full. To date the Company has been able to meet the servicing of the TeleChem debt from cash flow generated by operations.

As part of the 'reverse merger" with Integrated Media Holdings, Inc., the ongoing Company took on the financial obligation for debt outstanding at the merger date. The predecessor debt amounts to $2,047,974 at December 31, 2008, of which $1,830,300 of original debt and $163,150 of accrued interest is convertible into common shares. The entire $2,047,974 is in default and is currently due. The debt conversion terms are such that decrease in the market value of our shares will materially increase the number of shares issuable pursuant to the terms of the debt notes. As the debt notes terms do not contain a floor on the conversion price, it is not possible to determine how many shares may ultimately be issuable under the terms of the notes payable. It is possible that the note holders, upon conversion could own a majority of the shares of the Company and it is further possible that the issuance of this unquantifiable number of our Company's shares will have a negative impact on the market price of our shares. While the terms of the Notes Payable limit the holdings of any one shareholder to 9.99%, there is no prohibition on that note holder from converting part of the debt, selling the resulting shares and then converting additional amounts of debt held. This could place additional downward pressure on the market price of our shares.

On July 30, 2009 the market price of our shares was $0.42, resulting in a potential issuance of 12,478,357 post split, common shares had all the eligible debt been converted on that date. After the year end 2,712,500 of these shares were issued as partial liquidation of the debt .

However as more fully described in the section below, the Company has entered into Oral Agreements to mitigate the effects of the default, and to fix the number of shares to be issued, notwithstanding the terms of the notes payable.

The conversion of the debt, even after the limitation on the number of shares under the Oral Agreement, will result in the issuance of an additional 12,478,357 shares, which will have a material, dilutive effect upon existing shareholders. Such a large issuance of additional shares may also have a negative effect upon the price of our shares traded on the OTC bulletin board. In addition the effect of the Oral Agreement described below, will result in a derivative, the recognition of which will materially impact the financial statements of the Company.

Oral Agreements

The predecessor debt is held by third parties who have lodged their holdings with Cloud Capital. In 2008, Cloud Capital entered into a formal custodial arrangement with 16 participants. Cloud has no discretionary power and acts solely as custodian taking direction from each participant. Each participant lodged a basket of securities with the custodian made up of common, convertible preferred and convertible debt at the time of the IMHI acquisition of TeleChem on February 21, 2008.

In January 2008, the Company entered into an oral agreement with each of the participants whereby the participant agreed to a fixed number of shares for their "basket" of securities. However, On February 20, 2009 the participants became discouraged with the efforts of the company to complete the regulatory filings and requested that the original oral agreement be abrogated. The Company then came to a new oral agreement with each of the participants that included the following:

(a) All prior agreements are now null and void.

(b) The quantum of shares being made available to the 16 participants will be fixed at 12,478,357.

(c) The 18,695 common shares, held by the participants, are issued and outstanding and will be not be affected by the new oral agreement.

(d) The 2,926,787 pre-split, (936,572 post-split) series A preferred shares will be surrendered for cancellation without compensation by each of the participants.

(e) The debt of $1,993,450 and estimated penalty and interest of $1,555,750 for a total approximation of $3,549,200 will be converted into 12,478,357 common shares being a fixed number of common shares regardless of the interest and penalties that continue to accrue.

(f) Interest and penalties cease to accrue on the debt and therefore no additional penalties or interest will become payable.

It is the intention of the 16 debt holders and the Company that the debt will be converted into common shares, as soon a practical. Currently, the Company does not have sufficient authorized share capital to satisfy this obligation, and therefore the debt may not be converted. Management is not able to practically estimate when it will have sufficient authorized share capital as this lies outside the control of the Company.

For greater certainty as outlined in item (e) above, as a result of these Oral Agreements there will be no effect upon the company of the continuing defaults or of any changes in interest rates. The Oral Agreements fix the number of shares to be issued upon conversion regardless of any additional interest and penalties which may have been due under the originating documents that are now superseded by the Oral Agreements.

After the company is able to increase its authorized common share capital, the outstanding common share capital on a pro-forma, post split basis will be as follows:

Holder	Post Split Shares	Percentage	
Existing common shareholders	583,309	1.19	%
Former Preferred "C" holders	36,100,000	73.43	%
Former Debt Holders- oral agreements	12,478,357	25.38	%
TOTAL	49,161,666	100	%

COMPARISON OF OPERATING RESULTS

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008, COMPARED TO THE YEAR ENDED DECEMBER 31, 2007

For the year ended December 31, 2008, revenues were $4,063,149, compared to $3,821,490 for the year ended December 31, 2007, an increase of $241,659 or approximately 6% from the prior period.
The increase in revenues was principally due to the Company's expansion into new markets during fiscal 2008, versus 2007.

Cost of sales decreased $19,795 or 1% to $2,643,974 for the year ended December 31, 2008, compared to $2,663,769 for the year ended December 31, 2007.

Gross profit increased $261,454 or 23% to $1,419,175 for the year ended December 31, 2008 compared to $1,157,721 for the year ended December 31, 2007. Gross profit increased largely due to the increase in total revenue which was offset by the decrease in total cost of revenues.

General and administrative expenses were $1,346,046 and $1,240,709, for the years ended December 31, 2008 and December 31, 2007, respectively, constituting an increase of $105,337 or approximately 9% from the prior period. The increase in general and administrative expenses was due to mainly to expenses associated with the Company being a public company and the Company's public company reporting obligations, including consulting and accounting fees.

Other income and expense was a net other expense of $2,020,548 and net other income of $202,818 for the years ended December 31, 2008 and December 31, 2007, respectively. Other expense for 2008 included interest expense of $721,408 and loss on derivatives $1,199,140. Other income and expense for the year ended December 31, 2007, included interest expense of $521,502 and gain on derivatives of $724,320. The main reason for the $199,906 or 38% increase in interest expense for the year ended December 31, 2008, compared to the year ended December 31, 2007, was due to debts assumed with the merger during 2008.

The Company had net loss of $1,929,693 for the year ended December 31, 2008, compared to net loss of $1,775,438 for the year ended December 31, 2007, a increase in net loss of $154,255 or 9% from the prior period. The main reason for the increase in net loss was the loss on derivative liability during the year ended December 31, 2008.

LIQUIDITY AND CAPITAL RESOURCES

We had total assets of $907,133 and total liabilities of $11,755,125 as of December 31, 2008. We had total negative working capital of $10,760,689 as of December 31, 2008.

Our derivative liability increased from $326,544 at December 31, 2007 to $1,525,684 at December 31, 2008, an increase of $1,199,140. The largest contributing factor arises because our authorized number of shares at December 31, 2008 was insufficient to cover all our potentially contractual number of common shares to be issued we have a derivative. The increase, as determined by applying a Black Scholes computation is attributable to the increase in volatility of our share prices on the OTC BB and to the decrease in the market price during 2008.

We had Accounts Payable and Accrued Liabilities of $5,143, 622 at December 31, 2008 compared to $4,801,956 at December 31, 2007. Other than liabilities in the normal course of business the amounts also include $2,762,466 in professional fees payable at December 31, 2008 incurred in defending law suits against the Company.

We had net cash provided by operating activities of $75,979 that is mainly due to loss on derivatives and increase in account payable and accrued liabilities. Subsequent to the year end, and as a result of revisions to the Oral Agreements, described above=, the Company recognized the effect of the potential loss on conversion of debt to common shares by recognizing an increase in the derivative liability to $20,996,593 at March 31, 2009

We had $75,979 of net cash used by financing activities for the year ended December 31, 2008, which included $ 185,329 of proceeds from note payable, offset by $109,350 of payments on notes payables .

We relied on our officers and directors or any of our shareholders to supplement our operations or provide us with financing. If we are unable to increase revenues from operations, to raise additional capital from conventional sources and/or additional sales of stock in the future, we may be forced to curtail or cease our operations. In the future, we may be required to seek additional capital by selling debt or equity securities. The sale of additional equity or debt securities, if accomplished, may result in dilution to our then shareholders. We provide no assurance that financing will be available in amounts or on terms acceptable to us, or at all.

Based upon our positive cash flow from operation of $75,979 during 2008, we expect that during the next twelve months the Company’s cash needs should in the opinion of Management not exceed $200,000. It is the intention of management to raise funds from a private placement to meet the need for $200,000 of negative cash flow from operations and mandatory debt repayment of $102,864 on the Wells Fargo Term Debt including $26,397 of interest and $76,467 of principal repayments.. Should the Company not be able to raise such funds, it will need to reduce expenses by laying off staff and curtailing development.

The Company has been frustrated in its ability to raise capital. Accordingly it is planning to license its future technology, in return for a royalty, in order to fund development of its microarray diagnostic tests for $1,000,000. Should the Company not be able to complete such licensing agreements, or raise $1,000,000 in capital, the company will be unable to pursue the diagnostic developments discussed elseware in this Form 10K.

In the long term, the Company will need significant amounts of net cash to fund its research and development, to provide working capital and to repay its debt. Failure to raise new capital will severely impact the Company’s ability to complete its business plan as more fully described above.

