ONE VOICE TECHNOLOGIES INC
Form 10KSB
April 04, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

Annual Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the year ended December 31, 2007

COMMISSION FILE NUMBER 0-27589

ONE VOICE TECHNOLOGIES, INC.

(Name of Small Business Issuer in its Charter)

NEVADA	95-4714338
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

4250 Executive Square, Ste 770, La Jolla CA 92037

(Address of principal Executive Offices) (Zip Code)

(858) 552-4466	(858) 552-4474
(Issuer's Telephone Number)	(Issuer's Facsimile Number)

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

Securities registered under Section 12(g) of the Exchange Act:

COMMON STOCK-$.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 of 1934 during the past 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) had been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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

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

The issuer's revenues for the year ended December 31, 2007 were $702,430.

The approximate aggregate market value of the voting stock held by non-affiliates of the registrant as of March 14, 2008, based on the average of the closing bid of $0.0095 of one share of the Common Stock of the Company was $7,361,209.

As of December 31, 2007 the issuer had 738,246,749 shares of common stock outstanding.

As of March 25, 2008 the issuer had 777,674,886 shares of common stock outstanding.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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PART 1

ITEM 1. DESCRIPTION OF BUSINESS

INTRODUCTION

One Voice Technologies, Inc. is a voice recognition technology company with over $43 million invested in Research and Development and deployment of products in both the telecom and PC multi-media markets. To date, our customers include: Telefonos de Mexico, S.A.B. de C.V. (TELMEX), Intel Corporation, the Government of India, Fry's Electronics, Inland Cellular, Nex-Tec Wireless, Mohave Wireless and several additional telecom service providers throughout the United States. Our telecom solutions allow business and consumer phone users to Voice Dial, Group Conference Call, Read and Send E-Mail and Instant Message, all by voice. We offer PC Original Equipment Manufacturers (OEM's) the ability to bundle a complete voice interactive computer assistant which allows PC users to talk to their computers to quickly play digital media (music, videos, DVD) along with reading and sending e-mail messages, SMS text messaging to mobile phones, PC-to-Phone calling (VoIP) and PC-to-PC audio/video. We feel we are strongly positioned across these markets with our patented voice technology.

The Company is traded on the NASD OTC Bulletin Board ("OTCBB") under the symbol ONEV. One Voice is incorporated in the State of Nevada and commenced operations on July 14, 1999.

ONE VOICE OFFERINGS

Network and Enterprise - Messaging

Email Access

One Voice's email access is designed to be the most powerful and versatile solution on the market. With email access, users take full control of their email account from any phone worldwide. They can easily find important messages and respond to one person or groups in seconds. Works with 100% of all handsets for immediate deployment to your entire subscriber base or enterprise workforce. Supports all major email providers including: Yahoo! Mail, Hotmail, Gmail, AOL Mail, POP3 and IMAP.

Voice-to-SMS

One Voice's Voice-to-SMS solution allows wireless and wireline operators along with enterprises to offer true mobility for outbound generated text messaging services. The industry's first completely hand-free text messaging service leads the way for driver safety legislation with fast accurate message delivery keeping the drivers eyes on the road at all times. Compose an SMS message by voice to anyone in your personal address book or corporate directory, simply speak the message and send it as an SMS text message to a single or multiple phone(s).

Voicemail-to-SMS

One Voice's Voicemail-to-SMS solution allows wireless and wireline operators along with enterprises to offer immediate message delivery of inbound voicemail audio messages converted to text and sent as an SMS to your phone. Never miss an important message again!

Network and Enterprise - Voice Communications

Voice Dialing

One Voice's Voice Dialing solution allows wireless and wireline operators along with enterprises to offer 100% hands-free voice dialing of any contacts in your personal address book. Syncs with Outlook and Lotus Notes allowing for thousands of contacts to be setup in minutes.

Group Calling

One Voice's Group Calling solution allows wireless and wireline operators along with enterprises to offer spontaneous group calling for up to 64 participants in a preset group. Targeted for the youth market for easy group chat with powerful full-duplex acoustic echo-canceling technology for crystal clear calling.

Spontaneous Audio Conferencing

One Voice's Group Calling solution allows wireless and wireline operators along with enterprises to offer spontaneous group calling for up to 64 participants. Features include: customizable message greeting; moderator touch-tone control; moderator dial-out during conference; up to 64 participants; available anytime. Targeted for the mobile professional for reservationless on-the-fly conferencing to business colleagues, anywhere, anytime with powerful full-duplex acoustic echo-canceling technology for crystal clear calling.

Network and Enterprise - Directory Assistance

One Voice's directory assistance is the industry's most powerful 411-business and residential lookup along with corporate enterprise names directory lookup. Our solution is the only commercially available telephony directory assistance in-use today that allows for residential names lookup (White Pages). One Voice's powerful 411 solutions allow for complex name searches, such as: "The Smith Family", "Jim and Mary Smith", "James Smith", "Mary and Jim Smith" and "J and M Smith". No other company has the power of our patented voice search technology to handle both Yellow and White Pages automated search.

