

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 September 30, 2015

OR

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

Commission file number: 333-184487

**IMMUDYNE, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**76-0238453**

(IRS Employer  
Identification No.)

**50 Spring Meadow Rd.  
Mount Kisco, NY**

(Address of principal executive offices)

**10549**

(Zip Code)

**(914) 244-1777**

(Registrant's telephone number, including area code)

Indicate by checkmark 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 last 90 days.

YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES  NO

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," "non-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

(do not check if a 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

30,669,973 shares of common stock outstanding as of November 13, 2015.

**Immudyne, Inc.**

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## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) regarding our company that include, but are not limited to, projections of earnings, revenue or other financial items; statements of the plans, strategies and objectives of management for future operations; statements concerning proposed new products, services or developments; statements regarding future economic conditions or performance; statements of belief; and statements of assumptions underlying any of the foregoing. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by us. Words such as “anticipates,” “expects,” “intends,” “plans,” “predicts,” “potential,” “believes,” “seeks,” “hopes,” “estimates,” “should,” “may,” “will,” “with a view to” and variations of these words or similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are set forth in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Our Business” and other sections in this report and our Annual Report on Form 10-K. Other sections of this report include additional factors that could adversely impact our business and financial performance.

Unless otherwise indicated, information in this report concerning economic conditions and our industry is based on information from independent industry analysts and publications, as well as our estimates. Except where otherwise noted, our estimates are derived from publicly available information released by third party sources, as well as data from our internal research, and are based on such data and our knowledge of our industry, which we believe to be reasonable. Unless otherwise indicated, none of the independent industry publication market data cited in this report was prepared on our or our affiliates’ behalf.

The forward-looking statements made in this report are based only on events or information as of the date on which the statements are made in this report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this report and the documents we refer to in this report and have filed as exhibits to this report completely and with the understanding that our actual future results may be materially different from what we expect.

Additional information on the various risks and uncertainties potentially affecting our operating results are discussed in this report and other documents we file with the Securities and Exchange Commission (the “SEC”). We undertake no obligation to revise or update publicly any forward-looking statements for any reason, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements.

As used in this report, “Immudyne,” “Company,” “we,” “our” and similar terms refer to Immudyne Inc., unless the context indicates otherwise.

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Immudyne, Inc.**

Balance Sheet

	September 30, 2015 (unaudited)	December 31, 2014
<b>ASSETS</b>		
Current Assets		
Cash	\$ 73,862	\$ 75,495
Trade accounts receivable	131,724	14,970
Inventory, net	39,429	41,008
Total Current Assets	245,015	131,473
Furnishings and equipment	-	43,748
Total Assets	\$ 245,015	\$ 175,221
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 275,378	\$ 274,319
Notes payable	106,478	27,200
Total Current Liabilities	381,856	301,519
Deferred tax liability	-	13,200
Total Liabilities	381,856	314,719
Stockholders' (deficit)		
Common stock, \$0.01 par value; 50,000,000 shares authorized, 30,669,973 shares issued and outstanding at September 30, 2015	306,699	307,299
Additional paid-in capital	8,092,049	8,077,549
Accumulated (deficit)	(8,535,589)	(8,524,346)
Total Stockholders' (Deficit)	(136,841)	(139,498)
Total Liabilities and Stockholders' (Deficit)	\$ 245,015	\$ 175,221

See notes to financial statements

**Immudyne, Inc.**

Statement of Operations  
(unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Sales	\$ 279,884	\$ 165,469	\$ 845,513	\$ 554,509
Cost of sales	<u>73,988</u>	<u>71,605</u>	<u>237,707</u>	<u>189,851</u>
Gross Profit	205,896	93,864	607,806	364,658
Compensation and related expenses	(101,138)	(151,329)	(301,301)	(429,384)
Professional fees	(29,237)	(32,195)	(91,059)	(112,792)
General and administrative expenses	<u>(57,580)</u>	<u>(43,285)</u>	<u>(206,841)</u>	<u>(208,442)</u>
Operating income (Loss)	17,941	(132,945)	8,605	(385,960)
License Fee	-	25,000	-	50,000
Other income	-	-	-	7,877
Interest (expense)	<u>(14,422)</u>	<u>(259)</u>	<u>(33,048)</u>	<u>(1,165)</u>
Net Income (Loss) Before Taxes	3,519	(108,204)	(24,443)	(329,248)
Deferred income tax benefit	<u>4,600</u>	<u>4,300</u>	<u>13,200</u>	<u>12,900</u>
Net Income (Loss)	<u>8,119</u>	<u>\$ (103,904)</u>	<u>\$ (11,243)</u>	<u>\$ (316,348)</u>
Basic and diluted income (loss) per share	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Average number of common shares outstanding				
Basic	<u>30,609,973</u>	<u>30,280,000</u>	<u>30,663,306</u>	<u>30,252,200</u>
Diluted	<u>30,609,973</u>	<u>30,280,000</u>	<u>30,663,306</u>	<u>30,252,200</u>

See notes to financial statements

**Immudyne, Inc.**

Statement of Stockholders' Equity (Deficit)  
(unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated (Deficit)	Total
	Shares	Amount			
Balance at December 31, 2014	30,729,973	\$ 307,299	\$ 8,077,549	\$ (8,524,346)	\$ (139,498)
Issuance of common stock for notes payable	60,000	600	9,600	-	10,200
Amortization of stock options	-	-	14,500	-	14,500
Purchase of company stock	(120,000)	(1,200)	(9,600)	-	(10,800)
Net (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,243)</u>	<u>(11,243)</u>
Balance at September 30, 2015	<u>30,669,973</u>	<u>\$ 306,699</u>	<u>\$ 8,092,049</u>	<u>\$ (8,535,589)</u>	<u>\$ (136,841)</u>