REVERSE SPLT

Effective Thursday, March 19, 2009, the final steps of the business combination with Integrated Media Holdings, Inc. were completed and the Company's common stock began trading on the OTC Bulletin Boards as "ARYC". In addition, the Company changed its name to "Arrayit Corporation", was reincorporated to Nevada from Delaware, and reverse-split its common stock and Series "A" Convertible Preferred stock in the ratio of one for thirty shares. The reverse split was only applicable to the Company's Class "A" Preferred shares and its Common Shares. The Class "C" Preferred Shares were not affected by the reverse split. The reverse split also had no effect upon the convertible debt "Oral Agreements" which fixed the amount of shares to be issued at 12,478,357 both pre and post split. As the March 19, 2009 Directors Resolution did not change the authorized share capital of the Company, the authorized number of Common Shares was reduced from 100,000,000 to 3,333,333. The Directors approved the reverse split to create a more orderly market for the trading of its Common Shares on the OTC BB.

The effects of the Reverse Stock Split have been reflected retroactively in the accompanying consolidated financial statements and notes thereto for all periods presented.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ARRAYIT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2008 and 2007

ARRAYIT CORPORATION

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Arrayit Corporation.
Sunnyvale, California

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

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

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

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 3 to the financial statements, the company has suffered recurring losses and has working capital and stockholder deficits. Those conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As disclosed in Notes 1 and 17 to the financial statements, the Company restated its 2008 and 2007 financial statements to correct accounting for debt obligations and discontinued operations, and to record a reverse stock split

/s/ Berman Hopkins Wright & LaHam, CPAs and Associates, LLP

Winter Park, Florida
July 30, 2009

ARRAYIT CORPORATION
CONSOLIDATED BALANCE SHEETS
As at December 31, 2008 and 2007

	2008	2007
Current assets:	(as restated)	(as restated)
Cash	$0	$ 0
Accounts receivable, net	261,656	294,186
Inventory	484,368	309,246
Prepaid expenses	0	120,000
Total current assets	746,024	723,432
Property and equipment, net	41,451	55,395
Assets of discontinued operations	0	247,945
Restricted cash	100,734	103,836
Deposits	18,924	18,924
Total assets	$907,133	$1,149,532
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	$5,143,622	$4,801,956
Bank overdraft	9,110	29,495
Due to related parties	349,950	337,616
Accrued expenses	1,295,131	850,462
Customer deposits	62,798	29,580
Derivative liability	1,525,684	326,544
Notes payable, current portion including related parties	3,120,418	3,222,218
Total current liabilities	11,506,713	9,597,871
Notes payable, long term	248,412	327,340
Liabilities of discontinued operations	0	1,463,966
Total liabilities	11,755,125	11,389,177
Stockholders' deficit		
Preferred "A"- $0.001 par value, voting, 166,667 shares authorized, 123,254 (2007 – 105,449) shares issued and outstanding	123	127
Preferred "C" - $0.001 par value, voting, 103,143 shares authorized, 103,143 (2007 – 103,143) shares issued and outstanding	103	103
Common stock $0.001 par value, voting, 3,333,333 shares authorized, 583,309 (2007 – 542,807) shares issued and outstanding	584	548
APIC	1,340,868	19,554
Accumulated deficit	(12,189,670)	(10,259,977)
Total stockholders' deficit	(10,847,992)	(10,239,645)
Total liabilities and stockholders' deficit	$907,133	$1,149,532

See accompanying notes to financial statements.

20

ARRAYIT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2008 and 2007

	2008	2007
	(as restated)	(as restated)
Total revenues	$ 4,063,149	$ 3,821,490
Cost of sales	2,643,974	2,663,769
Gross margin	1,419,175	1,157,721
Selling, general, and administrative expense	1,346,046	1,240,709
Legal expense	82,274	1,895,268
Interest expense	721,408	521,502
Loss (gain) on derivative liability	1,199,140	(724,320)
Net loss for the year	$ (1,929,693)	$ (1,775,438)
Net loss per common share -		
basic and diluted	$ (3.31)	$ (3.24)
Weighted average shares - basic and diluted	583,309	547,308

See accompanying notes to the financial statements.

ARRAYIT CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

For the years ended December 31, 2008 and 2007

	Preferred Series A		Preferred Series C		Common Stock		Additional Paid In	Retained	Total Stockholders'
Description	Number	Dollar	Number	Dollar	Number	Dollar	Capital	Earnings	Equity
Balance, December 31, 2006	2,884,117	2,884	-	-	16,368,710	16,369	31,8[illegible]	[illegible]0,42[illegible]	[illegible],968,187
retroactive effect of March 22, 2009 30:1 split	(2,787,980)	(2,788)			(15,823,086)	(15,823)	18,611		-
Balance, December 31, 2006 -post split	96,137	96	-	-	545,624	546	31,8[illegible]	[illegible]0,42[illegible]	[illegible],968,187
Issuance of common stock for services					12,033	12	52,488		52,500
Issuance for compensation							784,615		784,615
Issuance of common stock for unpaid rent					1,013	1	4,399		4,400
Settlement of unpaid note interest	-	-	-	-	31,709	32	52,669	-	52,701
Conversion of notes to common stock					47,981	48	49,951		49,999
Surrender for cancellation of common stock on disposal of WV Fiber					(108,200)	(108)	(490,038)		(490,146)
Common stock issued for cash					17,149	17	107,390		107,407
	3,755	4					208,796		208,800

Preferred sharess issued for services									
Re-acquisition of Series A Preferred on disposal of WV Fiber	(21,559)	(22)					(931,334)		(931,356)
Re-issuance of Series A Preferred for acquisitions in 2006	48,676	49					1,108,325		1,108,374
Issuance of Series C Preferred			103,143	103			98,897	-	99,000
Eliminiate IMHI equity under reverse merger accounting							(32,878,201)	29,335,887	(3,542,314)
Net loss for the year ended December 31, 2007	-	-	-	-	-	-	-	(1,775,438)	(1,775,438)
Balance, December 31, 2007	127,009	127	103,143	103	547,309	548	19,554	(10,259,977)	(10,239,645)
Convert Preferred A to Common	(3,755)	(4)			36,000	36	(231,376)		(231,344)
Spin off certain assets and liabilities assumed with earlier mergers							1,552,690		1,552,690
Net Income for the year ended December 31, 2008								(1,929,693)	(1,929,693)
Balance, December 31, 2008	123,254	123	103,143	103	583,309	584	1,340,868	(12,189,670)	(10,847,992)

See accompanying notes to the financial statements

22

ARRAYIT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2008 and 2008

		2008		2007
		(as restated)		
Cash flows from operating activities:				
Net loss		(1,929,693)		(1,775,438)
Adjustments to reconcile net loss to net cash				
provided by (used in) operating activities:,				
Depreciation		13,943		20,090
Gain (loss) on derivatives		1,199,140		(724,320)
Changes in operating assets and liabilities				
(Increase) decrease in assets				
Accounts receivable		32,529		13,850
Inventories		(175,122)		339,008
Prepaids		120,000		(117,920)
Restricted cash		3,101		(2,133)
Advances				
Increase (decrease) in liabilities				
Accounts payable & accrued liabilities		786,914		1,776,640
Due to related parties		12,333		206,709
Bank overdraft		(20,384)		29,495
Customer deposits		33,218		
Net cash provided by (used in) for operating activities		75,979		(234,019)
Cash flows from investing activities:				
Purchase of property and equipment		-		(3,833)
Net cash provided by (used in) for investing activities:				(3,833)
Cash flows from financing activities:				
Proceeds from notes payable		109,350		201,444
Payments from notes payable		(185,329)		(20,519)
Net cash provided by (used in) financing activities		(75,979)		180,925
Net increase (decrease) in cash		0		(56,927)
Cash, Beginning of year		-		56,927
Cash, End of year		$ nil		$ nil
Supplemental cash flow information				
Cash Paid for interest	$	159,892	$	453,738

See accompanying notes to the financial statements.

23

ARRAYIT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2008 and 2007

NOTE 1 – ORGANIZATION

Effective Thursday, March 19, 2009, the final steps of the business combination with Integrated Media Holdings, Inc. were completed and the Company's common stock began trading on the OTC Bulletin Boards as "ARYC". In addition, the Company changed its name to "Arrayit Corporation", was reincorporated to Nevada from Delaware, and reverse-split its common stock and Series A Convertible Preferred stock in the ratio of one for thirty shares. The reverse split was only applicable to the Company's Class "A" Preferred shares and its Common Shares. The Class "C" Preferred Shares were not affected by the reverse split. The reverse split had no effect upon the convertible debt "Oral Agreements" which fixed the amount of shares to be issued at 12,478,357 both pre and post split. As the March 19, 2009 Directors Resolution did not change the authorized share capital of the Company, the authorized number of Common Shares was reduced from 100,000,000 to 3,333,333. The Directors approved the reverse split to create a more orderly market for the trading of its Common Shares on the OTC BB.

The effects of the Reverse Stock Split have been reflected retroactively in the accompanying consolidated financial statements and notes thereto for all periods presented.

Arrayit has a December 31 year end.

