

CYIOS CORP
Form 10KSB
April 17, 2007

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

FORM 10-KSB

**x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934 FOR FISCAL YEAR ENDED DECEMBER 31, 2006**

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

Commission file number 000- 27243

CYIOS CORPORATION
(Exact name of registrant as specified in its charter)

Nevada
**(State or other jurisdiction of incorporation or
organization)**

03-7392107
(I.R.S. Employer Identification No.)

1300 Pennsylvania Ave, Suite 700 Washington DC 20004
(Address of principal executive offices) (Zip Code)

(703) 294-9933
(Issuer's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: COMMON STOCK, \$0.001 PAR VALUE

(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 x NO o

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. o

Indicate by check mark whether the registrant is a shell company YES o NO x

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE) YES o NO x

CYIOS Corporation's Revenue for the most recent fiscal year ended December 31, 2006 was \$1,709,907

On December 31, 2006, the aggregate market value of the voting stock of CYIOS Corporation (consisting of common stock, \$0.001 par value) held by non-affiliates of the Registrant (3,402,531 shares) was approximately \$850,632.75 based on the closing price for such common stock (\$0.25) on said date as reported by the OTC Bulletin Board.

As of December 31, 2006, there were 23,356,210 outstanding common shares of CYIOS Corporation common stock.

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FORWARD LOOKING STATEMENTS

In addition to historical information, this Report contains forward-looking statements. Such forward-looking statements are generally accompanied by words such as "intends," "projects," "assumes," "believes," "anticipates," "plans," and similar terms that convey the uncertainty of future events or outcomes. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in ITEM 6 of this Report, the section entitled "MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof and are in all cases subject to the Company's ability to cure its current liquidity problems. There is no assurance that the Company will be able to generate sufficient revenues from its current business activities to meet day-to-day operation liabilities or to pursue the business objectives discussed herein.

The forward-looking statements contained in this Report also may be impacted by future economic conditions. Any adverse effect on general economic conditions and consumer confidence may adversely affect the business of the Company.

CYIOS Corporation undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Factors that could cause actual results or conditions to differ from those anticipated by these and other forward-looking statements include those more fully described in the "Risk Factors" section and elsewhere in this report. In addition, readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission.

Part I

ITEM 1. DESCRIPTION OF BUSINESS

CORPORATE HISTORY

Corporate History prior to Jan 1, 2005 can be found in the company's previous 10KSB amended filing on June 3, 2005 with the Securities and Exchange Commission.

The company had filed a 14C and has obtained written consent from the majority of the stockholders as of April 7, 2005, approving (i) a reverse split of the Company's common stock at a ratio of 1:30 (the "Reverse Split"), and (ii) an amendment to the Company's Articles of Incorporation changing the name of the Company to "China Print Inc." The Board of Directors of the Company unanimously approved the Name Change on March 31, 2005 and the Reverse Split on April 1, 2005.

In June of 2005, management of WorldTeq Group International, then called China Print, Inc. was informed by council that Harbin Yinhai decided not to complete the merger transaction because the company was then listed on the pink sheets and not the OTC-BB as the original agreement had called for. Management decided to keep the name China Print, Inc. while searching for a new merger acquisition candidate.

On September 19, 2005, China Print, Inc. ("CHPR") entered into an agreement with CYIOS Corporation, a District of Columbia corporation and Timothy Carnahan, whereby CHPR would acquire 100% of the issued and outstanding capital stock of CYIOS in exchange for 19,135,000 common shares of stock in CHPR.

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On September 27, 2005 the Corporation's board of directors approved a resolution calling on the stockholders of the Corporation to authorize the board of directors to change the Corporation's name to CYIOS Corporation. On September 27, 2005, the holders of a majority of the outstanding shares of the Corporation's common stock entitled to vote thereon executed a written consent in accordance with Nevada law to adopt the amendment to the Corporation's articles of incorporation.

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BUSINESS OVERVIEW

CYIOS Corporation, a Nevada corporation (“CYIOS”) is a holding company made up of two operating subsidiaries: CYIOS Corporation and CKO Corporation. CYIOS Corporation, which bears the same name as the parent company, is an Information Technology (IT) Systems Integrator currently supporting the Department of Defense (DoD) community. CKO is the product arm of CYIOS that offers CKO, an online office management tool for project and knowledge management (KM), collaboration, scheduling and reporting. Currently CYIOS, the holding company, still owns WorldTeq Corporation which was inherited by current management during the acquisition by China Print, Inc. Management has decided to close WorldTeq Corporation sometime by the end 2007. WTC is a dormant entity which has ceased operating in October of 2005. Aero-Financial has agreed to assume \$611K of the WorldTeq Corporation debt per the merger and the 8-K filed September, 2005.

Additional information on CYIOS DC, the subsidiary:

CYIOS Corporation is recognized as a premier IT solutions provider for the DoD. Established in 1994 CYIOS has worked closely with the United States military as a small business contractor providing innovative and comprehensive solutions for the Army’s General Officers and other high-level agencies. CYIOS DC wins its business through bidding against other companies for federal and state government contracts. These bids may be done independently or through teaming arrangements with other contractors.

Timothy Carnahan, president and CEO of CYIOS, has over 13 years of executive and technical experience with the highest levels of the U.S. government. When supporting the General Officer Management Office, Mr. Carnahan designed and implemented the first knowledge management system for the Army, America’s Army Online, which became the core for Army Knowledge Online (AKO), the portal that supports over 1.8 million soldiers and civilians worldwide. AKO has become the KM paradigm for the Department of Defense (“DoD”) as it has been an acclaimed success in its worldwide support of the Army. The DoD will increase its KM spending from \$387 million in FY 2005 to \$524 million in FY 2010, representing a growing market for CYIOS, where KM is the company’s core competency in both product and service support.