See notes to financial statements

**Immudyne, Inc.**Statement of Cash Flows  
(unaudited)

	Nine Months Ended September 30	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (Loss)	\$ (11,243)	\$ (316,348)
Adjustments to reconcile net (loss) to net Cash provided (used) by operating activities		
Depreciation	43,748	42,731
Deferred tax benefit	(13,200)	(12,900)
Stock compensation expense	14,500	10,000
Common stock issued for services	-	80,500
Changes in Assets And Liabilities		
Trade accounts receivable	(116,754)	(33,146)
Legal settlement proceeds receivable	-	132,000
Inventory	1,579	31,329
Accounts payable and accrued expenses	1,059	73,782
Net cash provided (used) by operating activities	<u>(80,311)</u>	<u>7,948</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in Adiuvo Investment S. A.	<u>-</u>	<u>(100,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in notes payable	205,000	50,000
Repayment of notes payable	(115,522)	(23,000)
Purchase of Company stock	(10,800)	-
Net cash provided by financing activities	<u>78,678</u>	<u>27,000</u>
Net (decrease) in cash	(1,633)	(65,052)
Cash at beginning of the period	<u>75,495</u>	<u>155,056</u>
Cash at end of the period	<u>\$ 73,862</u>	<u>\$ 90,004</u>
<b>Supplemental Schedule of Non-Cash Investing and Financing Activities</b>		
Cash paid during the period for interest	<u>\$ 24,547</u>	<u>\$ 515</u>
Issuance of common stock for notes payable	<u>\$ 10,200</u>	<u>\$ -</u>

See notes to financial statements

## **Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

### **1. Organization and Going Concern**

Immudyne, Inc. (the "Company") is a Delaware corporation established to develop, manufacture and sell natural immune support products. The Company has developed a proprietary approach to produce the purest particulate and soluble beta glucans derived from yeast. The Company's core nutraceutical and cosmetic product lines consist of its pure yeast beta glucans in oral and topical applications to support the immune system. The Company concentrates its sales and marketing efforts on healthcare professionals, distributors for its all-natural raw material ingredient products and direct-to-consumer sales.

The Company has funded operations in the past through the sales of its products, issuance of common stock and through loans and advances from officers and directors. The Company's continued operations are dependent upon obtaining an increase in its sales volume and the continued financial support from officers and directors or the issuance of additional shares of common stock.

The accompanying financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the satisfaction of liabilities in the normal course of business. At September 30, 2015, the Company has an accumulated deficit approximating \$8.5 million and has incurred negative cash flows. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Based on the Company's cash balance at September 30, 2015, and projected cash needs for the remainder of 2015, and into 2016, management estimates that it will need to raise additional capital to cover operating and capital requirements for the 2015 and 2016 years. Management plans on raising the additional needed funds through increased sales volume, issuing additional shares of common stock or other equity securities, or obtaining debt financing. Although management has been successful to date in raising necessary funding, there can be no assurance that required future financing can be successfully completed on a timely basis, or on terms acceptable to the Company.

### **2. Summary of Significant Accounting Policies**

#### ***Unaudited Financial Statements***

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for financial information and with the instructions to Form 10-Q. They do not include information and footnotes required by United States generally accepted accounting principles for complete financial statements. The unaudited financial statements should be read in conjunction with those financial statements included in the Company's previously filed Form 10-K for the year ended December 31, 2014. In the opinion of Management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.



**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

***Basis of Presentation and Use of Estimates***

The Company prepares its financial statements in conformity with accounting principles generally accepted in the United States of America which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates required to be made by management include the valuation of accounts receivable and inventory, and stockholders' equity based transactions. Actual results could differ from those estimates.

***Inventory***

Inventory is valued at the lower of cost or market with cost determined on a first-in, first-out ("FIFO") basis. Management compares the cost of inventory with the net realizable value and an allowance is made for writing down inventory to market value, if lower. At September 30, 2015 and December 31, 2014 the Company recorded an inventory reserve in the amount of \$20,000 and \$40,000, respectively. Inventory consists of the following:

	September 30, 2015	December 31, 2014
Raw materials	\$ -	\$ 4,350
Finished products	39,429	36,658
	<u>\$ 39,429</u>	<u>\$ 41,008</u>

***Revenue Recognition***

The Company's policy is to record revenue as earned when a firm commitment, indicating sales quantity and price exists, delivery has taken place and collectability is reasonably assured. The Company generally records sales once the product is shipped to the customer. If applicable, provisions for discounts, returns, allowances, customer rebates and other adjustments are netted with gross sales. The Company accounts for such provisions during the same period in which the related revenues are earned. Customer discounts, returns and rebates have not been significant.

Delivery is considered to have occurred when title and risk of loss have transferred to the customer. If title does not pass until the product reaches the customer's delivery site, then recognition of revenue is deferred until that time. There are no formal sales incentives offered to any of the Company's customers. Volume discounts may be offered from time to time to customers purchasing large quantities on a per transaction basis. There are no special post shipment obligations or acceptance provisions that exist with any sales arrangements.

**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

***Income Taxes***

The Company records current and deferred taxes in accordance with Accounting Standards Codification (ASC) 740, "Accounting for Income Taxes." This ASC requires recognition of deferred tax assets and liabilities for temporary differences between tax basis of assets and liabilities and the amounts at which they are carried in the financial statements, based upon the enacted rates in effect for the year in which the differences are expected to reverse. The Company establishes a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized. The Company periodically assesses the value of its deferred tax asset, a majority of which has been generated by a history of net operating losses and determines the necessity for a valuation allowance.