Effective February 21, 2008, TeleChem International, Inc. ("TeleChem") completed the Plan and Agreement of Merger between Integrated Media Holdings Inc. ("IMHI"), TeleChem, the majority shareholders of TeleChem, Endavo Media and Communications, Inc., a Delaware corporation and TCI Acquisition Corp., a Nevada corporation, and wholly-owned subsidiary of IMHI. Consummation of the merger did not require a vote of the IMHI shareholders. IMHI issued 103,143 shares of Series C Convertible Preferred Stock to the shareholders of TeleChem in exchange for 100% of the equity interests of TeleChem resulting in TeleChem being a wholly owned subsidiary of the Company. The former shareholders of TeleChem then owned approximately 99.51% of the outstanding interest and voting rights of the parent company. The Preferred Stock is convertible into 36,100,000 shares of common stock after, but not before, the effective date of the reverse split of the outstanding IMHI common stock.

NOTE 2- DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Arrayit Corporation is a Nevada Corporation, formerly known as TeleChem International, Inc., that entered into the life sciences in 1996. Arrayit is a leading edge developer, manufacturer and marketer of next-generation life science tools and integrated systems for the large scale analysis of genetic variation, biological function and diagnostics. Using Arrayit's proprietary technologies, the Company provides a comprehensive line of products and services that currently serve the sequencing, genotyping, gene expression and protein analysis markets, and the Company expects to enter the market for molecular diagnostics.

Arrayit has earned respect as a leader in the health care and life sciences industries with its proven expertise in three key areas: the development and support of microarray tools and components, custom printing and analysis of microarrays for research, and the identification and development of diagnostic microarrays and tools for early detection of treatable disease states.

As a result, Arrayit has provided tools and services to thousands of the leading genomic research centers, pharmaceutical companies, academic institutions, clinical research organizations, government agencies and biotechnology companies worldwide.

The Company's patented tools and trade secrets provide researchers around the world with the performance, throughput, cost effectiveness and flexibility necessary to perform the billions of genetic tests needed to extract valuable medical information. The Company believes this information will enable researchers to correlate genetic variation and biological function, which will enhance drug discovery, drug development and clinical research, allowing diseases to be detected earlier and permitting better choices of drugs for individual patients.

Arrayit's principal office is in Sunnyvale, California. Arrayit presently has ten employees.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes all cash and highly liquid investments with original maturities of three months or less. The Company maintains cash in bank deposit accounts which, at times, exceed federally insured limits. The Company has not experienced any losses on these accounts.

Investments in certificates of deposit with our bankers that contain prohibition on their redemption are treated as non-current assets and included in restricted cash.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation and amortization on property and equipment are determined using the straight-line method over the three to five year estimated useful lives of the assets.

Impairment of Long-Lived Assets

Arrayit reviews its long-lived assets for impairment when events or changes in circumstances indicate that the book value of an asset may not be recoverable. Arrayit evaluates, at each balance sheet date, whether events and circumstances have occurred which indicate possible impairment. The Company uses an estimate of future undiscounted net cash flows of the related asset or group of assets over the estimated remaining life in measuring whether the assets are recoverable. If it is determined that an impairment loss has occurred based on expected cash flows, such loss is recognized in the statement of operations.

Inventory

Inventories are stated at the lower of cost or market, cost determined on the basis of FIFO.

Revenue Recognition

Revenue is recognized when title and risk of loss are transferred to customers upon delivery based on terms of sale and collectability is reasonably assured.

Shipping and Handling Costs

Shipping and handling costs billed to customers are recorded as revenue. Shipping and handling costs paid to vendors are recorded as cost of sales.

Fair Value of Financial Instruments

The carrying amounts reported in the accompanying balance sheets of all financial instruments approximates their fair values because of the immediate or short-term maturity of these financial instruments or comparable interest rates of similar instruments.

Allowance for Doubtful Accounts

The Company records an allowance for estimated losses on customer accounts. The allowance is increased by a provision for bad debts, which is charged to expense, and reduced by charge-offs, net of recoveries.

Patent Costs

Costs incurred with registering and defending patent technology are charged to expense as incurred.

Derivative Instruments

Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, requires all derivatives to be recorded on the balance sheet at fair value. These derivatives, including embedded derivatives, are separately valued and accounted for on our balance sheet.

Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"), requires freestanding contracts that are settled in a company's own stock, including warrants to purchase common stock, to be designated as an equity instrument, asset or a liability. Under the provisions of EITF 00-19, a contract designated as an asset or a liability must be carried at fair value on a company's balance sheet, with any changes in fair value recorded in the company's results of operations. A contract designated as an equity instrument must be included within equity, and no fair value adjustments are required.

Following guidance by SFAS No. 133 and EITF 00-19, we determined the conversion feature of our "SOV Cap" notes, Senior Secured Convertible Notes ("SSCN") and the warrants associated with the SSCN notes should be treated as separate derivative liabilities on our balance sheet under current liabilities. Unrealized changes in the value of these derivatives are recorded in the consolidated statement of operations as a gain or loss on derivative liabilities. Fair values of the derivative liability associated with the conversion features and warrants are determined using a Black-Scholes Model.

Income Taxes

Prior to February 21, 2008, the financial statements of TeleChem did not include a provision for Income Taxes because the taxable income of Telechem was included in the Income Tax Returns of the Stockholders under the Internal Revenue Service "S" Corporation elections.

Upon completion of the February 21, 2008 transaction with IMHI as more fully described in Note 1, TeleChem ceased to be treated as an "S" Corporation for Income Tax purposes. Effective March 19, 2009, Arrayit Corporation became a Nevada C Corporation.

Deferred taxes are computed using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are not recognized unless it is more likely than not that the asset will be realized in future years.

The Company applies the provisions of FASB, Interpretation No. 48, or FIN 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109." FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

When applicable, the Company will include interest and penalties related to uncertain tax positions in income tax expense.

Loss per Common and Common Equivalent Share

The computation of basic loss per common share is computed using the weighted average number of common shares outstanding during the year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus common stock equivalents which would arise from their exercise using the treasury stock method and the average market price per share during the year. No common stock equivalents were outstanding during 2007.

Recent Accounting Pronouncements

In December, 2007, the FASB issued FAS No. 141(R), Business Combinations, and SFAS No. 160, Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. FAS No. 141(R) is required to be adopted concurrently with SFAS No. 160.These standards are effective for fiscal years beginning after December 15, 2008 and will apply prospectively to business combinations completed on or after that date. Early adoption is prohibited. FAS 141(R) requires changes in accounting for acquisitions and FAS 160 will change the accounting for minority interests. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS No. 161”). SFAS No. 161 amends and expands the disclosure requirements of FASB Statement 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”) to require qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit risk-related contingent features in derivative agreements. The Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Early application is encouraged. The Company is currently assessing the financial impact of SFAS 161 on its financial statements.

In May 2008, the FASB issued FASB FSP APB 14-1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)”. FSP APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer’s non-convertible debt borrowing rate. Such separate accounting also requires accretion of the resulting discount on the liability component of the debt to result in interest expense equal to an issuer’s nonconvertible debt borrowing rate. In addition, the FSP provides for certain changes related to the measurement and accounting related to derecognition, modification or exchange. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008 on a retroactive basis. The impact of this standard cannot be determined until the transactions occur.

In May 2008, the FASB issued FAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". FAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective for financial statements issued for interim and annual periods after September 15, 2009. The adoption of this statement is not expected to have a material effect on the Company's financial statements .

NOTE 3- GOING CONCERN

At December 31, 2008 Arrayit has a working capital deficit of $10,700,689, a stockholders' deficit of $10,847,992, and recurring net losses. These factors create substantial doubt about Arrayit's ability to continue as a going concern. The financial statements do not include any adjustment that might be necessary if Arrayit is unable to continue as a going concern.

The ability of Arrayit to continue as a going concern is dependent on Arrayit generating cash from the sale of its common stock or obtaining debt financing and attaining future profitable operations. Management's plans include selling its equity securities and obtaining debt financing to fund its capital requirement and ongoing operations; however, there can be no assurance Arrayit will be successful in these efforts.

NOTE 4 – CASH AND RESTRICTED CASH

Cash on hand and bank overdrafts represent cash that may freely be used in the conduct of our business.

At December 31, 2008 and 2007, restricted cash was composed of a $100,000 Certificate of Deposit and accrued interest of $735 and $3,836, respectively, lodged with our bankers as security for a $100,000 letter of deposit we were mandated to lodge with the Pennsylvania court, as part of the Pediatrix legal action more fully described in Note 10. Upon finalization of the legal action, the letter of credit will be returned and the bankers will release the restrictions on the Certificate of Deposit.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable are shown net of an Allowance for Doubtful Accounts. As more fully explained in Note 6 below, receivable has been reduced by Accounts Receivable loans sold with recourse.

	2008	2007
Gross Accounts Receivable	$ 772,295	$ 581,449
Less:		
Allowance for doubtful	(125,000)	(65,714)
Loan value of receivables sold with recourse (see note 6)	(385,639)	(221,549)
Total	$ 261,656	$ 294,186

NOTE 6 – ACCOUNTS RECEIVABLE SOLD WITH RECOURSE

Pursuant to an agreement dated July 5, 2007, the Company has sold some of its Accounts Receivable to a financial institution with full recourse. The financial institution retains a 15% portion of the proceeds from the receivable sales as reserves, which are released to the Company as the Receivables are collected. The maximum commitment under this facility is $500,000, and is limited to receivables that are less than 31 days outstanding. The facility bears interest at prime plus 7% currently 11.50% at December 31, 2008, and is secured by an unconditional guarantee of the Company and a first charge against the Accounts Receivable. At December 31, 2008, the balance outstanding under the recourse contracts was $385,639 net of a hold back reserve of $79,742 (2007 net - $ 230,498). Because of the Company's credit policies, repossession losses and refunds in the event of default have not been significant and losses under the present recourse obligations are not expected to be significant, it is at least reasonably possible that the Company's estimate will change within the near term.