With KM as a major focal point for CYIOS, the term and market need further explanation. KM is the name of a concept in which an enterprise consciously and comprehensively gathers, organizes, shares, and analyzes its information in terms of resources, documents, and people skills. In early 1998, it was believed that few enterprises actually had a comprehensive knowledge management practice (by any name) in operation. Advances in technology and the way we access and share information have changed that; it has been proven that successful organizations have some kind of knowledge management framework in place. Knowledge Management involves data mining and some method or operation to share information among users.

CYIOS uses its expertise in KM, performance-based contracting, enterprise management, and web-based application development to bid on U.S. Government contracts. Historically the company has focused on supporting the U.S. Army, but under its new growth strategy it is beginning to look at bids from other DoD agencies as well as all U.S. Government agencies. The first and most important part of the company’s growth strategy is its recent bid with the Department of Homeland Security (DHS).

Additional information on CKO Incorporated:

CKO Corporation launched its CKO product the third week of November 2005. CKO is a robust and user-friendly knowledge management solution created by the same experts who created the original AKO product. The solution has been created for both the government and commercial market. The company operates the site <http://ckoapp.cyios.com> where customers can sign up for a free 30-day trial.

CKO is a secure, web-based virtual office that uses an array of tools to give any organization the ability to manage and retain knowledge, collaborate data and ideas, and securely store and share information, all for the purpose of making an organization more efficient and therefore more successful. Using the features of CKO, users can manage their entire organization online. Employees access the organization via a virtual CKO from any computer with an Internet connection and web browser. The result: connected, organized and effective business practices.

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The tools of our full online office suite include Email, Document and File management, Calendar, Tasks, Meetings, Contacts, Project Management, Reporting, and Timesheet Management. The power of managing knowledge and collaboration is unleashed when all of these individual components are shared and used within an entire organization, a division, or a project team. CKO removes the dependency of working from an organization's office, which frees employees to access their email, documents, projects, contacts, and reports from any geographic location at anytime. Operational costs are also reduced as CKO helps small businesses eliminate the burdensome expenses of owning and maintaining servers, associated software, and an internal or outsourced IT staff.

RECENT DEVELOPMENTS

In April of 2006, CYIOS received certification as a Microsoft Small Business Specialist. Not only does this help the company become more valuable as it reaffirms the company as an expert in its areas of specialty, but also it will help increase business, especially in the commercial sector as Microsoft offers very aggressive sales assistance programs to its small business specialist partners. Recently this has become more significant as the company works with Microsoft on its recent efforts to convert its product, CKO, to work on MS Mobile 5.0/6.0 software for mobile phone PDA's.

In May of 2006, CYIOS was awarded a \$400k, 1 year follow-on contract at the Headquarters Department of the Army Information Management Support Center (IMCEN). The program, End-User Workstation Survey and Post Installation Quality Assurance, makes CYIOS responsible for the inventory assets of over 10,000 Headquarters, Department of the Army customer desktop devices in the preparation for upgrade or replacement; conduct post-installation quality assurance surveys to gauge customer satisfaction; and provide technical support and training to end users for desktop-related issues after an upgrade or replacement.

In June of 2006, CYIOS was awarded a contract to perform work for the U.S. Army's Senior Leadership Development (SLD) under operational control of the Chief of Staff, Army (CSA). The contract is valued at up to \$1 million with over \$300,000 invoiced by the date of this filing. CYIOS designed and now supports the General Officer Management Office (GOMO) Knowledge Management system. The CSA approved, and the Secretary of the Army endorsed, the realignment of GOMO to include Colonels Division, Officer Personnel Management Directorate, U.S. Army Human Resources Command (HRC) to form the Army Senior Leader Development Office (SLD). CYIOS has been recognized for delivering quality work, outstanding customer service, and ingenuity; and this initiative is to expand its efforts to build a knowledge management system for the Colonel's Branch of SLD.

In July of 2006, CYIOS received a score of 94/100 from the Dun & Bradstreet Open Ratings Past Performance Evaluation. CYIOS scored over 90% in every performance category, including reliability, cost, order accuracy, delivery/timeliness, quality, business relations, personnel, customer support and responsiveness.

In September of 2006 CYIOS Corporation entered into an agreement to set up and own 25% of a joint venture called CLNS LLC. The company retained InterPlan Systems to co-write a proposal for a multi-billion dollar, multi- award contract with a large Federal Agency for this new entity. This joint-venture includes three other small business DoD contractors. This unique arrangement was created to allow a better chance of winning the contract as the past performance from all four company's combined offered a very solid proposal. Awards are expected August or September 2007.

In January of 2007 CYIOS started off the new year with signing a subcontract providing Change Management services worth \$225,000 a year. The work is being performed for DHS and is part of a subcontract with one of the top 10 government contractors.

In February of 2007 CYIOS once again used the services of InterPlan Systems to co-write a proposal for a U.S. Navy agency. This is a large multi-award contract with award decisions expected by the end of the second quarter of 2007.

In March of 2007 CYIOS was awarded a new one-year task order by the Department of Defense, U.S. Army for \$330,000. This task order was awarded on Tuesday, March 28, 2007. The company has the opportunity to get this task order renewed two more times, which would ultimately put the total value at approximately \$1 million over three years.

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2006 EMPLOYEES

As of December 31, 2006 there 22 full time employees in CYIOS Corporation and its subsidiaries in the following capacities:

3.75 full time employees in Executive Management and administration staff; and

1.25 full time in product development and technical operations; and

17 full time employees that are on service contracts on either prime or subcontracted contracts with the United States Government. These employees include but are not limited to:

Quality Assurance Specialist	Senior Software Developer
Project Manager	Database Administrator
Principal Engineer	Internet Developer
Senior Systems Engineer	Software Developer
LAN/WAN Engineer	Application Testing Engineer III
Computer Analyst	Application Testing Engineer II
Systems Administrator	Application Testing Engineer I
Business Analyst III	Technical Writer / Editor
Business Analyst II	Document Publisher
Business Analyst I	

There are no collective bargaining agreements in effect. We believe the relationships with our employees are excellent.

