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

FORM 10-Q

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

For the quarterly period ended **March 31, 2013**

OR

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

For the transition period from ________________ to ________________

Commission file number: **1-6663**

CCOM GROUP, INC.
(Exact name of registrant as specified in its charter)

New York	**11-2037182**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
275 Wagaraw Road, Hawthorne, New Jersey	**07506**
(Address of principal executive offices)	(Zip Code)

973-427-8224
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 1, 2013
Common Stock, $.05 par value per share	9,154,953 shares
Convertible Preferred Stock, $.05 par value per share	293,057 shares

CCOM GROUP, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	March 31, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash	$ 201,635	$ 297,128
Accounts receivable, net of allowance for doubtful accounts of $512,282 and $429,186, respectively	9,350,730	11,131,317
Inventory	13,604,058	12,029,400
Prepaid expenses and other current assets	1,069,853	1,372,390
Total current assets	24,226,276	24,830,235
Property and equipment	926,521	1,036,710
Goodwill	1,416,929	1,416,929
Other assets – noncurrent	237,704	270,265
Deferred income tax asset – noncurrent	100,000	100,000
	$ 26,907,430	$ 27,654,139
Liabilities and Stockholders' Equity		
Current liabilities:		
Borrowings under credit facility - revolving credit	$ 12,420,211	$ 12,297,180
Notes payable, current portion; includes related party notes of $1,391,663 and $607,999, respectively	1,525,876	745,500
Convertible notes payable-related party	200,000	-
Trade payables	5,452,412	5,242,044
Accrued liabilities	1,335,324	1,630,792
Total current liabilities	20,933,823	19,915,516
Convertible notes payable-related party	-	200,000
Notes payable, non-current portion; includes related party notes of $648,349 and $1,440,015, respectively	1,104,274	1,947,813
Deferred income tax liability – noncurrent	506,500	496,000
Total liabilities	22,544,597	22,559,329
Commitments and contingencies		
Stockholders' equity:		
Redeemable convertible preferred stock, $.05 par value, 2,500,000 shares authorized, 293,057 shares issued and outstanding, liquidation preference of $1,465,285	14,653	14,653
Common stock, $.05 par value, 20,000,000 shares authorized, 9,154,953 shares issued and outstanding	457,747	457,747
Additional paid-in capital	12,659,782	12,659,782
Accumulated deficit	(8,769,349)	(8,037,372)
Total stockholders' equity	4,362,833	5,094,810
	$ 26,907,430	$ 27,654,139

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

CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	For The Three Months Ended March 31, 2013	2012
Sales	$ 18,729,438	$ 18,091,774
Cost of sales	13,905,191	13,543,184
Gross profit	4,824,247	4,548,590
Selling, general and administrative expenses	5,443,583	5,412,348
Operating loss	(619,336)	(863,758)
Other income	49,522	54,249
Interest expense, net; includes related party interest of $30,076 and $16,036, respectively	(151,663)	(154,081)
Loss before income tax expense	$ (721,477)	$ (963,590)
Income tax expense	10,500	-
Net loss	(731,977)	(963,590)
Net loss per common share:		
Basic and diluted	$ (0.08)	$ (0.11)
Weighted average shares outstanding:		
Basic and diluted	9,154,953	9,154,953

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

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CCOM GROUP, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For Three Months Ended March 31, 2013	2012
Cash flows from operating activities:		
Net loss	$ (731,977)	$ (963,590)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Deferred income taxes	10,500	-
Provision for doubtful accounts	83,773	123,184
Depreciation	81,548	93,667
Net gain on disposal of fixed assets	(2,720)	-
Changes in operating assets and liabilities:		
Accounts receivable	1,696,814	1,693,934
Inventory	(1,574,658)	(482,476)
Prepaid expenses and other current assets	302,537	307,177
Other assets - noncurrent	32,561	14,441
Trade payables	210,368	(97,618)
Accrued liabilities	(295,468)	(268,660)
Net cash (used in) provided by operating activities	(186,722)	420,059
Cash flows from investing activities:		
Additions to property and equipment	-	(57,274)
Proceeds from disposal of property and equipment	31,361	-
Net cash provided by (used in) investing activities	31,361	(57,274)
Cash flows from financing activities:		
Repayments of notes payable; includes related party repayments of $508,002and $8,002, respectively	(563,163)	(95,183)
Issuance of notes payable, related party	500,000	350,000
Borrowings (repayments) under credit facility - revolving credit, net	123,031	(465,897)
Net cash provided by (used in) financing activities	59,868	(211,080)
(Decrease) increase in cash	(95,493)	151,705
Cash - beginning of period	297,128	271,697
Cash - end of period	$ 201,635	$ 423,402

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

CCOM GROUP, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
March 31, 2013
(Unaudited)

1. Summary of Significant Accounting Policies and Practices and Basis of Presentation

The condensed consolidated financial statements of CCOM Group, Inc. and subsidiaries (the "Company") included herein have been prepared by the Company and are unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations, and cash flows for the interim periods to which the report relates. The results of operations for the period ended March 31, 2013 is not necessarily indicative of the operating results that may be achieved for the full year.