NOTE 7 – FIXED ASSETS

Property and equipment consisted of the following at December 31, 2008 and 2007:

		2008		2007
Fixed Assets – Cost	$	303,870	$	303,870
Less:				
Accumulated Depreciation		(262,419)		(248,475)
Total	$	41,451	$	55,395

Depreciation expense totalled $13,944 and $20,090 respectively in fiscal 2008 and 2007.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILILITES

Accounts payable and accrued liabilities, consisted of the following at December 31, 2008 and 2007:

	2008	2007
ACCOUNTS PAYABLE		
Normal course of business	$ 1,489,731	$ 1,232,305
Pertaining to law suits	2,762,466	2,734,199
Total Accounts Payable	4,252,197	3,966,504
ACCRUED LIABILITIES		
Accrued Salaries & Wages	439,820	484,928
Judgement Interest	292,188	
other	159,417	350,524
Total Accrued Liabilities	891,425	835,452
TOTAL	$ 5,143,622	$ 4,801,956

NOTE 9 – DUE TO RELATED PARTIES

Pursuant to a consulting agreement with Dr. Mark Schena, the Company is obligated to pay a royalty of 5% of gross sales to him as a royalty for unfettered use of his patents and knowledge. Amounts outstanding at December 31, 2008 and 2007 of $349,950 and $337,616 respectively are unsecured, non-interest bearing and due on demand.

NOTE 10 - DEBT

	2008	2007
Discounted convertible notes payable due to SovCap. SovCap is affiliated with a former officer and director of the Company and is a significant stockholder of the Company. These notes have a face interest rate of 12% and a penalty rate after default of 26%. The notes are unsecured and are due on demand. The notes are convertible at rates between 85% and 75% of the average closing bid price of the Company's common stock for the five trading days ending on the trading day immediately preceding the conversion date. The notes were issued in six tranches between November 25, 2003 and August 24, 2004. During 2008 none of the principal was converted into common stock. The notes are in default. These notes are included in the Oral Agreements whose terms include the cessation of any liability for future penalties and interest.	405,300	405,300
Notes payable due to SovCap, for proceeds received during the third quarter of 2006, payable on demand after 45 days from the issue date, unsecured bearing interest at 12%. The notes are in default. These notes are included in the Oral Agreements whose terms include the cessation of any liability for future penalties and interest.	118,500	118,500
Notes payable due to SovCap, unsecured bearing interest at 8% and due on February 22, 2007, issued on February 22, 2005. The notes are convertible at rate of 75% of the average closing bid price of the	1,425,000	1,425,000

Company's common stock for the five trading days ending on the trading day immediately preceding the conversion date. The Company is presently in default of the payments on these notes, and as a result, the notes are accruing interest at the default rate of 26%. The notes are in default. These notes are included in the Oral Agreements whose terms include the cessation of any liability for future penalties and interest.		
Note payable to Dorn & Associates, in conjunction with a 2005 funding. Payable in 36 monthly instalments of $890 at an interest rate of 5%. The Company is presently in default of the payment terms on this note, and has classified the entire note balance as current. These notes are unsecured.	25,177	25,177
Convertible notes due to a former officer and shareholder of the Company, arising from a series pf advances during fiscal; 2003. These notes bear interest at 12%, are unsecured, and due on demand. The Company is presently in default of the payment terms on these notes. The notes are convertible into approximately 10,251 shares at approximately $8.00 per share.	74,174	74,174
Notes payable to an individual with interest at 10% collateralized by receivables and due on demand.	0	17,826
Promissory note payable to AlphaWest Capital Partners, LLC, a party related to a former President and Director, in exchange for the March 24, 2006 proceeds in the same amount, unsecured with interest rate at 12% and due on demand.	25,000	25,000
Notes payable to certain individual accredited investors with interest of 15% or 18% per annum and are payable on demand after 180 days from the issue date. Notes are convertible into units of common stock and warrants at a rate of one unit for every $5.00 converted. Notes in the principal amount of $1,183,500 were sold as a part of the sale of WV Fiber, Inc.	0	44,500
Notes payable to former officer and other individual accredited investors, unsecured without specific terms of repayment	0	60,250
Notes payable due to SovCap, unsecured	0	161,250
Notes payable, interest free, unsecured due on demand from a shareholder	0	0
Notes payable to Wells Fargo, payable in 60 monthly instalments of $8,572 including interest at bearing interest at Prime plus 2.75% (10.25% at December 31, 2008), through November 2012. Secured by Equipment, Inventory, Accounts, Instruments, Chattel Paper and General Intangibles of TeleChem International, Inc. Unconditional Guarantees by some of the company's Class "C" shareholders and unconditional limited guarantees by the those shareholders' spouses. Guarantee secured by two residential properties and cash collateral of $276,000.	323,283	392,952
Notes payable, interest at 8%, unsecured due on demand from Arrayit creditors	42,827	44,545
Notes payable, interest at 5%, unsecured, due on demand from minority shareholders	109,350	0
Notes payable, interest at 8%, unsecured due on demand from the former TeleChem shareholders and their families.	845,396	959,338
	3,368,830	3,753,812

Notes payables included in liabilities of discontinued operations	0	(204,254)
Notes payable including related parties	3,368,830	3,549,558

Scheduled maturities of notes payable for years succeeding December 31, 2008 are as follows:

Year	Amount
2009	$ 74,871
2010	$ 80,084
2011	$ 85,660
2012	$ 82,699

Derivative Liabilities

Convertible Notes

From November 2003 to August 2004, the Company issued promissory notes in the aggregate principal amount of $405,300. These Promissory Notes carry an interest rate of 12% (penalty rate of 18%) and were payable within ten (10) days from the demand by the holder, which demand may be made at any time after 120 days from the issuance of the Promissory Notes. Interest is payable in cash or shares of common stock. The notes are convertible into our common shares at 75% of volume weighted average price for five (5) trading days prior to conversion date. As of December 31, 2008, the Company is in default of these Promissory Notes.

On February 22, 2007 the Company issued notes payable due to SovCap, unsecured bearing interest at 8% and due on February 22, 2007, issued on February 22, 2005. The notes are convertible at rate of 75% of the average closing bid price of the Company's common stock for the five trading days ending on the trading day immediately preceding the conversion date.

The Company evaluated the convertible debentures under SFAS No. 133 "Accounting for Derivatives" and EITF 00-19 "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in a Company's Own Stock". The Company determined that the convertible debentures contained an embedded derivative for the conversion option. The conversion option allows for an indeterminate number of shares to potentially be issued upon conversion. The company further concluded that at the time of issuance and at December 31, 2008, and as specifically addressed in paragraph 10 of EITF 00-19, it had insufficient available authorized and unissued shares and therefore net share settlement is not within the control of the company.

This results in the Company being unable to determine with certainty they will have enough shares available to settle any and all outstanding common stock equivalent instruments. The Company would be required to obtain shareholder approval to increase the number of authorized shares needed to share settle those contracts. Because increasing the number of shares authorized is outside of the Company’s control, this results in these instruments being classified as liabilities under EITF 00-19 and derivatives under SFAS No. 133. As a result, the Company has determined that all existing outstanding convertible notes are also subject to EITF 00-19 and SFAS No. 133. The terms of those Notes and Promissory Notes were disclosed under Note 9.

The fair value of the derivative instruments – convertible debentures is estimated using the intrinsic values of the conversion feature of the debentures. The Promissory Notes are carried at full face value as they are in default. In addition, the fair market value of the related derivative liabilities arising from the debt , is recorded as of December 31, 2008 and 2007 to be $2,670,763 and $226,544, respectively. During the years ended December 31, 2008 and 2007, a $38,424 and $724,320 decrease in the fair value of the derivative instruments-convertible notes was recorded as unrealized loss on fair value of derivative instruments in the accompanying consolidated statement of operations.

Subsequent to the year end, the Company entered into Oral Agreements with the SovCap noteholders that provided interalia, a limit upon the number of shares to be issued, without regard to any further accrued interest and or penalties and also without regard to any changes in the market price of the Company's stock as traded on the OTC BB. Accordingly the Company concluded that

a) in future paragraph 21 of EITF 00-19 will be applicable,
b) that the number of shares to be issued is determinable
c) once the Company is able to increase its authorized share capital, the Company will no longer need to provide for the imbedded derivative.

Warrants

In January 2008, the Company issued warrants to purchase 1,250,000 shares of common stock. The Company evaluated the convertible debentures and the warrants under SFAS No. 133 "Accounting for Derivatives" and EITF 00-19 "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in a Company's Own Stock". The Company determined that the warrants qualified as free standing derivatives as the Company is unable to determine with certainty they will have enough shares available to settle any and all outstanding common stock equivalent instruments. The Company would be required to obtain shareholder approval to increase the number of authorized shares needed to share settle those contracts. Because increasing the number of shares authorized is outside of the Company's control, this results in these instruments being classified as liabilities under EITF 00-19 and derivatives under SFAS No. 133.