ITEM 2. Description of Property

Real Estate: CYIOS Corporation does not have any ownership on physical property. Headquarters is located at leased space at The Ronald Reagan Building, 1300 Pennsylvania Ave, Suite 700 Washington DC 20004.

INTELLECTUAL PROPERTY

The Company's subsidiary CKO Incorporate is the sole owner of 100% of the intellectual property rights of its online software, CKO. CKO is copyright protected and the company is currently considering the feasibility of patenting certain currently confidential processes used within CKO.

ITEM 3. LEGAL PROCEEDINGS

During 2006 CYIOS Corporation was involved in a trademark infringement with XO Communications; it has been resolved in an equitable manner. None of its subsidiaries were involved in any lawsuits or litigation.

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

No matters were submitted during the fourth quarter of the fiscal year covered by this Report to a vote of security holders, through the solicitation of proxies or otherwise. The annual shareholder meeting has been postponed to a date in the near future.

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PART II

ITEM 5. Market for Common Equity & related Stockholder matters

The company trades on the Over the Counter Bulletin Board market

The closing price of our common stock on the OTC was \$0.25 as of December 31, 2005.

We have not declared any cash dividends on the common stock. We intend to retain future earnings, if any, for use in our business and do not anticipate paying regular cash dividends on the common stock.

Approximately 3,500,000 shares of common stock issued to stockholders are available for resale under Rule 144, subject to notice, volume and manner of sale restrictions under that rule. As of December 31, 2006, the Company had approximately 23,356,210 shares issued and outstanding of the common stock. As of December 31, 2006, we had approximately 150 holders of our common stock. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies. The transfer agent for the Company is Corporate Stock Transfer, Inc. at 3200 Cherry Creek Drive South, Suite 430, Denver, Colorado 80209.

RECENT SALE OF UNREGISTERED SECURITIES:

There were \$0.00 sales made of restricted and unregistered common stock during the year ended December 31, 2006.

OPTIONS AND WARRANTS: There were 1,872,300 options or warrants issued during the year ended December 31, 2006.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the financial statements, related notes, and other detailed information included elsewhere in this Form 10-KSB. Certain information contained below and elsewhere in this Form 10-KSB, including information regarding our plans and strategy for our business, are forward-looking statements. See "Note Regarding Forward-Looking Statements."

MANAGEMENTS DISCUSSION AND ANALYSIS

The total sales for CYIOS' two active subsidiaries CYIOS the subsidiary and CKO Inc, is explained in detail below, total 2006 was \$1,709,907 compared to 2005 that was \$2,298,802.

The sales for CYIOS subsidiary for the year ending December 31, 2006 is 1,709,907 decreased \$63,895 from the equivalent period in 2005 which was \$1,773,802. The sales for CKO Inc subsidiary decreased from \$0 in 2006 from the equivalent period in 2005 which was \$525,000; however, \$525,000 was never collected. CKO has no revenue coming in at this time. CYIOS was awarded a contract that only has been active for part of the year in 2006. This is important to note that as we reduced our overhead due to the award and had more revenue coming into 4QTR in 2006. Our net loss for the year ending December 31, 2006 was \$889,357 or \$0.004 per share, compared to \$271,573 for the equivalent period in 2005 or \$0.001 per share. The \$889,357 net loss is primarily due to our third subsidiary, WorldTeq Corporation.

In addition to the WorldTeq debt, the loss in 2006 was primarily due to the company's investment in the development of the company's product CKO and costs incurred from the acquisition. During 2006 management made the decision

to expand its operations by attempting to increase its business with the DoD and the rest of the Federal Government. In order to achieve this goal the company must actively bid on request for proposals by the different departments and their agencies. The company has and continues to invest all of its earnings into additional personnel to help achieve this goal. The current financial result of this is a net operating loss which should be re-cooped in future revenues and profits driven by awards. While this type of investment can be fruitful, the company must exude patience, because the cycle of an award of a government contract can be as long as 12 to 18 months. It should be also noted that CYIOS, by using the benefits of its own product CKO, can expand its contract business more then three-fold without having to add any additional overhead expenditures. The costs of running a new contract would only include that of compensation for the contracted personnel.

Cost of sales for the year ended December 31, 2006 increased from the equivalent period in 2005 from 145,693 to 432,360. This increase is due to the 2005 merger. Selling, general and administrative expenses for the period ending December 31, 2006 decreased from the equivalent period in 2005, \$252,987 and \$536,490 respectively. This is also due to the 2005 merger.

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ITEM 7. FINANCIAL STATEMENTS.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
CYIOS Corporation (FKA China Print, Inc.), Inc. and Subsidiaries

I have audited the accompanying consolidated balance sheets of CYIOS Corporation (FKA China Print, Inc.) and Subsidiaries as of December 31, 2006, and the related consolidated statements of operations, stockholders' deficit and comprehensive income, and cash flows for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CYIOS Corporation (FKA China Print, Inc.) and Subsidiaries as of December 31, 2006, and the results of its operations and its cash flows for the years ended December 31, 2006 and 2005 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has recurring losses and has yet to generate an internal cash flow that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note E. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Traci J. Anderson, CPA
Huntersville, NC
April 13, 2007

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CYIOS Corporation and Subsidiaries

Consolidated Balance Sheet

December 31, 2006

ASSETS

Current Assets:

Cash	\$	25,305
Accounts Receivable (Note A)		60,647
Other Current Assets		19,913
Total Current Assets		105,865

Property and Equipment:

Property and Equipment		873,528
Accumulated Depreciation		(873,528)
Total Furniture and Equipment		-

TOTAL ASSETS	\$	105,865
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LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities:

Line of Credit (Note O)	\$	100,979
Shareholder Loan Payable (Note M)		49,707
Interest Payable (Note M)		4,971
Taxes Payable (Note L)		13,629
Payroll Taxes Payable (Note L)		46,779
Accounts Payable (Note N)		407,891
Total Liabilities		623,956

Stockholders' Deficit

Convertible Preferred Stock (\$.001 par value; 5,000,000 authorized; 911,553 issued and outstanding)		911
Common Stock (\$.001 par value; 100,000,000 authorized; 26,872,741 issued and outstanding)		26,872
Paid in Capital		23,620,225
Retained Deficit		(24,166,099)
Total Stockholders' Deficit		(518,091)

Total Liabilities and Stockholders' Deficit	\$	105,865
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The accompanying notes are an integral part of these consolidated financial statements.