ASC 740 also provides a recognition threshold and measurement attribute for the financial statement recognition of a tax position taken or expected to be taken in a tax return. Using this guidance, a company may recognize the tax benefit from an uncertain tax position in its financial statements only if it is more likely-than-not (i.e., a likelihood of more than 50%) that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

The Company's tax returns for all years since December 31, 2011 remain open to most taxing authorities.

***Stock-Based Compensation***

The Company follows the provisions of ASC 718, "Share-Based Payment". Under this guidance compensation cost generally is recognized at fair value on the date of the grant and amortized over the respective vesting periods. The fair value of options at the date of grant is estimated using the Black-Scholes option pricing model. The expected option life is derived from assumed exercise rates based upon historical exercise patterns and represents the period of time that options granted are expected to be outstanding. The expected volatility is based upon historical volatility of the Company's shares using weekly price observations over an observation period that approximates the expected life of the options. The risk-free rate approximates the U.S. Treasury yield curve rate in effect at the time of grant for periods similar to the expected option life. The estimated forfeiture rate included in the option valuation was zero.

Many of the assumptions require significant judgment and any changes could have a material impact in the determination of stock-based compensation expense.

***Earnings (Loss) Per Share***

Basic earnings (loss) per common share is based on the weighted average number of shares outstanding during each period presented. Warrants and options to purchase common stock are included as common stock equivalents only when dilutive. Potential common stock equivalents are excluded from dilutive earnings per share when the effects would be antidilutive.

**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

The average diluted common shares outstanding at September 30, 2015 excludes the dilutive effect of 12,425,800 options and warrants since such options and warrants have an exercise price in excess of the average market value of the Company's common stock for the quarter ended September 30, 2015. Common stock equivalents comprising 14,007,720 shares underlying options and warrants at September 30, 2014 have not been included in the loss per share calculation as the effects are anti-dilutive.

***Recent Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board ("FASB") issued accounting guidance, "Revenue from Contracts with Customers." The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and clarify guidance for multiple-element arrangements. This standard was effective for fiscal years and interim periods within those years beginning after December 15, 2016, with early adoption prohibited; however on July 9, 2015, FASB decided to defer by one year the effective dates. As a result, the standard will be effective for fiscal years and interim periods within those years beginning after December 15, 2017. Accordingly, the Company will adopt this standard in the first quarter of fiscal year 2018. The Company is currently evaluating the impact this guidance will have on the financial statements. Included in this evaluation, management plans on reviewing existing contracts, evaluating the Company's current processes and systems, determining whether management will have to make additional judgments or estimates, reviewing disclosures required by the standard, determining how changes to revenue accounting might impact other areas of operations, considering the legal structure of the Company's contracts, and considering various other areas that might be impacted by the new standard.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements-Going Concern". This ASU is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. It is effective for annual periods beginning after December 15, 2016, with early adoption permitted. The Company does not expect it to have a material effect on the Company's financial condition, results of operations, and cash flows.

All other accounting standards that have been issued or proposed by the FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

***Fair Value of Financial Instruments***

The carrying value of the Company's financial instruments, including cash, trade accounts receivable and accounts payable and accrued expenses and notes payable approximate fair value for all periods.

***Concentration of Credit Risk***

The Company grants credit in the normal course of business to its customers. The Company periodically performs credit analysis and monitors the financial condition of its customers to reduce credit risk.

The Company monitors its positions with, and the credit quality of, the financial institutions with which it invests. The Company, at times, maintains balances in various operating accounts in excess of federally insured limits.

One customer accounted for 81% and 71% of sales for each of the three month periods ended September 30, 2015 and 2014, respectively. This customer also accounted for 83% and 82% of sales for each of the nine month periods ended September 30, 2015 and 2014, respectively. This customer accounted for 100% of accounts receivable at September 30, 2015 and December 31, 2014.

A second customer accounted for 13% and 15% of sales for each of the three month periods ended September 30, 2015 and 2014, respectively. This customer also accounted for 13% and 8% of sales for each of the nine month periods ended September 30, 2015 and 2014, respectively.

**3. Joint Venture Agreement**

In December 2013 the Company entered into a memorandum of understanding (MOU) with Adiuvo Investment S.A. (AI), an investment company located in Poland, whereby AI paid the Company \$100,000 for the option, which expired in September 2014, to purchase up to 10% of the outstanding stock in the Company at \$0.25 per share. In January 2014 the Company invested \$100,000 in AI in exchange for a minority interest of less than 1% in AI, and an option to acquire additional shares of AI up to an aggregate consideration of \$1,500,000. Further, AI granted the Company the right to participate in any subsequent public offerings of AI and the option to buy up to 10% of AI. The AI shares have recently started trading on the Warsaw exchange in Poland, and management is currently investigating the liquidity and realizable value of these shares. The Company's investment in AI is accounted for at no value on the accompanying September 30, 2015 balance sheet, pending a reliable estimate of its fair market value.

**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

**4. Notes Payable**

Notes payable are due to officers, directors, and shareholders and a commercial lender and are summarized as follows:

	Officers, directors, and shareholders	Commercial lender	Total
Balance at December 31, 2014	\$ 27,200	\$ -	\$ 27,200
Borrowing	105,000	100,000	205,000
Repayment	(47,000)	(68,522)	(115,522)
Conversion to common stock	(10,200)	-	(10,200)
Balance at September 30, 2015	<u>\$ 75,000</u>	<u>\$ 31,478</u>	<u>\$ 106,478</u>

Notes payable to officers, directors, and shareholders are generally payable on demand with interest at 5%. The \$75,000 balance at September 30, 2015 is due to one shareholder, incurs interest at 5%, and is payable at the time the Company meets specified financial conditions. The Company has agreed that at any time prior to repayment of this \$75,000 the shareholder can convert the note to Company stock at seventeen cents per share. Interest expense related to officers, directors, and shareholders notes amounted to \$9,247 and \$259 for the three month periods ended September 30, 2015 and 2014, respectively. Interest expense amounted to \$9,531 and \$1,165 for the nine month periods ended September 30, 2015 and 2014, respectively. Interest expense for the three month and nine month periods ended September 30, 2015 includes stock options in the amount of \$8,500. (see Note 6).