During the year ended December 31, 2008, a $1,245,079 increase in the fair value of the derivative instruments-warrants was recorded as unrealized loss on fair value of derivative instruments in the accompanying consolidated statement of operations. The fair market value of the related derivative liabilities, attributable to the warrants, is recorded as of December 31, 2008 and 2007 to be $(1,245,079) and $100,000 respectively. During the years ended December 31, 2008 and 2007, a $38,424 and $724,320 decrease in the fair value of the

The fair value of the derivative instruments – warrants is estimated using the Black-Scholes option pricing model with the following assumptions as of December 31, 2008:

Common stock issuable upon exercise of warrants	1,250,000	
Estimated market value of common stock on measurement date(1)	$ .01	
Exercise price	$ 2.25	
Risk free interest rate (2)	3.34	%
Warrant lives in years	4.05	
Expected Volatility (3)	83.63	%
Expected dividend yields (4)	None	

(1) The estimated market value of the stock is measured each period end and is based reported public market prices.
(2) The risk-free interest rate was estimated by management using the U.S. Treasury zero-coupon yield over the contractual term of the warrant on date of grant.
(3) The volatility factor was estimated by management using the Company's historical volatilities of its stock price.
(4) Management estimated the dividend yield at 0% based upon its expectation that there will not be earnings available to pay dividends in the near term.

As the Warrant Agreement contained an anti-dilution clause, no recognition was given to the subsequent Reverse Stock Split of 30 to 1 which took place on March 22, 2009.

NOTE 11 – SEGMENT REPORTING

Arrayit has two reportable segments:

Biotech - life sciences and disease diagnostics

Chemical - chemical trading
Inventory at December 31, 2008 and 2007, which consisted primarily of finished goods or finished parts requiring assembly, was comprised of:

	2008	2007
Biotech	$ 445,534	$ 256,237
Chemical	38,834	53,009
Total	$ 484,368	$ 309,246

Gross Profit for the years ended December 31, 2008 and 2007, was comprised of:

Sales		2008	2007
	Biotech	$ 3,721,751	$ 3,310,412
	Chemical	341,399	511,078
	Total Sales	4,063,149	3,821,490
Cost of Sales			
	Biotech	2,079,375	2,185,948
	Chemical	564,599	477,821

	Total Cost of Sales	2,643,974	2,663,769
Gross Profit			
	Biotech	1,642,375	1,124,464
	Chemical	(223,200)	33,257
	Total Gross Profit	$ 1,419,175	$ 1,157,721

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Pediatrix Screening, Inc., et al. V. TeleChem International, Inc.

The controversy at issue arose from a failed grant collaboration between Pediatrix and TeleChem, involving TeleChem's proprietary microarray technology and subsequent agreement by the parties to commercialize this microarray technology through the formation of a joint corporation. Pediatrix brought a lawsuit in the United States District Court for the Western District of Pennsylvania alleging multiple claims for breach of contract in connection with both the grant collaboration and Pre-Incorporation Agreement. TeleChem counterclaimed alleging breach of the Pre-Incorporation Agreement, as well as fraudulent misrepresentation and trade secret misappropriation, inter alia , stemming from the failed grant collaboration and subsequent Pre-Incorporation Agreement.

On August 11, 2007, the jury returned a verdict finding that, while both parties were in breach of contract, Pediatrix also engaged in fraudulent misrepresentation and awarded TeleChem $500,000 in damages and $3,500,000 in punitive damages for the fraudulent misrepresentation claim and $1,000,000 in damages on the breach of contract claim. The jury also awarded Pediatrix $1,085,000 in damages for Pediatrix's breach of contract claim against TeleChem.

Pediatrix's Rule 59 motion to amend the judgement was denied by the District Court. Pediatrix appealed the jury verdict on fraudulent misrepresentation and the $4,000,000 in damages awarded thereunder to the U.S. Court of Appeals for the Third Circuit. Pediatrix has indicated that it will not pursue on appeal the breach of contract verdict and damage award against it. TeleChem did not appeal any portion of the jury verdict.

The appeal is currently pending before the U.S. Court of Appeals for the Third Circuit.

Long Term Lease Commitments

The Company leases its office facility in Sunnyvale, California under operating leases that expire November 30, 2012.

Future minimum lease payments as of December 31, 2008 are as follows:

YEAR ENDING	
2009	150,024
2010	150,024
2011	150,024
2012	137,522
	$ 587,594

Rent expense was approximately $134,838 for the year ended December 31, 2008 and $169,988 for the year ended December 31, 2007.

Note 13- Discontinued operations

On April11, 2007 IMHI disposed of our wholly-owned subsidiary, WV Fiber, LLC. During the fourth quarter of 2007, IMHI approved a plan to dispose of its wholly- owned subsidiaries, Endavo and Bidchaser.

In conjunction with the discontinuance of operations, IMHI recognized a loss of $3,142,419 in 2007 to record the impairment of goodwill The assets and liabilities of the discontinued operations are presented separately under the captions “Assets of discontinued operations” and “Liabilities of discontinued operations,” in the accompanying Balance Sheets at December 31, 2008 and 2007, and consist of the following:

	2008	2007
Assets of discontinued operations:		
Cash		$ 99,996
Accounts receivable	-	
Prepaid expenses	-	
Property and equipments	-	
Other noncurrent assets		147,949
Total assets of discontinued operations		$ 247,945
Liabilities of Discontinued operations		
Accounts payable and accrued expenses		$ 1,463,965

There is no activity in liabilities from the discontinued operation through December 31, 2008.

Note 14 - Stockholders' Equity (Deficit)

Conversion of Debt to Common Stock

During 2007, certain creditors converted $102,701 of loans and accrued interest into 2,390,731 shares of common stock and a subsidiary's landlord converted $4,400 of unpaid rent into 30,345 shares of common stock.

No conversion of debt occurred during 2008.

Common Shares Issued for Service

During 2007, IMHI has issued 360,994 common shares and 112,651 Series A Preferred shares to consultants under consulting agreements. The associated expenses are $52,500 and $208,800 respectively.

Series A Convertible Preferred Stock

The Series A Preferred Stock, $0.001 par value, has no stated dividend rate and has a liquidation preference of $.001 per share. The Series A Preferred Stock also has voting rights that entitle the preferred shareholders to vote with the common shareholders as if the preferred stock had converted to common.. The are 166,667 authorized and 123,254 (2007 – 127,009) issued and outstanding shares.

The Series C Preferred Stock, $0.001, has no stated dividend rate. There are 103,143 authorized sharesThe Series C Preferred Stock also has voting rights that entitle the preferred shareholders to vote with the common shareholders as if the preferred stock had converted to common. The conversion ratio of the preferred into common is not subject to revision upon reverse stock dividends or splits that reduce the total shares outstanding.

The 103,143 Series C Preferred Stock was issued on February 21, 2008 as part of the merger with TeleChem, and was outstanding at December 31, 2008 and 2007 . These Series C Preferred shares are convertible into 36,100,000 common shares at the rate of 350:1.

On August 15, 2008 the articles of designation for the Series C Preferred Stock were amended to limit the conversion to common to shares to 10% of the holders' original holdings in any quarter.

Options and warrants

On January 19, 2008 IMHI issued 1,250,000 warrants, expiring on January 19, 2013, exercisable at $0.01. Warrants that were issued generally do not have a life that exceeds ten years. Information regarding warrants and options to purchase common shares is summarized below:

	Number of Options and Warrants	Weighted Average Exercise Price Per Share
Outstanding at December 31, 2006	11,965,000	$ 0.09
Granted	-	-

Cancelled/forfeited	(3,013,000)		-
Expired	-		-
Exercised	-		-
Outstanding at December 31, 2007	8,952,000	$	0.10
Granted	1,250,000	$	0.01
Cancelled/forfeited	(8,952,000)		-
Expired	-		-
Exercised	-		-
Outstanding at December 31, 2008	1,250,000	$	0.01

32

The following table summarizes information about outstanding warrants and options for common stock at December 31, 2008:

Range of Exercise	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercised	Average Exercise Price
$ 0.01	1,250,000	5	0.01	0	$ 0.01

Note 15 – Reverse Merger Accounting

On February 6, 2008, Integrated Media Holdings, Inc., a Delaware corporation (“IMHI” or the “Company”), filed a Current Report on Form 8-K (the “Original Filing”) announcing, among other things, the merger of TeleChem International, Inc. (“TeleChem”) a privately held Delaware corporation (“TeleChem”) with and into a wholly-owned subsidiary of IMHI (the “Merger”), and that as a result TeleChem became a wholly owned subsidiary of IMHI.

It is the intention of the parties for IMHI to divest itself of those operations designated as Discontinued Operations in IMHI's December 31, 2007 Form 10-KSB, upon completion of the merger.

For accounting purposes, this transaction was treated as an acquisition of IMHI and a recapitalization of TeleChem. TeleChem is the accounting acquirer and the results of its operations carryover. Accordingly, the operations of IMHI are not carried over.

(a) Issue Preferred Shares for TeleChem's net assets and consultants fees
Issue Warrants for Consultants

Effective February 21, 2008, we completed the Plan and Agreement of Merger by and among us, TeleChem International, Inc., the majority shareholders of TeleChem, Endavo Media and Communications, Inc., a Delaware corporation and TCI Acquisition Corp., a Nevada corporation, and wholly owned subsidiary of the Company. Consummation of the merger did not require a vote of our shareholders. We issued 103,143 shares of Series C Convertible Preferred Stock to the Shareholders of TeleChem in exchange for 100% of the equity interests of TeleChem resulting in TeleChem being a wholly owned subsidiary and also as compensation for services in connection with the acquisition..