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CYIOS Corporation and Subsidiaries

Consolidated Statement of Operations

For the years ended December 31, 2006 and 2005

	2006	2005
SALES AND COST OF SALES		
Sales	\$ 1,709,907	\$ 2,298,802
Cost of Sales	432,360	145,693
Gross Profit	1,277,547	2,153,109
EXPENSES		
Selling, general and administrative	252,987	536,490
Payroll Expense	1,177,309	1,580,320
Professional Fees	124,629	74,586
Bad Debt Expense (Note A)	618,756	-
Loss on Worthless Stock	5,400	-
Interest	20,515	26,215
Depreciation and amortization	48,904	207,071
TOTAL EXPENSES	2,248,490	2,424,682
Net Loss from Operations	(970,943)	(271,573)
OTHER COMPREHENSIVE INCOME		
Forgiveness of Debt	81,586	-
Net Loss	\$ (889,357)	\$ (271,573)
Net (loss) per share--basic and fully diluted	(0.04)	(0.01)
Weighted average shares outstanding	21,792,830	21,567,910

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

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CYIOS Corporation and Subsidiaries/

Consolidated Statement of Cash Flow

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(889,367)	(271,573)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	48,903	170,529
Amortization	-	36,542
(Increase)/Decrease in Accounts Receivable	567,822	(592,554)
(Increase)/Decrease in Other Assets	9,164	(28,229)
Increase/(Decrease) in Payroll Taxes Payable	(141,458)	188,237
Increase/(Decrease) In Taxes Payable	-	13,629
Increase/(Decrease) in Interest Payable	(13,669)	(51,798)
Increase/(Decrease) in Accounts Payable	17,474	50,698
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(401,131)	(484,519)
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Increase in fixed assets as a result of merger	-	(71,821)
NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	-	(71,821)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	452,000	629,022
Reduction in Shareholder Receivable	-	(58,500)
Principal Reductions on Shareholder Loan Payable	(137,698)	-
Increase/(Decrease) in borrowings on Line of Credit	62,277	35,675
NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	376,579	606,197
NET INCREASE IN CASH AND CASH EQUIVALENTS	(24,552)	49,857
CASH AND CASH EQUIVALENTS:		
Beginning of Period	49,857	-
End of Period	25,305	49,857

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

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CYIOS Corporation, Inc. and Subsidiaries

Consolidated Statement of Stockholders' Equity

For the years ended December 31, 2006 and 2005

	Common Shares (000's)	Common Stock \$	Preferred Shares (000's)	Preferred Stock \$	Additional Paid-in Capital	Retained Deficit
Balances, January 1, 2005	1,290,206	\$ 1,290	911,553	911	\$ 22,564,785	\$ (23,005,159)
Issuance of shares	20,277,704	20,278	-	-	608,744	-
Net Income (loss) for the year	-	-	-	-	-	(271,573)
Balances, December 31, 2005	21,567,910	\$ 21,568	911,553	\$ 911	\$ 23,173,529	\$ (23,276,732)
Issuance of shares	5,304,831	5,304	-	-	446,696	-
Net Income (loss) for the year	-	-	-	-	-	(889,367)
Balances, December 31, 2006	26,872,741	\$ 26,872	911,553	\$ 911	\$ 23,620,225	\$ (24,166,099)

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

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NOTES to consolidated financial statements

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity— China Print, Inc. formerly known as WorldTeq Group International, Inc. merged on September 19, 2005 with CYIOS Corporation of Washington DC. During the merger the company's former CEO notified the public of his resignation and the assignment of a new CEO, CFO, and president, Mr. Timothy Carnahan. After the merger, China Print, Inc. changed its name to CYIOS. The consolidated financial statements of CYIOS Corporation (The Company), formerly China Print, Inc. includes its subsidiary by the same name CYIOS Corporation, in addition to CKO, Inc. and WorldTeq Corporation. The Company, through its subsidiary CYIOS Corporation does business as a leading systems integrator and Knowledge Management Solutions provider supporting the United States Army. The company contracts its services for single and multiple year awards to different US Army and US Government agencies. CKO Incorporated owns a custom designed online office management. The company launched this product in November of 2005 to the general public and commercial businesses. WorldTeq Corporation in the last three years has engaged primarily in the long distance service business and during 2006 it had no operating activity.

Cash and Cash Equivalents—For purposes of the Consolidated Statement of Cash Flows, the Company considers liquid investments with an original maturity of three months or less to be cash equivalents.

Management's Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition— The Company recognizes revenue when persuasive evidence of an arrangement exists, services have been rendered or goods delivered, the contract price is fixed or determinable, and it is reasonably assured to be collectible. The Company follows SOP 81-1 Accounting for Performance of Construction-Type and Certain Production-Type Contracts, as it applies to time-and-material contracts. Revenue on time-and-materials contracts is recognized based on the hours actually incurred at the negotiated contract billing rates, plus the cost of any allowable material costs and out-of-pocket expenses. Revenue on fixed-price contracts pursuant to which a client pays the Company a specified amount to provide only a particular service for a stated time period, or so-called fee-for-service arrangement, is recognized as amounts become billable, assuming all other criteria for revenue recognition are met. The Company recognizes revenue from government contracts.