Certain information and footnote disclosures, normally included in condensed consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted as permitted by the interim reporting requirements of the Securities and Exchange Commission. It is suggested that these condensed consolidated financial statements be read in conjunction with the condensed consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2012.

We have only one operating segment.

Inventory is comprised of finished goods and is stated at the lower of cost (first-in, first-out method) or market.

Recently adopted accounting pronouncement:

On February 5, 2013, the FASB issued ASU No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income,* which adds additional disclosure requirements relating to the reclassification of items out of accumulated other comprehensive income. This ASU is effective for the first quarter of 2013. The adoption of this guidance did not have an impact on the Company’s condensed consolidated financial statements.

2. Stock Options

The Company recognizes equity based compensation expense in accordance with established standards for transactions in which an entity exchanges its equity instruments for goods and services. This standard requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award.

On September 29, 2006, the Company adopted the CCOM Group, Inc. (formerly Colonial Commercial Corp.) 2006 Stock Plan, (the “2006 Plan”). The 2006 Plan enables the Company to grant equity and equity-linked awards to the Company’s Directors, officers, employees and other persons who provide services to the Company. The 2006 Plan is intended to allow the Company to provide incentives that will (1) strengthen the desire of highly competent persons to provide services to the Company and (2) further stimulate their efforts on the Company’s behalf.

The following table summarizes information about stock options at March 31, 2013:

Options Outstanding and Exercisable				
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value
$ 1.85	75,000	3.69	$ 1.85	$ 0

There were no stock options granted during the three months ended March 31, 2013 and 2012. For each of the three months ended March 31, 2013 and 2012, the amount of stock based compensation was $0.

3. Equity Transactions

During the three months ended March 31, 2013 and 2012, no shares of convertible preferred stock were converted into common stock.

No stock options were exercised during the three months ended March 31, 2013 and 2012.

4. Supplemental Cash Flow Information

The following is supplemental information relating to the condensed consolidated statements of cash flows:

	For the Three Months Ended March 31, 2013	For the Three Months Ended March 31, 2012
Cash paid during the period for:		
Interest	$ 123,636	$ 156,829
Supplemental disclosure of non-cash financing activities:		
Note issued for purchase of fixed assets	$ 0	$ 58,150

5. Net Loss Per Common Share

Employee stock options totaling 75,000, convertible preferred stock, convertible into 293,057 shares of common stock, and convertible notes, in the principal amount of $200,000, convertible into 66,666 shares of common stock, for each of the three months ended March 31, 2013 and 2012, respectively, were not included in the net loss per share calculation because their effect would have been anti-dilutive.

6. Financing Arrangements

The Company and KeyBank National Association ("KeyBank") are parties to a Credit and Security Agreement dated as of October 18, 2011, as amended (the "KeyBank Agreement"). The KeyBank Agreement provides for a revolving credit facility under which the Company may borrow up to the lesser of (i) $15,000,000 or (ii) 85% of eligible accounts receivable, plus 55% (but not more than $6,500,000) of the lower of cost or market of eligible inventory, plus during any Temporary Increase Period, the Temporary Increase Amount in effect during such period (as each of these terms are defined), less designated reserves. Any Temporary Increase Amount during any Temporary Increase Period is subject to the Company having then met the Temporary Increase Conditions (as defined).

On February 1, 2013, Michael Goldman loaned $500,000 to the Company. Interest accrued on the loan at 4% per annum and the loan was repaid on April 30, 2013. A $500,000 increase in the Borrowing Base that KeyBank made on February 1, 2013 expired on April 30, 2013. On May 1, 2013, Michael Goldman loaned $500,000 to the Company for the period to end on August 2, 2013 at an interest rate of 4% per annum. Simultaneously, on May 1, 2013, KeyBank again increased the Borrowing Base by $500,000 with such increase to expire on or about August 2, 2013. Both increases to the Borrowing Base were made pursuant to the KeyBank Agreement that provides, in the event the Company then meets the Temporary Increase Conditions, for KeyBank to make up to $500,000 in additional loans to the Company to match loans in the same aggregate amount that one or more Investor Subordinated Creditors (as defined) elect to make.