The loan payable to the commercial lender requires payment of principal and interest in 252 daily payments of \$492 each commencing January 12, 2015. Interest expense for the three month period ended September 30, 2015 amounted to \$5,175 and interest expense for the nine month period ended September 30, 2015 amounted to \$23,517.

**5. Income Taxes**

The Company is not expected to have taxable income in 2015 and incurred a loss for the year ended December 31, 2014 and accordingly, no provision for federal income tax has been made in the accompanying financial statements. At December 31, 2014, the Company had available net operating loss carryforwards of approximately \$2,870,000, expiring during various years through 2034.

A summary of the deferred tax asset using an approximate 34% tax rate is as follows:

Net operating loss	\$ 975,000
Valuation allowance	(975,000)
Total	<u>\$ -</u>

**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

The net operating loss carryforwards could be subject to limitation in any given year in the event of a change in ownership as defined by IRC Section 382.

The deferred tax liability of \$- and \$13,200 at September 30, 2015 and December 31, 2014, respectively, results from the difference in the carrying amount of furnishings and equipment between financial reporting and income tax reporting.

The deferred tax benefit included in the statement of operations represents the change in the deferred tax liability at each balance sheet date.

The difference between the statutory and the effective tax rate is primarily due to a change in valuation allowance on deferred taxes, as the Company has fully reserved the deferred tax asset resulting from available net operating loss carryforwards.

**6. Stockholders' Equity**

In July, 2015 the Company granted 300,000 options to a shareholder in conjunction with the issuance of a \$75,000 note payable. The options are fully vested and expire in three years. In September 2015, the Company satisfied \$10,200 of notes payable to a director through the issuance of 60,000 shares of Company common stock. The Company issued 40,800 options to the director in conjunction with this transaction. The options are fully vested and expire in three years.

In May 2015 the Company purchased and retired 120,000 shares of outstanding Company common stock from an investor for \$10,800.

***Service-Based Stock Options***

A summary of the outstanding service-based stock options are as follows:

	<u>Number of Options</u>
Balance at December 31, 2014	10,335,000
Granted	<u>340,800</u>
Balance at September 30, 2015	<u><u>10,675,800</u></u>

All outstanding options have are exercisable and have a cashless exercise provision, and certain options provide for accelerated vesting provisions and modifications, as defined, if the Company is sold or acquired. The options outstanding and exercisable at September 30, 2015 have no intrinsic value.

**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

The following is a summary of outstanding service-based options at September 30, 2015:

Exercise Price	Number of Options	Weighted Average Remaining Contractual Life
\$0.10	1,340,800	3 years
\$0.20 - \$0.25	8,185,000	7 years
\$0.40	1,150,000	7 years
Total	10,675,800	

***Performance-Based Stock Options***

In August 2014, the Company issued 300,000 options with an exercise price of \$0.20 to a consultant. The vesting of the options are contingent upon the completion of a clinical study as defined. Management has valued these options at \$8,000 and has amortized them over the implicit service period of one year.

As of September 30, 2015 in addition to the 300,000 options above, the Company had granted performance-based options to purchase 9,375,000 shares of common stock at exercise prices ranging from \$0.20 to \$5.00. The options expire at various dates between 2021 and 2024 and are exercisable upon the Company achieving annual sales revenue ranging from \$2,000,000 and \$100,000,000. The fair value of these performance-based options aggregated \$340,000 and will be expensed over the implicit service period commencing once management believes the performance criteria will be met. Accordingly, at September 30, 2015, the unearned compensation for performance based options is \$340,000.

Stock based compensation expense amounted to \$10,500 and \$6,500 for the three months ended September 30, 2015 and 2014, respectively. Stock based compensation expense amounted to \$14,500 and \$10,000 for the nine months ended September 30, 2015 and 2014, respectively. Such amounts are included in compensation and related expenses and interest expense in the accompanying statement of operations.

The fair value of options granted during the nine months ended September 30, 2015, was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Expected volatility	50%
Risk free interest rate	2%
Expected dividend yield	-
Expected option term (in years)	1.5
Weighted average grant date fair value	\$ 0.025

**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

**Warrants**

The following is a summary of outstanding and exercisable warrants:

	Number of Shares	Weighted Average Exercise Price	Year of Expiration
Balance at December 31, 2014	3,772,720	0.29	2015 - 2016
Expired	<u>(2,022,720)</u>	0.40	2015
Balance at September 30, 2015	<u>1,750,000</u>	0.16	2015 - 2016

**7. Royalties**

The Company is subject to a royalty agreement based upon sales of certain skin care products. The agreement requires the Company to pay a royalty based upon 8% of such sales, up to \$227,175. During the three month period ended June 30, 2015 the Company's sales reached the maximum amount under which the Company is required to pay a royalty under this agreement. Royalty expense for the three month periods ended September 30, 2015 and 2014 amounted to \$-0- and \$9,000, respectively. Royalty expense for the nine month periods ended September 30, 2015 and 2014 amounted to \$20,157 and \$36,000, respectively. The Company's President has a 60% interest in the royalties.

At September 30, 2015 and December 31, 2014, included in accounts payable and accrued expenses was \$141,448 and \$132,986, respectively, in regards to this agreement.