The former shareholders of TeleChem and the consultants now own approximately 98.51% of the outstanding interest and voting rights of the parent company. The Preferred Stock is convertible into 36,100,000 shares of common stock after, but not before, the effective date of the reverse split of the outstanding Integrated Media common stock, with conversions in any quarter being limited to 25% of the original issued Series C preferred shares to the holder.

The value of the 3,143 Series C preferred shares issued to consultants, convertible at 350 to one common shares was determined by applying the close on the OTCBB of $0.09 to yield $99,000

On January 19, 2008 IMHI issued 1,250,000 warrants to some IMHI noteholders, expiring on January 19, 2013 exercisable at $0.01, in connection with the Arrayit business combination. At February 21, 2008 the market value of the IMHI shares was $0.09, yielding an expense of $100,000.

(b) Elimination of IMHI's Stockholders' Equity.

In accordance with reverse acquisition accounting, the financial statements subsequent to the date of the transaction will be presented as a continuation of Arrayit and as a result the stockholders' equity of IMHI which is equal to the book value of net assets, has been eliminated as follows:

Total Elimination	
IMHI additional paid in capital	32,878,201
IMHI accumulated deficit	(29,335,887)
Adjusted book value of IMHI net assets	3,542,314

(f)Restatement of Share Capital Under Reverse Merger Accounting

In accounting for this reverse merger, the legal share capital is that of IMHI (the legal parent) and the value of the share capital is calculated as described above.

Upon completion of this transaction, Arrayit will have 17,499,262 of its $ 0.001 par value common share issued and outstanding and 3,697,611 of its $ 0.001 pare value Series A preferred shares issued and outstanding and nil of its $ 0.001 par value Series C preferred shares issued and outstanding.

In addition, Arrayit will have 1,250,000 warrants and options to purchase common shares after reflecting the cancellation of 1,750,000 common stock purchase warrants surrendered as consideration for the disposition of the former Endavo subsidiary of IMHI.

NOTE 16 – INCOME TAXES

At December 31, 2008, the Company had net operating loss (NOL) carry-forwards available to offset future taxable income of approximately $12 million including approximately $11.5 million from IMHI at date of the merger. The utilization of the NOL carry-forwards is dependent upon the tax laws in effect at the time the NOL carry-forwards can be utilized. It is also likely that utilization of the NOL carry-forwards are limited based on changes in control from the merger. A valuation allowance has been recorded against the deferred tax asset due to the uncertainty surrounding its realization caused by the Company's recurring losses. The NOL carryforwards will expire in 2018.

Prior to merger, the financial statements of TeleChem did not include a provision for income taxes because the taxable income of Telechem was included in the income tax returns of the stockholders under Internal Revenue Service "S" Corporation elections. Upon completion of the merger, Telecom ceased to be treated as an "S" Corporation for income tax purposes income tax purposes.

NOTE 17 – RESTATEMENT OF PREVIOUSLY ISSUED FINANICAL STATEMENTS

Summary of Restatement Items

The condensed consolidated financial statements for the year ended December 31, 2008 and related disclosures in this Amendment No. 1 to the Annual Report on Form 10-K/A have been restated in accordance with the changes described below:

The Company Management together with outside legal counsel determined that the disposal of discontinued operations should have been reflected at December 31, 2008.

Balance sheet impact

The following table sets forth the effects of the restatement adjustments on the Company's consolidated balance sheet as of December 31, 2008 and 2007 as compared to the balance sheets initially filed in the December 31, 2008 Form 10-K.

	December 31, 2008						
		As initially reported		Adjustment			As restated
Current assets	$	746,024	$	-		$	746,024
Property and equipment, net		41,451		-			41,451
Assets of discontinued operations		247,945		(247,945)	(a)		0
Restricted cash		100,734		-			100,734
Deposits		18,924		-			18,924
Total assets		1,155,079		(247,946)			907,133
Current liabilities:							
Accounts payable and accrued liabilities		5,994,084		(850,462)	(b)		5,143,622
Bank overdraft		9,110		-			9,110
Due to related parties		349,950		-			349,950
Accrued expenses		444,669		850,462	(b)		1,295,131
Customer deposits		62,798		-			62,798

Derivative liability		1,525,684		-		1,525,684
Notes payable, current portion		3,457,087		(336,669)	(a)	3,120,418
Total current liabilities		11,843,382		(336,669)		11,506,713
Notes payable, long term		248,412		-		248,412
Liabilities of discontinued operations		1,463,966		(1,463,966)	(a)	0
Total liabilities		13,555,760		(1,800,635)		11,755,125
Stockholders' deficit:						
Preferred "A"		123		-		123
Preferred "B"		103		-		103
Common stock		584		-		584
Additional paid-in capital		(4,681,360)		6,022,228	(c)	1,340,868
Deficit accumulated		(7,720,133)		(4,469,538)	(c)	(12,189,670)
Total stockholders' deficit		(12,400,681)		1,552,689		(10,847,992)
Total liabilities and stockholders' deficit	$	1,155,079	$	(247,946)	$	907,133

(a) To record divestiture of assets and liabilities related to discontinued operations. .

(b) To break out the portion of accrued interest that had been grouped with accounts payable and other accrued liabilities.

(c) To reclassify equity accounts to properly record effects of divestiture.

34

	December 31, 2007			
	As initially reported	Adjustment		As restated
Current assets	$ 723,432	$ -		$ 723,432
Total assets	1,149,532	-		1,149,532
Current liabilities:				
Accounts payable and accrued liabilities	4,796,835	5,121	(a)	4,801,956
Bank overdraft	29,495	-		29,495
Due to related parties	337,616	-		337,616
Accrued expenses	0	850,462	(a)	850,462
Customer deposits	29,580	-		29,580
Derivative liability	0	326,544	(a)	326,544
Notes payable, current portion including related parties	3,222,218	-		3,222,218
Total current liabilities	8,415,744	1,182,127		9,597,871
Notes payable, long term	327,340	-		327,340
Liabilities of discontinued operations	1,463,966	-		1,463,966
Total liabilities	10,207,050	1,182,127		11,389,177
Stockholders' deficit:				
Preferred "A"	127	-		127
Preferred "B"	103	-		103
Common stock	548	-		548
Additional paid-in capital	(3,406,963)	3,387,409	(a)	19,554
Deficit accumulated	(5,690,441)	(4,569,536)	(a)	(10,259,977)
Total stockholders' deficit	(9,057,518)	(1,182,127)		(10,239, 645)
Total liabilities and stockholders' deficit	$ 1,149,532	$ -		$ 1,149,532

(a) To adjust balance sheet to for effects of reverse merger accounting.

Impact on Statements of Changes in Stockholders' Equity

The impact of the above restatement on the Company's consolidated statements of changes in stockholder's equity, specifically on Additional Paid In Capital and Accumulated Deficit, for the years ended December 31, 2008 and 2007 is summarized below.

Additional Paid-In Capital:

	Years ended December 31, 2007 and 2008		
	As initially reported	Adjustment	As restated
Balance, December 31, 2006	$ 31,851,597	$ -	$ 31,851,597
Issuance of common stock for services	52,488	-	52,488
Issuance for compensation	784,615	-	784,615
Issuance of common stock for unpaid rent	4,399	-	4,399
Settlement of unpaid note interest	52,699	-	52,699
Conversion of notes to common stock	48,951	-	48,951

Surrender for cancellation of common stock on disposal of WV Fiber		(490,038)	-		(490,038)
Common stock issued for cash		107,390	-		107,390
Preferred shares issued for services		208,796	-		208,796
Re-acquisition of Series A Preferred on disposal of WV Fiber		(931,334)	-		(931,334)
Re-issuance of Series A Preferred for acquisitions in 2006		1,108,325	-		1,108,325
Issuance of Series C Preferred		98,897	-		98,897
Eliminate IMHI equity under reverse merger accounting		(36,265,610)	3,387,409	(a)	(32,878,201)
Balance, December 31, 2007		(3,367,855)	3,387,409		19,554
Convert Preferred A into Common		(1,314,439)	1,083,063	(b)	(231,376)
Spin off of certain assets and liabilities assumed with earlier mergers		-	1,552,690	(c)	1,552,690
Balance, December 31, 2008	$	(4,682,294)	6,023,162	$	1,340,868

(a) To correct the statements of changes in equity for the effects of reverse merger accounting.

(b) To correct the restatement of IMHI's in conjunction with the merger.

(c) To record the divestiture of assets and liabilities related to discontinued operations that were included in the merger.

Accumulated Deficit:

	Years ended December 31, 2007 and 2008			
	As initially reported	Adjustment		As restated
Balance, December 31, 2006	$ (37,820,426)	$ -		$ (37,820,426)
Eliminate IMHI equity under reverse merger accounting	37,820,426	(8,484,539)	(a)	29,335,887
Net loss for the year ended December 31, 2007	(5,690,441)	3,915,003	(a)	(1,775,438)
Balance, December 31, 2007	(5,690,441)	(4,569,536)		(10,259,977)
Net loss for the year ended December 31, 2008	(2,029,693)	99,999		(1,929,694)
Balance, December 31, 2008	$ (7,720,134)	(4,469,537)		$ (12,189,671)

(a) To correct the statements of changes in equity for the effects of reverse merger accounting.