Borrowings bear interest at 2.75% above the Eurodollar Rate (as defined) or 0.25% above the Base Rate (as defined), and are secured by a first lien on substantially all of the Company's assets, as well as a pledge of the stock of CCOM Group, Inc.'s operating subsidiaries. The facility contains covenants relating to the financial condition of the Company and its business operations. Among other things, the covenants require that as of March 31, 2013, the Company maintain a consolidated net worth of at least $3,232,102, and a Fixed Charge Coverage Ratio (as defined) of 1.1. As of March 31, 2013, the Company's net worth was $4,362,833 and its Fixed Charge Ratio was 2.0, both exceeding the loan covenants. The Company will be considered in default of the KeyBank Agreement in the event Michael Goldman shall cease to hold the position of Chief Executive Officer, or a similar or higher position of the Company and the Company shall fail to hire a replacement consultant or Chief Executive Officer with technical expertise, experience and management skills, in the opinion of KeyBank, necessary for the successful management of the Company. Additionally, the facility restricts, among other things, the payment of dividends, and further restricts, subject to specified exceptions, subordinated debt, purchase of securities, and the merger and sale of the Company. The KeyBank Agreement terminates on October 17, 2014.

During the three months ended March 31, 2013, the Company borrowed an aggregate of $22,624,205 and repaid an aggregate of $22,501,174 under the revolving credit facility with KeyBank. As of March 31, 2013, the balance outstanding under the facility was $12,420,211 and availability was $476,963.

The Company believes that the KeyBank credit facility is sufficient to finance its current operating needs. The business of the Company will be materially and adversely affected if KeyBank substantially reduces the amount of the credit availability under the terms of the facility or KeyBank demands payment and the Company is unable to refinance the facility, or if liquidity is otherwise substantially reduced.

7. Litigation

(a) Universal Supply Group, Inc.

Universal Supply Group, Inc., a wholly owned subsidiary of the Company, is a New York corporation ("Universal"). On June 25, 1999, Universal acquired substantially all of the assets of Universal Supply Group, Inc., a New Jersey corporation, including its name, pursuant to the terms of a purchase agreement. The Company filed a copy of the purchase agreement with the Securities and Exchange Commission on March 30, 1999 as Exhibit 10(g) on Form 10KSB, and the Company filed a copy of an amendment to the purchase agreement on July 9, 1999 as Exhibit 10(a)(ii) on Form 8-K. Subsequent to the acquisition, Universal Supply Group, Inc. (the selling corporation) formerly known as Universal Engineering Co., Inc., changed its name to Hilco, Inc. Hilco, Inc. acquired the assets of Amber Supply Co., Inc., formerly known as Amber Oil Burner Supply Co., Inc., in 1998, prior to Hilco's sale of assets to Universal. Hilco, Inc. is hereinafter referred to as the "Universal Predecessor." The majority shareholders of Hilco, Inc. were John A. Hildebrandt and Paul H. Hildebrandt.

The Company understands that the Universal Predecessor and many other companies have been sued in the Superior Court of New Jersey (Middlesex County) by plaintiffs filing lawsuits alleging injury due to asbestos. As of March 31, 2013, there existed 7 plaintiffs in these lawsuits relating to alleged sales of asbestos products, or products containing asbestos, by the Universal Predecessor. The Company never sold any asbestos related products.

Of the existing plaintiffs as of March 31, 2013, 1 filed an action in 2013, 2 filed actions in 2012, 3 filed actions in 2011 and 1 filed an action in 2010. There are 212 other plaintiffs that have had their actions dismissed and 17 other plaintiffs that have settled as of March 31, 2013 for a total of $3,364,500 paid by defendants other than Universal. There has been no judgment against the Universal Predecessor.

The Company's Universal subsidiary was named by 38 plaintiffs; of these, 1 filed an action in 2012, 1 filed an action in 2010, 11 filed actions in 2007, 6 filed actions in 2006, 11 filed actions in 2005, 5 filed actions in 2001, 1 filed an action in 2000, and 2 filed actions in 1999. Thirty-five plaintiffs naming Universal have had their actions dismissed and, of the total $3,364,500 of settled actions, 3 plaintiffs naming Universal have settled for $27,500. No money was paid by Universal in connection with any settlement. Following these dismissed and settled actions no plaintiffs named Universal as of March 31, 2013.

As set forth in more detail below, the Company has been indemnified against asbestos-based claims, and insurance companies are defending the interests of the Universal Predecessor and the Company in these cases.

Based on advice of counsel, the Company believes that none of the litigation that was brought against the Company's Universal subsidiary through March 31, 2013 is material, and that the only material litigation that was brought against the Universal Predecessor through that date was Rhodes v. A.O. Smith Corporation, filed on April 26, 2004 in the Superior Court of New Jersey, Law Division, Middlesex County, Docket Number MID-L-2979-04AS. The Company was advised that the Rhodes case was settled for $3,250,000 ("Settlement") under an agreement reached in connection with a $10,000,000 jury verdict that was rendered on August 5, 2005. The Company was not a defendant in the Rhodes case.