Digital Home - Media Center Communicator

Imagine walking into your home and simply speaking to play music, watch TV, read and send e-mail, call to order a pizza and more. Now, with Media Center Communicator(, you have full control of your Digital Home using only your voice.

Voice-Activated Music
Works with iTunes and Windows Media Player.

Voice-Activated Photos

Command your photos to come alive by simply saying the album name.

Voice-Activated TV and Movies
Instantly access your recorded shows and movie collection using only your voice.

Voice-Activated Skype
Works with Skype to place calls anywhere in the world.

Voice-Activated Email
Works with most popular email providers.

Media Center Communicator (MCC) is software, designed specifically for Windows Vista Media Center, that allows users to simply speak to access the content they desire using voice recognition. MCC requires No Voice Training and No Programming so it is ready to use right out of the box.

MSRP $79.95 and available through the following retailers: Fry's Electronics, Target.com, Walmart.com, Dell.com, Amazon.com, J&R, Newegg and Micro Center.

Digital Home - VoiceTunes

VoiceTunes(TM) is the ultimate companion to your digital music collection! It works directly with your existing iTunes and Windows music libraries.

Just speak commands like "Play Artist The Rolling Stones" or "Play Rock Music" to enjoy your music without clicking through menus and folders.

VoiceTunes installs quickly and works right out of the box with no voice training required!

MSRP $29.95.

Mobility - Intel Based Mobile Internet Device (MID)

One Voice has developed a complete suite of voice activated solutions for the new sector of Mobile Internet Device (MIDs) allowing consumers to play music, view photos, videos and full Internet searching all through voice control. One Voice is currently working with Intel and jointly presenting this solution to several OEM's for mass consumer distribution in 2008.

Mobility - MobileVoice for StreetDeck

One Voice has developed a complete voice solution add-on for StreetDeck. StreetDeck is a leading navigation and infotainment solution for mobile PC's and Ultra Mobile PC's (UMPC's).

MSRP $29.95 with beta testing beginning in April, 2008 and general availability July, 2008.

INTELLECTUAL PROPERTY AND PATENT PROTECTION

We own exclusive rights to three United States patents on our software. We have filed for international patent protection as well. These patents define the primary features and unique procedures that comprise our products and solutions. Patent protection is important to our business. The patent position of companies in the hi-technology field generally is highly uncertain, involves complex legal and factual questions, and can be subject of much litigation.

Our future success and ability to compete depends in part upon the proprietary technology and trademarks, which we attempt to protect with a combination of patent, copyright, trademark and trade secret laws, as well as with our confidentiality procedures and contractual provisions. These legal protections afford only limited protection and are time-consuming and expensive to obtain and/or maintain. Further, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property. Additionally, there can be no assurance that others will not develop market and sell products substantially equivalent to our products or utilize technologies similar to those used by us. Although we believe that our products do not infringe on any third-party patents and our patents offer sufficient protection, there can be no assurance that we will not become involved in litigation involving patents or proprietary rights. Patent and proprietary rights litigation entails substantial legal and other costs, and there can be no assurance that we will have the necessary financial resources to defend or prosecute our rights in connection with any litigation. Responding to and defending or bringing claims, related to our intellectual property rights may require our management to redirect its resources to address these claims, this could have a material adverse effect on our business, financial condition and results of operations.

It is possible that other parties have conducted or are conducting research and could develop processes that would precede any of our processes.

Our competitive position is also dependent upon unpatented trade secrets. We intend to implement a policy of requiring our employees, consultants and advisors to execute proprietary information and invention assignment agreements upon commencement of employment or consulting relationships with us. These agreements will provide that all confidential information developed or made known to the individual during the course of their relationship with us must be kept confidential, except in specified circumstances. However, we cannot assure you that these agreements will provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure of confidential information. Additionally, we cannot assure you that others will not independently develop equivalent proprietary information and techniques or otherwise gain access to our trade secrets, that such trade secrets will not be disclosed, or that we can effectively protect our rights to unpatented trade secrets.

EMPLOYEES

As of December 31, 2007, we have 6 full-time employees and 5 consultant/part-time employees. We have no collective bargaining agreements with our employees and believe our relations with our employees are strong and committed to the best interest of the company. We consider our relations with our employees to be good.

RISK FACTORS

This section summarizes certain risks regarding our business and industry. The following information should be considered in conjunction with the other information included and incorporated by reference in this report on Form 10-KSB before purchasing shares of our common stock.

WE HAVE A HISTORY OF LOSSES. WE MAY CONTINUE TO INCUR LOSSES, AND WE MAY NEVER ACHIEVE AND SUSTAIN PROFITABILITY.

Since inception, we have incurred significant losses and have negative cash flows from operations. For the year ended December 31, 2007 and 2006, the Company incurred a net loss of $4,049,133 and $4,418,844 respectively, a decrease of $369,711 or 8%.

As a result of the rapidly changing nature of the markets in which we compete, our quarterly and annual revenues and operating results are likely to fluctuate from period to period. These fluctuations may be caused by a number of factors, many of which are beyond our control.