**8. Commitments and Contingencies**

**Leases**

The Company leases a plant in Kentucky under an operating lease which expires May 31, 2016. Future minimum base rental payments required under the lease are as follows:

	Year ending December 31
2015 (3 months)	\$ 10,547
2016	<u>17,578</u>
Total	<u>\$ 28,125</u>

Monthly base rental payments approximate \$3,500. The lease agreement also provides for additional rents based on increases in building operating costs and real estate taxes. Rent expense for the three-month periods ended September 30, 2015 and 2014, was \$15,421 and \$15,286, respectively. Rent expense for the nine-month periods ended September 30, 2015 and 2014, was \$50,350 and \$42,110, respectively.



**Immudyne, Inc.**

Notes to Financial Statements  
September 30, 2015  
(unaudited)

***Employment and Consulting Agreements***

The Company has entered into various agreements with officers, directors, employees and consultants that expire in one to five years. The agreements provide for annual compensation of up to \$145,000 and the issuance of stock options, at exercise prices ranging from \$0.20 to \$5.00, to purchase 9,375,000 shares of common stock issuable upon the Company's revenue exceeding amounts ranging from \$2,000,000 to \$100,000,000, as defined. In addition, the agreements provide for bonus compensation to these individuals aggregating up to 15% (with no individual having more than 5%) of the Company's pretax income.

***Legal Matters***

In the normal course of business operations the Company may become involved in various legal matters. At September 30, 2015, the Company's management does not believe that there are any potential legal matters that could have a material adverse effect on the Company's financial position.

In November 2009, the Company entered into a settlement agreement to resolve all aspects of litigation relating to a patent suit. As part of that settlement agreement, the Company received \$440,000 as reimbursement for litigation costs. The Company also was awarded \$200,000 in eight installments of \$25,000 every six months beginning on January 15, 2011, in return for an exclusive patent license. The term of the license agreement is consistent with the term of the \$25,000 semiannual payments. The \$25,000 installments have been recorded as revenue upon receipt of the funds. The Company received the final installment during the nine months ended September 30, 2014.

**9. Subsequent Events**

The Company has evaluated subsequent events for recognition or disclosure in the financial statements through the date these financial statements were issued.

In October 2015, the Company has entered into a semi-exclusive marketing agreement with a third party to launch a complete skin care regime that will be based primarily on strategic ingredients provided by the Company. Under the terms of the agreement, the Company has an initial 33% equity interest, and a 51% voting interest in this joint venture.

\* \* \* \* \*

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

### **Overview**

We manufacture, distribute and sell natural immune support products; namely proprietary yeast beta glucans which are natural extracts that have been shown through testing and analysis and scientific research to support the immune system. Yeast beta glucans are classified as generally recognized as safe ("GRAS") by the Food and Drug Administration ("FDA"). We are and have been a science driven company for more than 25 years. Our products are used in oral and topical applications. Historically, we have sold our proprietary additives, for both oral and topical use, primarily via business-to-business to large dietary supplement and cosmetic companies. During fiscal year 2015 we have seen increased interest in our proprietary GRAS topical delivery system, which we believe may have additional beneficial and marketable uses (both topically and orally) and on which are conducting further testing. In addition, during the fourth quarter of 2015, we partnered with Innate Scientific LLC to launch a complete skin care regimen that will contain our proprietary ingredients and which we expect to contribute to our revenues when launched.

We have performance based contracts with our sales and marketing executives, and partners, allowing us to continue to maintain a relatively low overhead. Our priority is to pursue opportunities to market our products and increase sales. Additionally, we are developing new products, both internally and through alliances. We expect that a significant component of our selling, general and administration expenses going forward will consist of marketing and advertising expenses to increase our sales, equipment leasing costs relating to improving our operating efficiencies, as well as conducting new studies which could open new markets. These aforementioned costs, along with the additional costs resulting from our operations as a public reporting company, could adversely impact our future results of operations. Additional significant factors that we believe will affect our operating results going forward are: (i) protection of our intellectual property rights; and (ii) imposition of more stringent government regulations of our products.

We historically have expended a significant amount of our funds on obtaining and protecting our patents, trade secrets and proprietary products. We rely on the patent and trademark protection laws in the U.S. to protect our intellectual property and maintain our competitive position in the marketplace. For several years, we were involved in complex litigation regarding patents and licenses critical to our products. In 2010, we prevailed on all major legal matters and reached favorable settlements. If additional litigation becomes necessary to protect our intellectual property rights, such litigation may be costly, divert our management's attention away from our core business and have a negative impact on our operations. Furthermore, there is no guarantee that litigation would result in an outcome favorable to us. In addition, yeast beta glucans are designated as GRAS under current FDA regulations. Future government regulations may prevent or delay the introduction or require the reformulation of our products. Some agencies, such as the FDA, could require us to remove a particular product from the market, delay or prevent the import of raw materials for the manufacture of our products or otherwise disrupt the marketing of our products. Any such government actions could result in additional costs to us, reduced growth prospects, lost sales from products that we are required to remove from the market and potential product liability litigation.

We have historically operated with limited capital and have funded operations in the past through the sales of our products and loans and advances from Mark McLaughlin, our President, and other directors. In addition, in the first quarter of 2014 we received \$132,000 from a legal settlement that was used to fund our operations and on September 30, 2014, we borrowed \$50,000 pursuant to a short term loan agreement entered into with a private investor for our ongoing working capital needs. This short term loan agreement was paid in full on its maturity on November 14, 2014. In the first quarter of 2015, we entered into another non-dilutive short term loan agreement with an investor for \$100,000. During the nine months ended September 30, 2015 we have also secured the following non-dilutive financing: \$30,000 from our President and an additional \$75,000 from a greater than 5% shareholder of the Company. We plan on our operating business (in conjunction with our short term non-dilutive borrowings) to be able to fund operations through the remainder of 2015 and into 2016, however, in the event we require additional operating capital we will have to depend on sources other than operating revenues to meet our operating and capital needs. No assurance can be given that such sources will be available and no assurance can be given that Mr. McLaughlin or other directors who have in the past willingly funded operations will commit to do so in the future, or that we will be successful in our endeavors to raise additional capital. For additional information regarding these and other risks please see our Annual Report on Form 10K for the fiscal year ended December 31, 2014 filed with the SEC on March 30, 2015.