The Company believes that Rhodes differed from the other lawsuits in that plaintiff established that he contracted mesothelioma as a result of his occupational exposure to asbestos dust and fibers and that a predecessor of the Company was a major supplier of the asbestos containing products that allegedly caused his disease.

(b)(i) Indemnification

John A. Hildebrandt, Paul H. Hildebrandt and the Universal Predecessor have jointly and severally agreed to indemnify the Company's Universal subsidiary from and against any and all damages, liabilities and claims due to exposure to asbestos at any time prior to the June 25, 1999 closing of the purchase agreement referred to earlier. These agreements are set forth in the purchase agreement. Paul H. Hildebrandt, one of the indemnitors, was a Director of the Company from September 29, 2004 to January 28, 2005.

The indemnitors may use their own counsel to defend these claims. The indemnitors are not liable for any settlement effected without their consent. The indemnitors may settle and pay money claims without the consent of the Company. There is no indemnification unless claims aggregate $50,000; once this trigger point is reached, indemnification is required for all claims, including the first $50,000, but excluding claims of less than $10,000. The indemnification requirement survives at least until 30 days after the running of any relevant statutes of limitation.

The obligation of the indemnitors is joint and several, so that the Company can have recourse against any one or more of these indemnitors, whether or not any other indemnitor has previously defaulted on its obligation to us. There are no other limitations to the Company's rights to indemnification. The Company cannot be certain that the indemnitors have the financial wherewithal to meet their obligations to indemnify the Company.

(b)(ii) Insurance

The assets that the Universal Predecessor sold to the Company included its insurance policies and other agreements and contracts. The policies provide coverage for liability accruing during the periods for which premiums were paid. The Universal Predecessor was formed in 1940. Copies of policies are available for each year beginning in 1970 and ending with the closing under the purchase agreement in 1999. Copies of policies for the period from 1940 to 1969 are not available.

Insurance companies acknowledge coverage for potential asbestos claims under certain of these policies. Insurance companies under additional policies have reserved their right to deny coverage but have continued to defend and indemnify the Universal Predecessor and the Company under the contested policies.

There are periods during the years from 1940 to 1999 in which the Universal Predecessor did not have coverage for potential asbestos claims. Subject to litigation, insurance companies may maintain that the existence of these periods' results in coverage for only a portion of a particular injury that varies with the period during which there was asbestos coverage relating to the injury, and that the balance of any settlement or judgment is to be paid by the insured. As of March 31, 2013, no insurance company has claimed any contribution for a gap in coverage except for a claim for $160 made by one insurance company to the Universal Predecessor in 1995. The Universal Predecessor asserted that it had no obligation to pay this amount and did not make any payment.

Insurance companies have, as of March 31, 2013, defended the Company and the Universal Predecessor, and have paid all settlement amounts and defense costs. Except for $160 referred to above, the insurance companies have not requested any payments from the Company or from the Universal Predecessor.

The Company's Universal subsidiary has not engaged in the sale of asbestos products since its formation in 1997. Its product liability policies for all years since 1998 exclude asbestos claims.

(c) General

Regardless of indemnification and insurance coverage, management does not in any event consider the Company to be liable for the asbestos-based lawsuits that name the Company or for any other claim that arises as a result of actions or omissions by the Universal Predecessor. The Company expressly disclaimed the assumption of any liabilities when the Company purchased the assets of the Universal Predecessor. It is the opinion of management that the existing asbestos litigation will not have a material adverse effect on the Company. Nevertheless, the Company could be materially and adversely affected if it is held liable for substantial asbestos claims or if it incurs substantial legal or settlement costs. This material and adverse effect would occur if indemnitors fail to honor their indemnification agreements and insurance is not available either because policy limits are exceeded, or because insurance companies successfully deny coverage or claim limitations on their liabilities by reason of gaps in coverage or otherwise.

Since management regards as remote the potential payment of any asbestos-based claim, no amounts have been accrued for any period relating to asbestos claims, and no amounts have been recorded for asbestos claims for any period in the condensed consolidated financial statements.

(d) Other Litigation

The Company is periodically involved in other litigation in the ordinary course of business. The Company vigorously defends all matters in which the Company or its subsidiaries are named defendants and, for insurable losses, maintains significant levels of insurance to protect against adverse judgments, claims or assessments. Although the adequacy of existing insurance coverage or the outcome of any legal proceedings cannot be predicted with certainty, the Company does not believe the ultimate liability associated with any claims or litigation will have a material impact to its financial condition or results of operations.