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NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’)

Comprehensive Income (Loss)—The Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 130, “Reporting Comprehensive Income”, which establishes standards for the reporting and display of comprehensive income and its components in the consolidated financial statements. There were no items of comprehensive income (loss) applicable to the Company during the periods covered in the consolidated financial statements.

Advertising Costs—Advertising costs are expensed as incurred. For the year ended December 31, 2006, the company incurred \$15,029.

Net Loss per Common Share—Statement of Financial Accounting Standard (SFAS) No. 128 requires dual presentation of basic and diluted earnings per share (EPS) with a reconciliation of the numerator and denominator of the EPS computations. Basic earnings per share amounts are based on the weighted average shares of common stock outstanding. If applicable, diluted earnings per share would assume the conversion, exercise or issuance of all potential common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. Accordingly, this presentation has been adopted for the period presented. There were no adjustments required to net loss for the period presented in the computation of diluted earnings per share.

Income Taxes—Income taxes are provided in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, “Accounting for Income Taxes.” A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss-carry forwards.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that, and some portion or the entire deferred tax asset will not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment.

Fair Value of Financial Instruments—The carrying amounts reported in the consolidated balance sheet for cash, accounts receivable and payable approximate fair value based on the short-term maturity of these instruments.

Accounts Receivable—Accounts deemed uncollectible are written off in the year they become uncollectible. During 2006, the following amounts by subsidiary were deemed uncollectible and written off as bad debts:

CKO	\$ 525,000
WTC	93,756
	\$ 618,756

Outstanding Accounts Receivable as of December 31, 2006 was \$60,647 (CYIOS Subsidiary).

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NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’)

Impairment of Long-Lived Assets—The Company evaluated the recoverability of its property and equipment, and other assets in accordance with Statements of Financial Accounting Standards (SFAS) No. 121, “Accounting for the Impairment of Long-Lived Assets to be Disposed of” which requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the estimated future undiscounted cash flows attributable to such assets or the business to which such intangible assets relate.

Property and Equipment—Property and equipment is stated at cost. Depreciation is provided by the straight-line method over the estimated economic life of the property and equipment remaining from five to seven years. All of the Company’s assets were fully depreciated during 2006. Depreciation expense for 2006 was \$48,904.

Recent Accounting Pronouncements—In May 2005, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 154 “Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3.” This Statement replaces APB Opinion No. 20, “Accounting Changes”, and FASB Statement No. 3, “Reporting Accounting Changes in Interim Financial Statements” and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provision. When a pronouncement includes specific transition provisions, those provisions should be followed. The Company has no transactions that would be subject to SFAS 154.

In February 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 155, Accounting for Certain Hybrid Instruments-an amendment of FASB Statements No. 133 and 140. SFAS 155 allows financial instruments that have embedded derivatives to be accounted for as a whole if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 eliminates the need to bifurcate the derivative from its host, as previously required under Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedge Accounting. SFAS 155 also amends SFAS 133 by establishing a requirement to evaluate interests in securitized financial assets to determine whether they are free standing derivatives or whether they contain embedded derivatives that require bifurcation. SFAS 155 is effective for all hybrid financial instruments acquired or issued by the Company on or after January 1, 2007. The Company does not anticipate any material impact to its financial condition or results of operations as a result of the adoption of SFAS 155.

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NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’)

Recent Accounting Pronouncement (cont’)

In March 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 156, “Accounting for Servicing of Financial Assets”. SFAS 156 addresses the accounting for recognized servicing assets and servicing liabilities related to certain transfers of the servicer’s financial assets and for acquisitions or assumptions of obligations to service financial assets that do not relate to the financial assets of the servicer and its related parties. SFAS 156 requires that all recognized servicing assets and servicing liabilities are initially measured at fair value, and subsequently measured at either fair value or by applying an amortization method for each class of recognized servicing assets and servicing liabilities. SFAS 156 is effective in fiscal years beginning after September 15, 2006. The adoption of SFAS 156 is not expected to have a material impact on our consolidated financial statements.

In June 2006, the FASB issued FIN 48, “Accounting for Uncertainty in Income Taxes—an interpretation of FASB No. 109. This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with FASB No. 109, “Accounting for Income Taxes”. This interpretation prescribes recognition of threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for fiscal years beginning after December 15, 2006. Earlier application is permitted if the entity has not yet issued interim or annual financial statements for that fiscal year. The adoption of this standard is not expected to have a material effect on the Company’s results of operations or financial position.

In September 2006, the FASB issued Statement No. 157, “Fair Value Measurements”. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, SFAS No. 157 does not require any new fair value measurements. However, for some entities, the application of SFAS No. 157 will change current practice. This Statement is effective for fiscal years beginning after November 15, 2007, and all interim periods within those fiscal years. Earlier application is permitted if the entity has not yet issued interim or annual financial statements for that fiscal year. Early adoption of this standard is not expected to have a material effect on the Company’s results of operations or its financial position, but the Company is evaluating the Statement to determine what impact, if any, it will have on the Company.

Table of Contents**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT’)****Recent Accounting Pronouncement (cont’)**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)” (“SFAS 158”). This statement requires balance sheet recognition of the funded status, which is the difference between the fair value of plan assets and the benefit obligation, of pension and postretirement benefit plans as a net asset or liability, with an offsetting adjustment to accumulate other comprehensive income in shareholders’ equity. In addition, the measurement date, the date at which plan assets and the benefit obligation are measured, is required to be the company’s fiscal year end. The Company currently is currently evaluating the Statement to determine what impact, if any, it will have on the Company.