## Results of Operations

### Three Months Ended September 30, 2015, Compared to the Three Months Ended September 30, 2014

The following table sets forth the results of our operations for the periods indicated as a percentage of net sales:

	2015		2014	
	\$	% of Sales	\$	% of Sales
Sales	279,884		165,469	
Cost of sales	73,988	26%	71,605	43%
Gross profit	205,896	74%	93,864	57%
Operating expenses	(187,955)	(68)%	(226,809)	(137)%
Income (loss) from operations	17,941	(6)%	(132,945)	(80)%
Other (expenses) income, net	(14,422)	(5)%	24,741	15%
Income tax benefit	4,600	2%	4,300	2%
Net income (loss)	8,119	3%	(103,904)	(63)%

Sales for the third quarter of 2015 were \$279,884, an increase of 69% from \$165,469 for the same period in 2014. Our increase in sales was primarily attributable to the increased demand for our products.

Cost of sales consists primarily of material costs, labor costs and related overhead directly attributable to the production of our products. Total cost of sales increased 3% to \$73,988 in the third quarter of 2015 compared to \$71,605 for the same period in 2014. Our cost of sales increased slightly primarily due to our overall increase in sales during the quarter offset by certain economies of scale as a result of our increased sales.

Gross profit increased 119% to \$205,896 in the third quarter of 2015 compared to \$93,864 for the same period in 2014 as result of our increased sales. Gross profit as a percentage of sales similarly increased from year to year as a result of certain economies of scale achieved due to our increase in sales.

Operating expenses consisted of general and administrative expense, compensation and related expense and professional fees. Operating expenses decreased 17% in the third quarter of 2015 to \$187,955 from \$226,809 in the same period in 2014. General and administration expense increased by 33% to \$57,580 in the third quarter of 2015, compared to \$43,285 for the same period in 2014, as a result of our increased sales. Compensation and related expenses decreased by 33% to \$101,138 in the third quarter of 2015, compared to \$151,329 for the same period in 2014. Professional fees also decreased by 9% to \$29,237 in the third quarter of 2015, compared to \$32,195 for the same period in 2014 and were in line with our expectations.

Net income for the third quarter of 2015 was \$8,119 compared to net loss of \$103,904 for the same period in 2014. Net income as a percentage of sales was 3% in the third quarter of 2015 compared to net loss as a percentage of sales of 63% for the same period in 2014. Our net income in the third quarter of 2015 as compared to net loss for the same period in 2014 was primarily attributable to our increased sales during the quarter.

### Nine Months Ended September 30, 2015, Compared to the Nine Months Ended September 30, 2014

The following table sets forth the results of our operations for the periods indicated as a percentage of net sales:

	2015		2014	
	\$	% of Sales	\$	% of Sales
Sales	845,513		554,509	
Cost of sales	237,707	28%	189,851	34%
Gross profit	607,806	72%	364,658	66%
Operating expenses	(599,201)	(71)%	(750,618)	(135)%
Operating income (loss)	8,605	1%	(385,960)	(69)%
Other (expenses) income, net	(33,048)	(4)%	56,712	10%
Income tax benefit	13,200	2%	12,900	2%
Net income (loss)	(11,243)	(1)%	(316,348)	(57)%

Sales for the nine months ended September 30, 2015 were \$845,513, an increase of 52% from \$554,509 for the same period in 2014. Our increase in sales was primarily attributable to the increased demand for our products.

Cost of sales consists primarily of material costs, labor costs and related overhead directly attributable to the production of our products. Total cost of sales increased 25% to \$237,707 for the nine months ended September 30, 2015 compared to \$189,851 for the same period in 2014. Our cost of sales increased over the nine month period primarily due to our overall increase in sales.

Gross profit increased 67% to \$607,806 for the nine months ended September 30, 2015 compared to \$364,658 for the same period in 2014 as result of our increased sales. Gross profit as a percentage of sales similarly increased from year to year as a result of certain economies of scale achieved due to our increase in sales.

Operating expenses consisted of general and administrative expense, compensation and related expense and professional fees. Operating expenses decreased 20% to \$599,201 for the nine months ended September 30, 2015 from \$750,618 for the same period in 2014. General and administration expense decreased by 1% to \$206,841 for the nine months ended September 30, 2015, compared to \$208,442 for the same period in 2014. Compensation and related expenses decreased by 30% to \$301,301 for the nine months ended September 30, 2015, compared to \$429,384 for the same period in 2014, due primarily to compensation paid in the 2014 period to our former chief marketing officer who has since resigned. Professional fees also decreased by 19% to \$91,059 for the nine months ended September 30, 2015, compared to \$112,792 for the same period in 2014 as a result of the pursuit and settlement of litigation which was not similarly incurred in the 2015 period.

Net loss for the nine months ended September 30, 2015 was \$11,243 compared to net loss of \$316,348 for the same period in 2014. Net loss as a percentage of sales was 1% for the nine months ended September 30, 2015 compared to net loss as a percentage of sales of 57% for the same period in 2014. Our decreased net loss for the nine months ended September 30, 2015 as compared to net loss for the same period in 2014 was primarily attributable to our increased sales during 2015.