8. Transactions with Related Persons, Promoters and Certain Control Persons

(a) A subsidiary of the Company leases a warehouse and store in Wharton, New Jersey comprising of 27,000 square feet from a company owned by Mr. Paul H. Hildebrandt under a lease that expires July 31, 2017. The Company paid Mr. Hildebrandt’s company $58,301 and $57,144 during the three months ended March 31, 3013 and 2012, respectively. William Salek, the Company’s Chief Financial Officer, is the son-in-law of Mr. Hildebrandt.

(b) Pursuant to a secured note dated July 29, 2004, as amended, the Company owes Goldman Associates of New York, Inc. (“Goldman Associates”), the principal amount of $750,000 at March 31, 2013 collateralized by the assets of the Company. The secured note is subordinate to the borrowings under the Company’s credit facility, bears interest at the prime rate plus 2% and is due on January 1, 2014. Michael Goldman is the Chief Executive Officer and Chairman of the Board of Goldman Associates and is the Chief Executive Officer and Chairman of the Board the Company.

(c) Oscar Folger and Jeffrey Folger, of the law firm of Folger & Folger, are counsel to the Company. Rita Folger, a more than 10% shareholder of the Company, is the wife of Oscar Folger and the mother of Jeffrey Folger. Professional fees paid to the law firm of Folger & Folger for the three months ended March 31, 2013 and 2012 were $29,644 and $4,726, respectively.

(d) Pioneer Realty Holdings, LLC, a New York limited liability company (“Pioneer”), is the owner of the premises located at 836 Route 9, Fishkill, New York, formerly known as 2213 Route 9, Fishkill, New York that is leased to a subsidiary of the Company under a lease that expires on March 31, 2017, subject to two five-year renewal options.

William Pagano, a Director of the Company and a more than 10% shareholder of the Company, has a 55% interest in Pioneer and each of Mrs. Folger and Jeffrey Folger has a 20% interest in Pioneer Realty Partners I, LLC, which has a 40% interest in Pioneer. The Company paid Pioneer $70,409 and $69,028 during the three months ended March 31, 2013 and 2012, respectively. Mr. Pagano was the Chief Executive Officer of the Company until his retirement on February 15, 2013.

(e) Since his retirement on February 15, 2013, Mr. Pagano has a consulting agreement with the Company that provides for an annual consulting fee of $60,000. Consulting fees of $7,500 were paid pursuant to this agreement during the quarter ended March 31, 2013.

(f) Mr. Pagano and Mrs. Folger each hold a $100,000 convertible unsecured note of the Company. The convertible unsecured notes bear interest at the prime rate plus 2% and are due on January 1, 2014. Interest expense on each note was $1,313 for each of the three months ended March 31, 2013 and 2012.

(g) Mr. Paul H. Hildebrandt, Goldman Associates, Mr. Pagano and Mrs. Folger each hold unsecured notes dated August 20, 2009 in the initial principal amount of $90,000, $171,033, $35,000 and $100,000, respectively. At March 31, 2013 the remaining principal on the notes to Mr. Hildebrandt, Goldman Associates, Mr. Pagano and Mrs. Folger was $9,093, $17,280, $3,536 and $10,103, respectively. The notes bear interest at 12% per annum and are payable in equal quarterly installments of principal and interest through June 30, 2014.

Interest expense on the notes held by Mr. Hildebrandt, Goldman Associates, Mr. Pagano and Mrs. Folger amounted to $327, $622, $127 and $364, respectively, for the three months ended March 31, 2013.

Interest expense on the notes held by Mr. Hildebrandt, Goldman Associates, Mr. Pagano and Mrs. Folger amounted to $546, $1,037, $212 and $606, respectively, for the three months ended March 31, 2012.

(h) On March 1, 2012, the Company borrowed $350,000 from Goldman Associates. Interest accrued on the loan at 4% per annum and the loan was repaid on May 16, 2012 with interest in the amount of $2,956.

(i) On December 10, 2012, the Company borrowed $500,000 from Michael Goldman. Interest accrued on the loan at 4% per annum and the loan was repaid on January 31, 2013 with interest in the amount of $1,983. On February 1, 2013, the Company borrowed $500,000 from Michael Goldman. Interest accrued on the loan at 4% per annum and the loan was repaid on April 30, 2013 with interest in the amount of $5,000. On May 1, 2013, the Company borrowed $500,000 from Michael Goldman at 4% per annum, repayable on August 2, 2013.

(j) Mr. Paul H. Hildebrandt, Goldman Associates, Mr. Pagano and Mrs. Folger each hold unsecured notes dated October 24, 2012 in the initial principal amount of $200,000, $350,000, $100,000 and $100,000, respectively. Pursuant to the terms of the notes, the first payment was made on April 1, 2013. The notes bear interest at 8% per annum and are payable in equal monthly installments of principal and interest through March 1, 2018.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations of CCOM Group, Inc. and subsidiaries with a discussion of our business, and other business considerations, to provide a context for understanding. This is followed by a discussion of the "Critical Accounting Policies" that we believe are important to understanding the assumptions and judgments incorporated into our reported financial results which we discuss under "Results of Operations." We then provide an analysis of cash flows, and discuss our financial commitments under "Liquidity and Capital Resources." It is suggested that Management's Discussion and Analysis of Financial Condition and Results of Operations be read in conjunction with the condensed consolidated financial statements and notes included in the Company's Form 10-K for the year ended December 31, 2012.