NOTE B—SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosures of cash flow information for the years ended December 31, 2006 and 2005 is summarized as follows:

Cash paid during the years for interest and income taxes:

	2006	2005
Income Tax	\$ -	\$ -
Interest	\$ 20,515	\$ 26,215

NOTE C—FINANCING FACILITY

During the year ended December 31, 2003 the Company entered into an accounts receivable financing facility for a maximum of \$500,000 with an unrelated third party. Collateral for the facility is a first security interest in all corporate assets and a personal guarantee of the Company’s shareholder. The Company pays a 2% fee for each advance and interest accrues on all advances at a floating rate, at the prime rate published in the Wall Street Journal plus 2% (7.25% at December 31, 2006). The Company is advanced 90% of Prime government contract invoices and 85% of subcontract, credit worthy, commercial accounts. The advances are used for general corporate working capital. Residual, or holdback amounts, less fees and interest, are remitted to the Company when payments are received from the government. Substantially all of the Company’s revenue stream and accounts receivables are factored through this facility.

NOTE D—INCOME TAXES

Due to the operating loss and the inability to recognize an income tax benefit there from, there is no provision for current or deferred federal or state income taxes for the year ended December 31, 2006.

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

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The Company's total deferred tax asset, calculated using federal and state effective tax rates, as of December 31, 2006 is as follows:

Total Deferred Tax Asset	\$ 2,664,591
Valuation Allowance	(2,664,591)
Net Deferred Tax Asset	\$ -

The reconciliation of income taxes computed at the federal statutory income tax rate to total income taxes for the year ended December 31, 2006 is as follows:

	2006	2005
Income tax computed at the federal statutory rate	34%	34%
State income tax, net of federal tax benefit	4%	4%
Total	38%	38%
Valuation allowance	-38%	-38%
Total deferred tax asset	0%	0%

Because of the Company's lack of earnings history, the deferred tax asset has been fully offset by a valuation allowance. The valuation allowance increased (decreased) by \$339,540 and \$103,197 in 2006 and 2005, respectively. No tax benefits have been recorded for the nondeductible (tax) expenses (including stock for services) totaling \$17,210,808.

NOTE D—INCOME TAXES (CONT'D)

As of December 31, 2006, the Company had federal and state net operating loss carry forwards as follows:

Amount	Expiration
\$ 354,164	2017
478,371	2018
2,028,880	2019
713,564	2020
971,296	2021
432,497	2022
298,634	2023
516,946	2024
271,572	2025
893,526	2026
\$ 6,959,450	

Table of Contents**NOTE E—GOING CONCERN**

As shown in the accompanying financial statements, the Company has recurring losses from operations to date. During 2006, the Company had a net loss of \$893,526, a net deficiency of \$24,170,258 and a net working capital deficit of \$522,260.

Management believes that its actions presently being taken to raise equity capital, seek strategic relationships and alliances, and build its marketing efforts to generate positive cash flow provide the means for the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE F—CONCENTRATION

The Company is either a prime or sub contractor on contracts with the Titan Corporation, Information Management Support Center (IMCEN) and GOMO/SLD. Loss of these contracts could have a material effect upon the Company's financial condition and results of operations.

NOTE G—SEGMENT REPORTING

The Company has six reportable segments—WTC, DTC, WTEQ, CKO, China Print, and CYIOS.

Net Sales by Segment

		WTC	DTC	WTEQ	CKO	China Print	CYIOS	Totals
Sales, net	\$	-	\$ -	\$ -	\$ -	\$ -	\$ 1,709,907	\$ 1,709,907
Cost of Sales		-	-	-	-	-	432,360	432,360
Gross Profit	\$	-	\$ -	\$ -	\$ -	\$ -	\$ 1,277,547	\$ 1,277,547

Profit/(Loss) by Segment

		WTC	DTC	WTEQ	CKO	China Print	CYIOS	Totals
Net (Loss)	\$	(75)	\$ -	\$ -	\$ (541,279)	\$ (11,453)	\$ (336,719)	\$ (889,526)

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The accounting policies used for segment reporting are the same as those described in Note A “Summary of Significant Accounting Policies”;

NOTE H—EQUITY

During 2005, the Company issued 20,277,704 common shares for cash and as a result of the acquisition of CYIOS Corporation. No warrants were granted or exercised during 2005.

During 2006, the Company issued 0 common shares for cash. 1,872,300 options/warrants were granted or exercised during 2006.

NOTE K—PENSION PLAN

The Company has a 401(k) plan which is administered by a third-party administrator. Individuals who have been employed for one month and reached the age of 21 years are eligible to participate. Employees may contribute up to the legal amount allowed by law. The Company matches one-half of the employee’s contribution up to a maximum of 4% of the employee’s wages. Employees are vested in the Company’s contribution 25% a year and are fully vested after four years. The Company’s contributions for the year ended December 31, 2006 was \$17,203.

NOTE L—COMMITMENTS/LEASES

The Company entered into a lease agreement on July 8, 2005 for an office space. In October of 2006, the lease was renewed for 12 months and expires September 30, 2007. Monthly fees are \$1,040.00. The Company’s estimated future yearly minimum lease obligations are as follows:

For the year ending December 31, 2007 \$12,480.00

Total rent expense for 2006 was \$26,771.00.

NOTE M—SHAREHOLDER LOANS

The Company has a Note Payable with one of its officers and major shareholders. The note is payable on demand and bears no interest. The Company calculated imputed interest on this note using a rate of 15%. The effects of these notes are included in the consolidated financial statements therein. The outstanding balance as of December 31, 2006 is \$49,707. Accrued interest for the year on this outstanding note was \$4,971.

Table of Contents**NOTE N—ACCOUNTS PAYABLE**

The breakdown of Accounts Payable is as follows categorized by subsidiary:

WTC	\$ 370,348
WTEQ	17,068
CYIOS	20,475
	\$ 407,891

NOTE O—LINE OF CREDIT

Two of the Company's subsidiaries have lines of credit with Bank of America. The line of credit for CKO is 11.75% interest and the line of credit for China Print, Inc. is 14.25%. The outstanding balances of the line of credit by Subsidiary as of December 31, 2006 are as follows:

CKO	\$ 45,929
China Print	55,050
	\$ 100,979

NOTE P—TAXES PAYABLE AND PAYROLL TAXES PAYABLE

As of December 31, 2006, the Company's subsidiary WTC owed \$13,629 in income taxes to the IRS.