Impact on Statements of Operations

The impact of the above restatement on the Company’s consolidated statement of operations for the year ended December 31, 2008 is summarized below.

	Year ended December 31, 2008			
	As initially reported	Adjustment		As restated
Total revenues	$ 4,063,149	$ -		$ 4,063,149
Cost of sales	2,643,974	-		2,643,974
Gross margin	1,419,175			1,419,175
Selling, general, and administrative expense	1,346,046	-		1,346,046
Legal expense	82,274			82,274
Interest expense	721,408	-		721,408
Loss (gain) on derivative liability	1,299,139	(99,999)	(a)	1,199,140
Net loss for the year	2,029,692	(99,999)		1,929,693
Net loss per common share - basic and diluted	$ (3.48)	0.17	(a)	$ (3.31)
Weighted average shares - basic and diluted	583,309	-		583,309

(a) To correct arithmetic error.

Impact on Statements of Cash Flows

The impact of the above restatement on the Company’s consolidated statement of cash flows for the year ended December 31, 2008 is summarized below.

	Year ended December 31, 2008			
	As initially reported	Adjustment		As restated
Cash flows from operating activities:				
Net loss	$ (2,029,692)	$ 99,999	(a)	$ (1,929,693)

Adjustments to reconcile net loss to net cash provided by (used in) operating activities:						
Depreciation		13,943	-			13,943
Gain (loss) on derivatives		1,299,139	(99,999)	(a)		1,199,140
Changes in operating assets and liabilities:						
(Increase) decrease in assets						
Accounts receivable		32,529	-			32,529
Inventories		(175,122)	-			(175,122)
Prepaids		120,000	-			120,000
Restricted cash		3,101	-			3,101
Increase (decrease) in liabilities						
Accounts payable & accrued liabilities		786,914	-			786,914
Due to related parties		12,333	-			12,333
Bank overdraft		(20,384)	-			(20,384)
Customer deposits		33,218	-			33,218
Net cash provided by (used in) for operating activities		75,979				75,979
Net cash provided by (used in) for investing activities		-	-			-
Net cash provided by (used in) financing activities		(75,979)	-			(75,979)
Net increase (decrease) in cash		0	-			0
Cash, Beginning of year						
Cash, End of year		$nil	-			$nil
Supplemental cash flow information						
Cash Paid for interest	$	159,892	-		$	159,892

(a) To correct arithmetic error.

36

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

None.

ITEM 9A(T). CONTROLS AND PROCEDURES

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act, as amended. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Management's review and evaluation of the company's internal controls over financial reporting did not involve a recognized framework for financial controls and was limited to the identification of risks associated with the limited number of personnel employed by the company and the direct involvement of the CEO and CFO in most business functions. In its assessment of the effectiveness of internal control over financial reporting as of December 31, 2008, our management determined that there were control deficiencies that constituted material weaknesses, as described below.

Lack of Effective Corporate Governance Policies and Procedures. We do not have effective policies regarding the independence of or directors and do not have independent directors. The lack of independent directors means that there is no effective review, authorization, or oversight of management or management's actions by persons that were not involved in approving or executing those actions. This has resulted in inconsistent practices. Further, the Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-B. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

We have no conflicts of interest policies and there is no provision for the review and approval of transactions between the Company and interested members of management.

Lack of Effective Policies Regarding the General Accounting System. We do not have any documented processes for the input, accumulation, or testing of financial data that would provide assurance that all transactions are accurately and timely recorded or that the financial reports will be prepared on a periodic basis.

Lack of Effective Control over Financial Statement Disclosure. We do not maintain effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2008, based on the criteria established in "Internal

Control-Integrated Framework" issued by the COSO.

Management has determined that the Company does not have the financial resources or personnel to address any of the material weaknesses identified or to conduct a more robust evaluation of its controls. As resources become available, management will develop and implement remedial actions to address the material weaknesses it has identified.

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

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our Disclosure Controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management or board override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following sets forth our officers and Directors as of the date of this filing:

Name	Position	Year of Appointment
Rene Schena	Chairman, Director and CEO	2007
Todd J Martinsky	Vice President and Director	2007
Mark Schena, Ph.D	President, Chief Technology Officer, Secretary and Treasury	2007
Paul Haje	Director of Advertising and Public Relations	2007
William L. Sklar	Director	2007

Ms. Schena holds a degree in Language Studies from the University of California Santa Cruz. She has 23 years experience in international business, including translation, contract documentation and commodities trading with a subsidiary of ConAgra from 1985 to 1988, and as a chemical import and distribution specialist, department manager, and later President of NuSource Chemical Corporation.

She founded TeleChem International, Inc. in 1993, continuing the import and export chemical distribution specialty, expanding into government bid business, and moving into the biotech sector in 1996. TeleChem is a market leader in DNA microarray technology, providing tools and expertise for the explosive functional genomics and diagnostic screening markets. In 2002 and again in 2003, TeleChem made Inc. Magazine’s list of the top 500 fastest growing privately held companies in the USA. In 2005, the Silicon Valley Business Journal recognized Ms Schena as the President of the 11th largest woman-owned business enterprise in the Silicon Valley. Ms. Schena’s long-term contacts in the chemical industry, strong business background and management expertise are key contributions to TeleChem's infrastructure.

Mr. Martinsky , Co-founder of TeleChem International, Inc., previously served as director of education and consulting at the Codd and Date Consulting Group. Mr. Martinsky has led the Arrayit Division to play a significant role in the microarray industry. He has authored several book chapters and other scientific literature and has become an internationally recognized lecturer, writer, consultant and teacher. In addition to providing consulting services, Mr. Martinsky has spearheaded Arrayit’s technical support team since 1997. Along with his daily technical and business direction of the Arrayit Product line, Mr. Martinsky established successful alliances with corporate partners in manufacturing, reagents, equipment and distribution. He is responsible for an educational outreach program that ensures that the broadly patented Arrayit Micro Spotting Device is applied in the field with optimal scientific and technological accuracy. He is currently serving on the panel that is crafting future regulatory requirements for microarray manufacturing for the United States Pharmacopeia.

Dr. Schena is a world-renowned biochemist whose research focuses on microarray technology, genomics, proteomics, genotyping, molecular diagnostics, and gene expression. Dr. Schena and his colleagues at Stanford University published the first paper on microarrays in 1995 (Science 270, 467-470), catalyzing the explosive proliferation of microarray technology at academic and commercial institutions internationally. The 95’ Science paper is the most highly cited paper in the history of Arabidopsis research and a recent article in The Scientist places Dr. Schena at positions 1 and 2 on the “microarray family tree”, confirming his role as the founder of microarray technology and substantiating his status as the Father of Microarray Technology. More than 20,000 laboratories in 35 countries are using microarrays to explore basic questions in biology, chemistry, agriculture and medicine, and the proliferation of the technology has resulted in more than 26,000 publications since the original 95' Science publication.

Dr. Schena is currently a Visiting Scholar and Consultant in the Arrayit® Life Sciences Division at TeleChem International, Inc. Dr. Schena is also the Chairman of NGS-Arrayit, Inc and the Founder and President of Mark Schena Inc., an educational consulting company providing consulting services to a host of leading organizations such as Affymetrix, AlphaGene, Arrayit, Biodot, Cartesian Technologies, Clontech, diaDexus, General Scanning, Genomic Solutions, GSI Lumonics, Incyte Pharmaceuticals, Irell and Manella, Johnson & Johnson, Morrison & Foerster, Motorola, Packard Instruments, Perkins Coie, Roche, Synteni, Technology Mentors, TeleChem International, Wilson Sonsini, Goodrich & Rosati, and others. Dr. Schena resides with Ms. Rene Schena, the Chairman & CEO of TeleChem International, Inc., in Los Altos, California.

Mr. Haje joined TeleChem in 1999 as the Director of Advertising and Public Relations. He has successfully produced 63 major trade shows in the USA and Canada, 17 workshops, 11 VIP events, 76 unique full page print advertising campaigns, 18 direct mail campaigns, e-mail blasts, web site imagery and two full color company catalogs. In 2003, Mr. Haje won the 2003 Signet Advertising Award for Best Full Page Ad in the life sciences sector. Mr. Haje represented the company at the United States Food and Drug Administration's Microarray Quality Control projects I and II, drawing important attention in the scientific press to the company and its H25K Whole Human Genome Chip. H25K was one of only seven microarray platforms allowed to participate in the project, including Affymetrix, Agilent, Illumina, GE Healthcare and Applied BioSystems. Mr. Haje has promoted the Arrayit brand name through company exposure on prime time television, in cover stories, feature articles, trade publications, newsletters and web broadcasts. TV includes PBS NOVA, ABC Night Line, CNBC Business Odyssey. He has regularly booked cover stories and feature articles in Science, The Scientist, Nature, Genetic Engineering News, BioTechniques, Genome Technology, American Chemical Society, JAMA, PharmaGenomics, Genomics and Proteomics, BioScience Technology, BioArray News, BioInform, and Genome Web.

Independence of Directors

We are not required to have independent members of our Board of Directors, and do not anticipate having independent Directors until such time as we are required to do so.

Audit Committee and Financial Expert

The Company is not required to have an audit committee and as such, does not have one.