Forward-Looking Statements

This report on Form 10-Q contains forward-looking statements including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements involve risks and uncertainties, including, but not limited to, technological changes, competitive factors, maintaining customer and vendor relationships, inventory obsolescence and availability, and other risks detailed in the Company's periodic filings with the Securities and Exchange Commission, which could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Company Overview

CCOM Group, Inc. is a New York corporation which was incorporated on October 28, 1964. Unless otherwise indicated, the term "Company" refers to CCOM Group, Inc. and its consolidated subsidiaries. The Company's operations are conducted through its wholly owned subsidiaries, Universal Supply Group, Inc. ("Universal"), The RAL Supply Group, Inc. ("RAL"), and S&A Supply, Inc ("S&A"). We distribute heating, ventilating and air conditioning equipment (HVAC), parts and accessories, whole-house generators, climate control systems, appliances and plumbing and electrical fixtures and supplies, primarily in New Jersey, New York, Massachusetts and portions of eastern Pennsylvania, Connecticut and Vermont.

We supply the Amana air conditioning and heating equipment line in New Jersey (exclusive of Cape May and Cumberland counties), lower portions of New York State, and Western Massachusetts. At all our locations we also supply, on a non-exclusive basis, the Goodman line of heating and air conditioning equipment, Fraser-Johnston commercial air conditioning equipment, and Honeywell generators. We distribute these products through seven sales locations in New Jersey, eight in New York State, and two in Massachusetts. We use showrooms for the display and sale of kitchen, bathroom and electrical fixtures and accessories at our locations in Fishkill, Middletown, New Windsor and Suffern, New York and Great Barrington and Pittsfield, Massachusetts.

We have developed a specialty in the design and sale of energy conservation control systems and the fabrication of customized UL listed control panels. We also supply indoor air quality components and systems.

Our in-house staff provides technical assistance and training to customers. In some cases, we also use vendors' representatives and outside services. We do not install equipment or systems.

During 2012 the Company derived more than 10% of its revenues from the sale of Speed Queen washer-dryer appliances under a distributorship agreement with the manufacturer. In January 2013, the manufacturer terminated the distributorship agreement effective June 1, 2013. Sales of commercial controls and generators are more profitable than appliance sales and the Company intends in the short-term to focus its sales efforts on the more profitable lines.

Our objective is to become a leading provider of HVAC, plumbing and electrical equipment and accessories to the professional contractor in the northeastern United States by expanding our product offerings and increasing our customer technical and logistical support services.

Other Business Considerations

Our business is affected by significant outdoor temperature swings. Our sales typically increase during peak heating and cooling demand periods. Demand related to the residential central air conditioning replacement market is highest in the second and third quarters, while demand for heating equipment is usually highest in the fourth quarter. Our business is also affected by general economic conditions in the residential and commercial construction industries.

Critical Accounting Policies

The accounting policies below are critical to the Company's business operations and the understanding of results of operations. The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amount of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue for the Company primarily consists of sales of heating, ventilation and air conditioning equipment, parts and accessories, whole-house generators, climate control systems, appliances and plumbing and electrical fixtures and supplies. Revenue is recognized when the earnings process is complete, which is generally upon shipment or delivery of products, and the price is determined and collectability is reasonably assured, in accordance with agreed-upon shipping terms and when title and risk of loss transfers to the customer. The Company has no further obligations subsequent to shipment or delivery. Customers have the right to return defective products, which are substantially covered under the manufacturer's warranty. The customer receives a credit from the Company for defective products returned and the Company receives a corresponding credit provided by the manufacturer. The only warranty provided on products sold is the one provided by the manufacturer.

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company establishes and monitors the allowance for doubtful accounts based on the credit risk of specific customers, customer concentrations, historical trends and other information. The Company had accounts receivable of $9,350,730, net of an allowance for doubtful accounts of $512,282, as of March 31, 2013. Although the Company believes its allowance is sufficient, if the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances would be required.

The Company writes down its inventories for estimated slow moving and obsolete goods in accordance with the lower of cost or market value, based upon assumptions about future demand and market conditions. A significant sudden increase in the demand for the Company's products could result in a short-term increase in the cost of inventory purchases, while a significant decrease in demand could result in an increase in the amount of excess inventory quantities on-hand. Additionally, the Company's estimates of future product demand may prove to be inaccurate, in which case the Company may have understated or overstated the write-down required for excess and obsolete inventory.