As of December 31, 2006, the Company's subsidiaries owed the following in payroll taxes:

WTC	\$ 27,373*
DTC	2,205*
WTEQ	9,368*
CYIOS	7,833
	\$ 46,779

*The Company is in negotiations with the IRS to satisfy these debts which were incurred prior to the merger in 2005.

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NOTE Q—Other Information

As of December 31, 2005, CYIOS Corporation had entered into an agreement with the IRS to pay off the 2003 payroll liabilities as soon as the IRS had finished abating penalties from previous years. Once the final abatements were in and applied to the 2nd and 3rd quarters of 2003, CYIOS agreed to pay the difference of what was owed. As of March 22, 2006, CYIOS Corporation paid the remaining payroll liabilities for 2003. Our payroll liabilities are now zero for 2003. CYIOS Corporation has filed all payroll reports with the IRS in a timely manner and has had no late payroll payments since the 4th quarter 2003. Payment of the aforementioned tax liability will reduce the outstanding amount by \$149,291.79.

ITEM 8. Changes in and disagreements with accountants and on accounting and financial disclosure

On September 14, 2005, China Print, Inc. (“CHPR”) finalized its change of auditors. On or about June 9, 2005, CHPR contacted the accounting firm of Traci J. Anderson, CPA, to review the unaudited financial statements included in its Form 10-QSB for the quarter ended March 31, 2005, on the assumption that an auditor other than the auditor of record could review interim quarterly financial statements. At that point, CHPR was still using its then-current auditors, Malone & Bailey, PC, to conduct its annual audits. Traci J. Anderson conducted the review of the financial statements in the Form 10-QSB for the quarter ended March 31, 2005, which was filed on June 15, 2005. Ms. Anderson also reviewed the financial statements in the Form 10-QSB for the quarter ended June 30, 2005, which was filed on or about August 23, 2005. Malone & Bailey, PC did not review the financial statements in the Forms 10-QSB for the quarters ended March 31, 2005 or June 30, 2005.

On or about June 28, 2005, Malone & Bailey communicated with CHPR management its concern that it had been dismissed as auditors, and on June 29, 2005, management sent Malone & Bailey a letter saying they had not been dismissed. However, based on the fact that CHPR had been using Ms. Anderson’s firm to review the interim unaudited financial statements, management decided to formally dismiss Malone & Bailey as its auditor of record, and to engage Traci J. Anderson as its new auditor, both actions to be effective September 14, 2005. Malone & Bailey, PC has been authorized to respond fully to the inquiries of CHPR’s successor accountant concerning the subject matter of these events.

Except for an expression of substantial doubt about our ability to continue as a going concern, Malone & Bailey’s reports on our financial statements for the fiscal years ended December 31, 2004 and December 31, 2003, did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles.

For the fiscal years ended December 31, 2004 and December 31, 2003, and up to the events reported herein, there were no disagreements between Malone & Bailey and us on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Malone & Bailey’s satisfaction, would have caused them to make reference to the subject matter of the disagreement in connection with their report.

Pursuant to Item 304(a)(3) of Regulation S-B, the disclosures in the Form 8-K were provided to the former auditors, Malone & Bailey, via email and fax transmission on September 14, 2005, and they were requested to furnish a letter stating whether they had any disagreement with the statements made in this Form 8-K, within sufficient time that their letter could be filed with the SEC within 10 days of this Form 8-K’s filing.

We did not discuss with Traci J. Anderson, CPA any questions regarding the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered, either before we contacted her on June 9 to review our unaudited quarterly financial statements or before we formally engaged her as our auditor on September 14, 2005.

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Item 8A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES. The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934 reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, December 31, 2006, we completed an evaluation, under the supervision and with the participation of our management, consisting of our Chief Executive Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Securities Exchange Act of 1934 Rules 13a-14(C) and 15d-14c). Based upon the foregoing, our Chief Executive Officer concluded that our disclosure controls and procedures are effective in connection with the filing of this annual report on Form 10-KSB for the fiscal year ended December 31, 2006.

CHANGES IN INTERNAL CONTROLS. There were no significant changes in our internal controls over financial reporting during the fiscal year ended December 31, 2006 that have materially affected or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 8B OTHER INFORMATION - none

Table of Contents**PART III****ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS;
COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT****DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS**

The following table sets forth information regarding the executive officers and directors of the Company as of March 31, 2006.

Name	Age	Position	Since
Timothy W. Carnahan	39	President, Treasurer and Chairman of the Board of Directors	September 2005
Jeffrey Lieberman	39	Secretary and Director	September 2005

TIMOTHY CARNAHAN - Mr. Carnahan serves as President and Chief Executive Officer as well as Chairman of the Board. Mr. Carnahan is the President and Founder of our operating subsidiary, CYIOS Corporation, a Washington DC based firm, founded in 1994 ("CYIOS DC") and has served in that capacity since 1994. CYIOS DC is a defense contractor offering services and products that reduce the time frame for achieving mission-critical goals. With the Department of Defense being CYIOS DC's major customer, Mr. Carnahan has some level of security clearance at the Department of Defense. CYIOS built the Army Knowledge Online (AKO) to facilitate greater knowledge transfer amongst Army personnel. Mr. Carnahan attended Old Dominion University in Norfolk, VA from 1985 to 1989. He graduated with a Bachelors degree in Computer Science.

JEFF LIEBERMAN - Mr. Lieberman serves as our Director of Sales and Operations, Director and Secretary. He has been employed by the Company in various capacities since its inception in 1997. He graduated from the University of Maryland in 1991 with a Bachelor of Science Degree in Personnel Management and Labor Relations. After completion of his degree he studied for and passed his Series 6, 63, and series 7 tests to become a fully licensed stockbroker and financial planner. After a short internship with a small firm he accepted a position in 1991 with Robinson & Lukens, a conservative brokerage house located in Washington D.C. There he worked very closely with many retired clients with a structured focus on income and money preservation investment strategies.