### Liquidity and Capital Resources

Our principal demands for liquidity are to increase sales, purchase inventory and for sales distribution and general corporate purposes. We incurred negative cash flows in the 2013 and 2014 fiscal years and had a negative net working capital position at September 30, 2015. As a result, our auditors have raised substantial doubt about our ability to continue as a going concern. We plan on our operating business (in conjunction with our short term non-dilutive borrowings) being able to fund operations through the remainder of 2015. However, if necessary, we may raise additional capital through a private placement of common stock, obtaining debt financing or from advances from our President and/or directors; however no assurances can be made that we will be successful in our endeavors to raise additional capital.

In the first quarter of 2014, we received \$132,000 pursuant to a legal settlement. On September 30, 2014, we borrowed \$50,000 pursuant to a short term loan agreement entered into with a private investor for our ongoing working capital needs which was repaid with cash on hand. During 2014 notes payable due to officer and other related individuals totaling \$30,000 were repaid and in the fourth quarter of 2014 we borrowed an additional \$17,000 from our President, which was repaid in the first quarter of 2015. Additionally, in the first quarter of 2015 we entered into a short-term non-dilutive loan with an investor for \$100,000 and in the nine months ended September 30, 2015 we secured the following non-dilutive financings: \$30,000 from our President and \$75,000 from a greater than 5% shareholder. At September 30, 2015 we had notes payable outstanding of \$106,478.

There can be no assurance that required future financing can be successfully completed on a timely basis, or on terms acceptable to us. Any future issuance of equity securities could cause dilution to our shareholders. Any incurrence of indebtedness would increase our debt service obligations and would cause us to be subject to restrictive operating and financial covenants.

Additionally, at September 30, 2015 we have a total of \$131,724 in accounts receivable, 100% of which is due from a single customer. We periodically perform a credit analysis and monitor the financial condition of this and other customers and do not foresee any difficulties in collecting our accounts receivable at this time.

We had negative net working capital of \$(136,841) at September 30, 2015, resulting in a decrease of \$(65,988) from negative net working capital of (70,853) at September 30, 2014. The ratio of current assets to current liabilities was .6 to 1 at September 30, 2015.

The following is a summary of cash provided by or used in each of the indicated types of activities during the nine months ended September 30, 2015 and 2014:

	2015	2014
Cash provided by (used in):		
Operating activities	\$ (80,311)	\$ 7,948
Investing Activities	-	(100,000)
Financing activities	78,678	27,000

Net cash flow used by operating activities was \$80,311 for the nine months ended September 30, 2015, compared to net cash flow provided by operating activities of \$7,948 for the same period in 2014. The increase in net cash outflow in operating activities was attributable primarily to our receipt of legal settlement proceeds in the first quarter of 2014 which was responsible for the lower level of cash outflows in 2014.

Net cash flows provided by financing activities was \$78,678 for the nine months ended September 30, 2015, resulting from the \$100,000 borrowed under a short-term non-dilutive loan agreement with a private investor, and borrowings from our President in the amount of \$30,000 and \$75,000 from a greater than 5% shareholder of the Company, offset by certain repayments on notes outstanding, compared to net cash flows provided by financing activities of \$27,000 in 2014.

### ***Indebtedness***

From time to time, our directors, officers and other related individuals have made short-term advances to us for our operating needs. In the second quarter of 2015, we borrowed \$30,000 from our President on an interest-free basis, which loan was repaid in the third quarter of 2015. In the third quarter of 2015 we borrowed an additional \$75,000 from a greater than 5% shareholder of the Company, which loan bears interest at 5% per annum and is payable upon the Company achieving certain financial conditions specified therein. In addition, the loan is convertible at the option of the investor at any time prior to repayment at \$0.17 per share. At September 30, 2015, notes payable due to officers, directors and shareholders totaled \$75,000 and carried interest at 5% per annum. During the nine months ended September 30, 2015, a total of \$47,000 was repaid in cash, and 60,000 shares of our common stock, issued at \$0.17 per share, were issued in exchange for the cancellation of a note owed to a director in the amount of \$10,200.

In the first quarter of 2015, we borrowed \$100,000 pursuant to a short term non-dilutive loan agreement with a private investor requiring 252 daily payments of \$492 each commencing January 12, 2015. Interest expense and principal amortization on this loan agreement for the nine months ended September 30, 2015 amounted to \$90,539.

We are subject to a royalty agreement pursuant to which we are required to pay a monthly royalty of 8% on all sales of certain skin care products up to \$227,175. At September 30, 2015, we included \$141,448 in accounts payable and accrued expenses relating to this royalty agreement. Our President, Mr. McLaughlin, has a 60% interest in the royalties paid under the agreement and has voluntarily deferred payments due without interest until we have the financial wherewithal to pay such royalties.

### **Legal Matters**

In October 2013, the Company agreed to a judgment against the estate of a former officer and related individuals in connection with a judgment in favor of the Company rendered in June 2000, finding that defendants in question had failed to use their best efforts in support of the Company in violation of an agreement between the parties. Subsequently, a settlement was reached with these parties in the amount of \$386,000. During the year ended December 31, 2013, the Company received net proceeds of \$78,000 and the balance, \$132,000, net of related legal costs, was received in March 2014.

### **Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements between us and any other entity that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to shareholders.

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholders' equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

### **Critical Accounting Policies**

While our significant accounting policies are described more fully in Note 2 to our financial statements, we believe the following accounting policies are the most critical to aid you in fully understanding and evaluating this management discussion and analysis.

### *Basis of Presentation and Use of Estimates*

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the U.S., or U.S. GAAP. In preparing financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Significant estimates required by management include the valuation of inventory and stockholders' equity-based transactions. Actual results could differ from those estimates.