Goodwill is reviewed at least annually for impairment. The Company evaluated goodwill for impairment in December 2012. In assessing the recoverability of the Company's goodwill, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets and liabilities of the reporting unit. The Company considers each subsidiary as a reporting unit. The Company groups assets, including goodwill, by reporting unit and utilizes the income approach (Discounted Cash Flows) to estimate the fair value of long-lived assets. If the Company's fair value determination changes due to modifications in the underlying assumptions, the Company may be required to record impairment charges related to its goodwill. At March 31, 2013, goodwill on the Company's books of $1,416,929 related entirely to Universal.

The Company accounts for income taxes in accordance with the asset and liability approach for financial accounting and reporting of income taxes. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. However, the deferred tax liability related to goodwill cannot be used in this determination. The Company establishes a valuation allowance for deferred tax assets when it determines that it is more likely than not that the benefits of deferred tax assets will not be realized in future periods. Based upon this assessment, management had established a valuation allowance of $9,500,000 as of December 31, 2012, resulting in the recognition of a $100,000 deferred tax asset. As of March 31, 2013, management reassessed projected future taxable income and determined that the valuation allowance was adequate.

Results of Operations

The following table summarizes information derived from the Company's condensed consolidated statements of operations expressed as a percentage of sales for the three months ended March 31, 2013 and 2012.

	For the Three Months Ended March 31, 2013	2012
Sales	100.0%	100.0%
Cost of sales	74.2	74.9
Gross profit	25.8	25.1
Selling, general and administrative expenses	29.1	29.9
Operating loss	(3.3)	(4.8)
Other income	0.3	0.3
Interest expense, net	(0.8)	(0.8)
Loss before income tax expense	(3.8)	(5.3)
Income tax expense	0.1	0.0
Net loss	(3.9) %	(5.3) %

Results of Operations for the Three Months Ended March 31, 2013 and 2012

Sales increased by 3.5%, or $637,664, to $18,729,438 for the three months ended March 31, 2013 from $18,091,774 for the same period in 2012. Gross profit increased by 6.1%, or $275,657, to $4,824,247 for the three months ended March 31, 2013 from $4,548,590 for the same period in 2012. Gross profit expressed as a percentage of sales increased to 25.8% in 2013 compared to 25.1% for the comparable period in 2012. The increase in sales was primarily related to an increase in sales of generators. The increase in gross profit and the increase in gross margins as a percent of sales were the result of the increased profit from generators combined with higher vendor rebates and purchase discounts.

Cost of sales excludes the distribution costs of incoming freight, purchasing, receiving, inspection, warehousing and handling costs, as these costs are included in our selling, general and administrative expenses. Our gross margins may not be comparable to those of other entities since some entities may include these distribution costs in the cost of sales. These distribution costs were $119,178 and $113,628 for the three months ended March 31, 2013 and 2012, respectively.

Selling, general and administrative expenses increased by 0.6%, or $31,235, to $5,443,583 for the three months ended March 31, 2013 from $5,412,348 for the same period in 2012. No individual account that makes up selling, general and administrative expenses had any significant changes.

Other income decreased 8.7%, or $4,727, to $49,522 for the three months ended March 31, 2013 from $54,249 for the same period in 2012. The decrease in other income is primarily related to a decrease of service charges collected from customers.

Net interest expense decreased by 1.6%, or $2,418, to $151,663 for the three months ended March 31, 2013 from $154,081 for the same period in 2012.

The Company's net loss decreased by 24.0%, or $231,613 to a net loss of $731,977 for the three months ended March 31, 2013, compared to a net loss of $963,590 for the same period in 2012. The decrease in net loss is primarily the result of the $275,657 increase in gross profit, partially offset by the $31,235 increase in selling, general and administrative expenses and a deferred income tax provision in the amount of $10,500.

Liquidity and Capital Resources

The Company and KeyBank National Association ("KeyBank") are parties to a Credit and Security Agreement dated as of October 18, 2011, as amended (the "KeyBank Agreement"). The KeyBank Agreement provides for a revolving credit facility under which the Company may borrow up to the lesser of (i) $15,000,000 or (ii) 85% of eligible accounts receivable, plus 55% (but not more than $6,500,000) of the lower of cost or market of eligible inventory, plus during any Temporary Increase Period, the Temporary Increase Amount in effect during such period (as each of these terms are defined), less designated reserves. Any Temporary Increase Amount during any Temporary Increase Period is subject to the Company having then met the Temporary Increase Conditions (as defined).