Code of Ethics for the CEO and CFO

On Feb 21, 2008, the Board of Directors of the Company adopted a Code of Ethics for the Company's senior officers. The Board of Directors believes that these individuals must set an exemplary standard of conduct, particularly in the areas of accounting, internal accounting control, auditing and finance. This code sets forth ethical standards to which the designated officers must adhere and other aspects of accounting, auditing and financial compliance.

SECTION 16 (A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the securities Exchange Act of 1934, as amended, requires our directors, executive officers and persons who own more than 10% of a class of our equity securities which are registered under the Exchange Act of 1324, as amended, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes of ownership of such registered securities. Such executive officers, directors and greater than 10% beneficial owners are required by Commission regulation to furnish us with copies of all Section 16(a) forms filed by such reporting persons.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Options Awards	All Other Compensation	Total
		($)	($)	($)	($)	($)	($)
Rene A Schena	2008	$ 45,000	-	-	-	-	$ 45,000
Chairman, Director and CEO	2007	$ 22,500	-	-	-	-	$ 22,500
Todd J Martinsky	2008	-	-	-	-	$ 5,707	$ 5,707
Vice President and Director	2007		-	-	-	$ 1,900	$ 1,900
Mark Schena, Ph.D	2008		-	-	-	$ 250,000	$ 250,000
President, Chief Technology Officer, Secretary & Treasury	2007					$ 250,000	$ 250,000
William L. Sklar (3)	2008	-	-	-	-	$	$
CFO	2007	-	-	-	-	-	-
Paul Haje	2008	$ 96,845	-	-	-	-	$ 96,845
Director of Advertising and Public Relations	2007	$ 99,448	-	-	-	-	$ 99,448

Our compensation and benefits programs are administered by our Board of Directors and intended to retain and motivate individuals with the necessary experience to accomplish our overall business objectives within the limits of our available resources. Consequently, the guiding principles of our compensation programs are:

- simplicity, clarity, and fairness to both the employee and the Company;
- preservation of Company resources, including available cash; and
- opportunity to receive fair compensation if the Company is successful.

Each element of our compensation program contributes to these overall goals in a different way.

- Base Salary and Benefits are designed to provide a minimum threshold to attract and retain employees identified as necessary for our success.
- Cash Bonuses and equity awards are designed to provide supplemental compensation when the Company achieves financial or operational goals within the limits of our available resources.

All compensation payable to the Chief Executive Officer and the other named executive officers is reviewed annually by the Board of Directors and changes or awards are approval by the Board of Directors.

Board Compensation

The following table sets forth summary information concerning the compensation we paid to directors during the year ended December 31, 2008:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Rene Schena (1)	-	-	-	-	-
Mark Schena (1)	-	-	-	-	-
Todd Martinsky (1)	-	-	-	-	-
William L. Sklar (1)	-	-	-	-	-

(1) None of the Board members received any additional consideration for their services to the Board of Directors other than what they were paid as officers of the Company, as provided above, and as such, they have not been included in the table above.

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

Beneficial ownership of the common stock is determined in accordance with the rules of the Securities and Exchange Commission and includes any shares of common stock over which a person exercises sole or shared voting or investment powers, or of which a person has a right to acquire ownership at any time within 60 days of March 24, 2009. Except as otherwise indicated, and subject to applicable community property laws, the persons named in this table have sole voting and investment power with respect to all shares of common stock held by them. Applicable percentage ownership in the following table is based on 39,642,531 shares of common stock equivalents outstanding as of July 15, 2009 plus, for each individual, any securities that individual has the right to acquire within 60 days of July 15, 2009.

At July 15, 2009 the total Common Share Equivalents was determined as follows:

Share Class	Outstanding	Conversion Factor	Common Share Equivalents
Class A	25,695	9.6	246,672
Class C	103,143	350	36,100,050
Common	3,295,809	1	3,295,809
			39,642,531

40

The following table sets forth a description of any substantial interest, direct or indirect of each person who has been a director or executive officer of the registrant at any time since the beginning of the last fiscal year. The address of each person, unless otherwise noted, is 524 East Weddell Drive, Sunnyvale, California 94089. Additionally we have included information about persons more than 5% of the total voting rights.

	Common Stock		Series A Preferred Stock	Series C Preferred Stock	Total Voting Shares Based on All Voting Shares Outstanding	Total %
Officers and Directors						
Rene A Schena, Chief Executive Officer, Chief Financial Officer and Director	0		0	42,857	14,999,950	37.8 %
Mark Schena, Director	0		0	14,286	5,000,100	12.6 %
William L. Sklar, Director	667			0	667	0.0 %
Todd Martinsky, Director	0		0	28,571	9,999,850	25.2 %
Paul K. Haje Director of Advertising and Public Relations	0		0	14,286	5,000,100	12.6 %
Greater Than 5% Shareholders						
WV Fiber, LLC (2)	135,182		0	0	135,182	0.3 %
Mashrua Shipping & Transport Ltd. (3)	33,333		0	0	33,333	0.1 %
WEM Equity Capital Investments, Ltd. (4)	2,398	(1)	11,850	0	116,160	0.3 %
Briarpatch, Ltd. (5)	2,398	(1)	11,850	0	116,160	0.3 %
Donald Sapaugh	1,467	(1)	7,248	0	71,045	0.2 %
Hunter Carr	1,448	(1)	7,157	0	70,155	0.2 %
First Sage Equity, Inc. (6)	1,671	(1)	8,258	0	80,948	0.2 %
Phillip Johnson	1,393	(1)	6,882	0	67,456	0.2 %
Jukka Tolonen	1,338	(1)	6,613	0	64,826	0.2 %
Fairfield Financing, Inc. (7)	1,671	(1)	8,258	0	80,948	0.2 %
All of the Officers and Directors as a Group (5 Persons)	667		3,294	100,000	35,000,667	88.3 %

(1) Held under the terms of a custodian agreement that grants exclusive voting, dispositive and any other economic rights to the beneficial owners named in the agreements and provides that no beneficial owner is affiliated with any other beneficial owner and the beneficial owners are not acting and will not act as a group.
(2) The Company is not aware of the individual with investment authority over the shares beneficially owned by WV Fiber, LLC, which entity is currently in Bankruptcy.
(3) The Company is not aware of the individual with investment authority over the shares beneficially owned by Mashrua Shipping & Transport Ltd.
(4) The natural person with dispositive authority over securities of the company is William E. McIlwain at the above address.
(5) The natural person with dispositive authority over securities of the company is Brad Fleming at the above address.

(6) The natural person with dispositive authority over securities of the company is Joe Wiley.
(7) The natural person with dispositive authority over securities of the company is O. Preston Smith.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Pursuant to a consulting agreement with Dr. Mark Schena, the Company is obligated to pay a royalty of 5% of gross sales to him as a royalty for unfettered use of his patents and knowledge. Amounts outstanding at December 31, 2008 and 2007 of $349,950 and $337,616 respectively are unsecured, non-interest bearing and due on demand.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The aggregate fees billed for each of the fiscal years ended December 31, 2008 and 2007 for professional services rendered by the principal accountants for the audit of the Company's annual financial statements and the review of the Company's quarterly financial statements were $100,408 and $98,456, respectively.

Audit Related Fees
None.

Tax Fees
None for 2008 and $4,050 for 2007

All Other Fees
None for 2008 and $13,600 for 2007

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

Exhibit No.	Description of Exhibit
3.1(2)	Amended and Restated Articles of Incorporation of Arrayit Corporation dated February 19, 2009
3.2(2)	Amended and Restated Bylaws of Arrayit Corporation of Arrayit Corporation dated April 15, 2009
3.3(3)	Amendment to the Bylaws of the Arrayit Corporation
10.1(1)	Agreement and Plan of Reorganization among IMHI, Telechem, dated Feb 21, 2008 (without Exhibits).
14.1*	Code of Ethics of Arrayit Corporation dated Feb 21, 2008
21.1	Subsidiaries
31.1*	Certificate of the Chief Executive Officer and Principal Accounting Officer pursuant Section 302 of the Sarbanes-Oxley Act of 2002 dated July 30, 2009
32.1*	Certificate of the Chief Executive Officer and Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated July 30, 2009
10.2	8% Senior Notes, filed as exhibit 41 to Form 8-K on February 25, 2005 on Commission number 001-16381-0642448
10.3*	SovCap Equity Partners, Ltd., Notes

* Filed herein.

(1) Filed as exhibits to the Company's Form 8-K/A filed with the Commission on July 28, 2008, and incorporated herein by reference.

(2) Filed as exhibits to the Company's Definitive Schedule 14C filing, filed with the Commission on ~ xxxx, and incorporated herein by reference.

(3) Filed as an exhibit to the Company's Form 8-K, filed with the Commission on xxx, and incorporated herein by reference.

SIGNATURES

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

Arrayit Corporation

DATED: July 30, 2009	By: /s/ Rene Schena Rene Schena Chariman, Director and CFO

In accordance with 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.

NAME	TITLE	DATE
/s/ Rene Schena Rene Schena	Chariman, Director and CEO	July 30, 2009
/s/ Todd Martinsky Todd Martinsky	V. President and Director	July 30, 2009
/s/ Mark Schena Mark Schena	President and Director	July 30, 2009
/s/ William L Sklar William L. sklar	Director	July 30, 2009