#### *Inventory*

Inventory is valued at the lower of cost or market value with cost determined on a first-in, first-out basis. Management compares the cost of inventory with the net realizable value and an allowance is made for writing down their inventories to market value, if lower.

#### *Revenue Recognition*

The Company's policy is to record revenue as earned when a firm commitment, indicating sales quantity and price exists, delivery has taken place and collectability is reasonably assured. The Company generally records sales once the product is shipped to the customer. If applicable, provisions for discounts, returns, allowances, customer rebates and other adjustments are netted with gross sales. The Company accounts for such provisions during the same period in which the related revenues are earned. Customer discounts, returns and rebates have not been significant.

Delivery is considered to have occurred when title and risk of loss have transferred to the customer. Sales to international distributors are recognized in the same manner. If title does not pass until the product reaches the customer's delivery site, then recognition of revenue is deferred until that time. There are no formal sales incentives offered to any of the Company's customers. Volume discounts may be offered from time to time to customers purchasing large quantities on a per transaction basis. There are no special post shipment obligations or acceptance provisions that exist with any sales arrangements.

#### *Stock-based Compensation*

The Company follows the provisions of ASC 718, "Share-Based Payment". Under this guidance compensation cost generally is recognized at fair value on the date of the grant and amortized over the respective vesting periods. The fair value of options at the date of grant is estimated using the Black-Scholes option pricing model. The expected option life is derived from assumed exercise rates based upon historical exercise patterns and represents the period of time that options granted are expected to be outstanding. The expected volatility is based upon historical volatility of our shares using weekly price observations over an observation period that approximates the expected life of the options. The risk-free rate approximates the U.S. Treasury yield curve rate in effect at the time of grant for periods similar to the expected option life. The estimated forfeiture rate included in the option valuation was zero.

Many of the assumptions require significant judgment and any changes could have a material impact in the determination of stock-based compensation expense.

### **New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued accounting guidance, "Revenue from Contracts with Customers." The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and clarify guidance for multiple-element arrangements. This standard was effective for fiscal years and interim periods within those years beginning after December 15, 2016, with early adoption prohibited; however on July 9, 2015, FASB decided to defer by one year the effective dates. As a result, the standard will be effective for fiscal years and interim periods within those years beginning after December 15, 2017. Accordingly, the Company will adopt this standard in the first quarter of fiscal year 2018. The Company is currently evaluating the impact this guidance will have on the financial statements. Included in this evaluation, management plans on reviewing existing contracts, evaluating the Company's current processes and systems, determining whether management will have to make additional judgments or estimates, reviewing disclosures required by the standard, determining how changes to revenue accounting might impact other areas of operations, considering the legal structure of the Company's contracts, and considering various other areas that might be impacted by the new standard.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements-Going Concern". This ASU is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. It is effective for annual periods beginning after December 15, 2016, with early adoption permitted. The Company does not expect it to have a material effect on the Company's financial condition, results of operations, and cash flows. However our auditors raised a substantial doubt about our ability to continue as a going concern in connection with our financial statements for the year ended December 31, 2014.

All other accounting standards that have been issued or proposed by the FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Not applicable.

**Item 4. Controls and Procedures**

**Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our Principal Executive Officer ("PEO"), who is also our Principal Financial Officer ("PFO"), of the design and effectiveness of our "disclosure controls and procedures" (as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, our PEO/PFO concluded that as of the end of the period covered by this report, these disclosure controls and procedures were not effective. The conclusion that our disclosure controls and procedures were not effective was due to the presence of the following material weaknesses in disclosure controls and procedures which are indicative of many small companies with small staff: (i) inadequate segregation of duties and effective risk assessment as the Company had only one officer; (ii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both US GAAP and SEC Guidelines; and (iii) inadequate security and restricted access to computer systems including insufficient disaster recovery plans; and (iv) no written whistleblower policy. If and when sufficient funds are available, our PEO/PFO plans to implement appropriate disclosure controls and procedures to remediate these material weaknesses, including (i) appointing additional qualified personnel to address inadequate segregation of duties and ineffective risk management; (ii) adopt sufficient written policies and procedures for accounting and financial reporting and a whistle blower policy; and (iii) implement sufficient security and restricted access measures regarding our computer systems and implement a disaster recovery plan.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended September 30, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

We may become involved in various lawsuits and legal proceedings arising in the ordinary course of business. Litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may have an adverse effect on our business, financial conditions or operating results. We are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

### Item 1A. Risk Factors

You should consider carefully the factors discussed in the "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

### Item 6. Exhibits

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.



**SIGNATURES**

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

**IMMUDYNE INC.**  
(Registrant)

Date: November 13, 2015

By: /s/ Mark McLaughlin  
Mark McLaughlin  
Chief Executive Officer  
(Principal Executive Officer)

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Document Description</b>
31.1 †	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 ‡	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS†	XBRL Instance Document
101.SCH†	XBRL Schema Document
101.CAL†	XBRL Calculation Linkbase Document
101.DEF†	XBRL Definition Linkbase Document
101.LAB†	XBRL Label Linkbase Document
101.PRE†	XBRL Presentation Linkbase Document

† Filed herewith

‡ Furnished herewith

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302(a)  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark McLaughlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2015, of Immudyne, Inc.;
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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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: November 13, 2015

By: /s/ Mark McLaughlin  
Mark McLaughlin  
(Principal Executive Officer and  
Principal Financial Officer)

**CERTIFICATIONS OF PRESIDENT AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark McLaughlin, hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Immudyne, Inc. for the quarterly period ended September 30, 2015, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Immudyne Inc.

Date: November 13, 2015

By: /s/ Mark McLaughlin  
Mark McLaughlin  
(Principal Executive Officer and  
Principal Financial Officer)