On February 1, 2013, Michael Goldman loaned $500,000 to the Company. Interest accrued on the loan at 4% per annum and the loan was repaid on April 30, 2013. A $500,000 increase in the Borrowing Base that KeyBank made on February 1, 2013 expired on April 30, 2013. On May 1, 2013, Michael Goldman loaned $500,000 to the Company for the period to end on August 2, 2013 at an interest rate of 4% per annum. Simultaneously, on May 1, 2013, KeyBank again increased the Borrowing Base by $500,000 with such increase to expire on or about August 2, 2013. Both increases to the Borrowing Base were made pursuant to the KeyBank Agreement that provides, in the event the Company then meets the Temporary Increase Conditions, for KeyBank to make up to $500,000 in additional loans to the Company to match loans in the same aggregate amount that one or more Investor Subordinated Creditors (as defined) elect to make.

Borrowings bear interest at 2.75% above the Eurodollar Rate (as defined) or 0.25% above the Base Rate (as defined), and are secured by a first lien on substantially all of the Company's assets, as well as a pledge of the stock of CCOM Group, Inc.'s operating subsidiaries. The facility contains covenants relating to the financial condition of the Company and its business operations. Among other things, the covenants require that as of March 31, 2013, the Company maintain a consolidated net worth of at least $3,232,102, and a Fixed Charge Coverage Ratio (as defined) of 1.1. As of March 31, 2013, the Company's net worth was $4,362,833 and its Fixed Charge Ratio was 2.0, both exceeding the loan covenants. The Company will be considered in default of the KeyBank Agreement in the event Michael Goldman shall cease to hold the position of Chief Executive Officer, or a similar or higher position of the Company and the Company shall fail to hire a replacement consultant or Chief Executive Officer with technical expertise, experience and management skills, in the opinion of KeyBank, necessary for the successful management of the Company. Additionally, the facility restricts, among other things, the payment of dividends, and further restricts, subject to specified exceptions, subordinated debt, purchase of securities, and the merger and sale of the Company. The KeyBank Agreement terminates on October 17, 2014.

During the three months ended March 31, 2013, the Company borrowed an aggregate of $22,624,205 and repaid an aggregate of $22,501,174 under the revolving credit facility with KeyBank. As of March 31, 2013, the balance outstanding under the facility was $12,420,211 and availability was $476,963.

The Company believes that the KeyBank credit facility is sufficient to finance its current operating needs. The business of the Company will be materially and adversely affected if KeyBank substantially reduces the amount of the credit availability under the terms of the facility or KeyBank demands payment and the Company is unable to refinance the facility, or if liquidity is otherwise substantially reduced.

As of March 31, 2013, the Company had $201,635 in cash compared with $297,128 at December 31, 2012.

Net cash used in operating activities was $186,722 for the three months ended March 31, 2013. The net cash used in operating activities for the 2013 period is a result of the net loss of $731,977, offset by changes in operating assets and liabilities of $372,154 and net non-cash charges of $173,101. The decrease in accounts receivable of $1,696,814 is primarily related to reduced sales volume during the three months ended March 31, 2013 compared to the three months ended December 31, 2012. The increase in inventory of $1,574,658 is to support the anticipated increased seasonal sales volume.

Cash flows provided by financing activities of $59,868 for the three months ended March 31, 2013 consisted of $500,000 in the issuance of a note payable and $123,031 in borrowings under the credit facility revolving credit, offset by $563,163 in repayments of notes payable.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934 (the Exchange Act)). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the last fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company's Legal Proceedings are incorporated by reference from Part I Financial Information, Item 1 Financial Statements, Note 7 Litigation, of this Report on Form 10-Q.

Items 1A, 2, 3, 4 and 5 are not applicable and have been omitted.

Item 6. Exhibits

Exhibit No.	Description
31.01	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.02	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 14, 2013

CCOM GROUP, INC.

/s/ Michael Goldman
Michael Goldman,
Chief Executive Officer

/s/ William Salek
William Salek,
Chief Financial Officer

EXHIBIT 31.01

CERTIFICATION

I, Michael Goldman, certify that:

1. I have reviewed this report of CCOM Group, Inc. (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 14, 2013

/s/ Michael Goldman
Michael Goldman
Chief Executive Officer

EXHIBIT 31.02

CERTIFICATION

I, William Salek, certify that:

1. I have reviewed this report of CCOM Group, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 14, 2013

/s/ William Salek
William Salek
Chief Financial Officer

EXHIBIT 32.01

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of CCOM Group, Inc. (the “Company”) for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Goldman, Chief Executive Officer of the Company, certify, pursuant to section 18 U.S.C. 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Michael Goldman

Name: Michael Goldman

Chief Executive Officer

Date: May 14, 2013

EXHIBIT 32.02

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of CCOM Group, Inc. (the "Company") for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Salek, Chief Financial Officer of the Company, certify, pursuant to section 18 U.S.C. 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ William Salek

Name: William Salek

Chief Financial Officer

Date: May 14, 2013