FAMILY RELATIONSHIPS

No family relationships exist between the directors and the officers.

CODE OF ETHICS

On March 31, 2003, the Board of Directors of the Company adopted a written Code of Ethics designed to deter wrongdoing and promote honest and ethical conduct, full, fair and accurate disclosure, compliance with laws, prompt internal reporting and accountability to adherence to the Code of Ethics. This Code of Ethics has been filed with the Securities and Exchange Commission as an Exhibit to its Form 10-KSB for the fiscal year ending December 31, 2003.

Table of Contents**ITEM 10. EXECUTIVE COMPENSATION**

(a) GENERAL. No salary or regular compensation is paid to our directors. Pursuant to our By-laws, directors are eligible to be reimbursed for their actual out of pocket expenses incurred in attending Board of Directors meetings and other director functions, as well as fixed fees and other compensation to be determined by the Board of Directors. No such compensation or expense reimbursements have been requested by the directors or paid to date. Salary amounts paid and stock options granted to our executive officers are detailed in subsection (b) below.

(b) SUMMARY COMPENSATION TABLE. The following table sets forth certain summary information concerning the compensation paid to the Chief Executive Officer and certain executive officers for the fiscal years ended December 31, 2005

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Long Term Compensation				
		Salary	Bonus	Other Annual Compensation	Restricted Stock Award(s)	Securities Underlying Options	LTIP Payouts	Other
		(\$)	(\$)	(\$)	(\$)	(#)	(\$)	(\$)
Timothy Carnahan CEO, President, Treasurer and Chairman of the Board	2005	142,000			N/A			
Jeffrey Lieberman, Secretary and Director	2005	60,000			N/A			

(c) LONG TERM INCENTIVE PLAN AWARDS. No long-term incentive plans have been awarded.

(d) COMPENSATION OF DIRECTORS. No salary or regular compensation is paid to our directors. Our directors are entitled to reimbursement of out of pocket expenses incurred in connection with their duties as directors. To date, no such expenses have been requested or paid.

(e) EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT. - None

(f) REPORT ON REPRICING OF OPTIONS/SARs. None. PAST OPTIONS/SARS-ALL EXPIRED

The Company intends to maintain insurance against all liability incurred by its officers and directors in defense of any actions to which they may be made parties by reason of their positions as officers and directors and is in the process of obtaining this insurance.

Nevada law authorizes a Nevada corporation to indemnify its officers and directors against claims or liabilities arising out of such person's conduct as officers or directors if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the Company. The Articles of Incorporation provide for indemnification of the directors and officers of the Company. In addition, the Bylaws of the Company provide for indemnification of the directors, officers, employees, or agents of the Company. In general, these provisions provide for indemnification in instances when such persons acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the Company.

Table of Contents**ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the ownership of CYIOS Corporation's common stock as of December 31, 2005, by each shareholder known by us to be the beneficial owner of more than 5% of CYIOS Corporation's common stock, each director and all executive officers and directors as a group. Unless otherwise indicated by footnote, each of the shareholders named in the table has sole voting and investment power with respect to the shares of common stock beneficially owned.

TITLE OF CLASS	NAME AND ADDRESS	Number of	% OF
Common	Timothy Carnahan 1300 Pennsylvania Ave Suite 700 NW Washington DC 20007	15,645,000	67%
Common	Jeffrey Lieberman 1300 Pennsylvania Ave Suite 700 NW Washington DC 20007	1,289,000	5%

Notes:

(1) Mr. Carnahan is our CEO and Chairman, and has sole voting authority for all of these shares.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(a) The following transactions have been undertaken within the last three years with related parties. In May 2003, WorldTeq sold its Networld subsidiary to an entity owned by Bruce Bertman for \$1. WorldTeq recorded the sale as a credit to additional paid in-capital for the net liabilities totaling approximately \$435,000.

In September 2003, the board of directors approved the conversion of \$100,000 of notes payable to Bruce Bertman into 5,353,511 shares of common stock. The number of shares issued was determined based on the formula outlined in Bruce Bertman's Secured Convertible Promissory Note. The Note allowed Mr. Bertman to convert at the lower of either \$.10 per share or the average closing bid price of WTEQ common stock for the prior 20-day period. The average closing bid was \$0.018714 per share for the period ended August 18, 2003 when Mr. Bertman converted.

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On September 19, 2005, the Company entered into an agreement with CYIOS Corporation, a District of Columbia corporation ("CYIOS DC") and our current director and Chief Executive Officer Timothy Carnahan, whereby we would acquire 100% of the issued and outstanding capital stock of CYIOS DC in exchange for 19,135,000 common shares of stock of our Company, then named China Print, Inc.

ITEM 13. EXHIBITS

List of Exhibits

Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002

Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES. Total annual audit fees billed for professional services rendered by Malone and Bailey PLLC during 2005 Malone & Bailey's fees only included reviews of Q1 and Q2 for a total of \$6,000. The company then changed auditors and the 3rd Quarter review and complete Audit for the fiscal year ending December 31, 2005 was done by Traci Anderson, CPA for a total of \$17,000 and continued to have Traci Anderson review Q1, Q2 and Q3 of 2006 for approximately \$4,500.

ALL OTHER FEES:

Paul Beeks, is the internal CPA for CYIOS Corporation and fees for internal accounting amounted to approximately 6000.00 for year of 2006.

SIGNATURE

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

CYIOS Corporation

/s/ Timothy W. Carnahan

Timothy W. Carnahan

Chief Executive Officer,

President, Treasurer and Chairman of the Board

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Timothy W. Carnahan

Timothy W. Carnahan

Chief Financial Officer,

President, Treasurer and Chairman of the Board

/s/ Jeffrey M. Lieberman

Jeffrey M. Lieberman

Secretary and Director

Dated: April 17, 2007