For these reasons, you should not rely solely on period-to-period comparisons of our financial results, if any, as indications of future results. Our future operating results could fall below the expectations of public market analysts or investors and significantly reduce the market price of our common stock. Fluctuations in our operating results will likely increase the volatility of our stock price.

The Company has aggressively sought measures to reduce their monthly operating expenditures. Overall cost reduction has come from a series of measures including reduction in head-count by eliminating all part-time workers, placing some full-time employees on part-time status, reducing license agreement costs and reducing additional operating overhead. Given these cost cutting measures, the Company feels it can better reach operationally break-even by decreasing operating expenses while increasing our revenue stream by acquiring additional customers contracts.

RISKS RELATING TO OUR COMMON STOCK

IF WE FAIL TO REMAIN CURRENT ON OUR REPORTING REQUIREMENTS, WE COULD BE REMOVED FROM THE OTC BULLETIN BOARD WHICH WOULD LIMIT THE ABILITY OF BROKER-DEALERS TO SELL OUR SECURITIES AND THE ABILITY OF STOCKHOLDERS TO SELL THEIR SECURITIES IN THE SECONDARY MARKET.

Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

OUR COMMON STOCK IS SUBJECT TO THE "PENNY STOCK" RULES OF THE SEC AND THE TRADING MARKET IN OUR SECURITIES IS LIMITED, WHICH MAKES TRANSACTIONS IN OUR STOCK CUMBERSOME AND MAY REDUCE THE VALUE OF AN INVESTMENT IN OUR STOCK.

The Securities and Exchange Commission has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- That a broker or dealer approves a person's account for transactions in penny stocks.
- The broker or dealer receives from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- Obtain financial information and investment experience objectives of the person.
- Make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

- Sets forth the basis on which the broker or dealer made the suitability determination.
- That the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

ITEM 2. DESCRIPTION OF PROPERTY

FACILITIES

The Company's headquarters are located at 4250 Executive Square, Suite 770, La Jolla, California. The Company leases its facility under a lease that expires in December 2010. The size of our office is 5,162 square feet. Rent expense, net of sublease income, amounted to $147,738 and $220,908 for the years ended December 31, 2007 and 2006 respectively. We believe that our current office space and facilities are sufficient to meet our present needs and do not anticipate any difficulty securing alternative or additional space, as needed, on terms acceptable to us.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business. Except as disclosed below we are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse affect on business, financial condition or operating results. There has been no bankruptcy, receivership or similar proceedings.

On August 23, 2007, the Company entered into a Settlement Agreement and Mutual Release with La Jolla Cove Investors, Inc. ("LJCI") pursuant to which we agreed with LJCI to forever settle, resolve and dispose of all claims, demands and causes of action asserted, existing or claimed to exist between the parties because of or in any way related to a legal proceeding in the San Diego County Superior Court (the "Court") entitled La Jolla Cove Investors, Inc. vs. One Voice Technologies, Inc., Case No. GIC850038 (the "Action") for a total amount owed of $408,594.48 (the "Owed Amount"). Under the Settlement Agreement dated August 23, 2007, the parties reached a final resolution with respect to such Owed Amount whereby (i) LJCI shall receive $200,000 within 15 days of the date of the Agreement and (ii) the difference between the Owed Amount and $200,000 shall be payable at a later date (the "Remaining Owed Amount"). The payment of the Remaining Owed Amount shall be made to LJCI in the following manner:

- Concurrently with the execution of the Agreement, the Company shall transfer to an independent escrow agent, on behalf of LJCI, all right, title and interest to 30,000,000 shares of Common Stock of the Company (the "Escrow Shares"), issued in 30 increments of 1,000,000 shares. On the one year anniversary of the Agreement, 1,000,000 Escrow Shares shall be released to LJCI whereby LJCI shall be able to sell such shares in open market transactions provided such sales do not exceed more than 14% of the corresponding daily volume of such shares on the trading market on which the Company's securities are sold. LJCI shall continue to receive the Escrow Shares, provided they satisfy the volume limitation set forth above and LJCI's ownership of the Company's common stock does not exceed 4.99% of the Company's then issued and outstanding shares of common stock, until the Remaining Owed Amount is satisfied;

- Upon notice from LJCI that the Remaining Owed Amount has been satisfied by the sale of the Escrow Shares either (i) Alpha Capital Ansalt ("Alpha") shall have the ability within 15 business days to purchase any remaining Escrow Shares at a 20% discount to the current market price of the shares or (ii) if Alpha does not exercise its right to purchase the shares, the Company shall have the ability to redeem the remaining Escrow Shares within 5 business days.

- At anytime while the Remaining Owed Amount is outstanding, the Company or Alpha may pay in cash to LJCI an amount equal to the Remaining Owed Amount and either (i) Alpha shall have the ability within 15 business days to purchase any remaining Escrow Shares at a 20% discount to the current market price of the shares or (ii) if Alpha does not exercise its right to purchase the shares, the Company shall have the ability to redeem the remaining Escrow Shares within 5 business days.

LJCI has contractually agreed to restrict their ability to exercise the Escrow Shares such that the number of shares of the Company common stock held by it does not exceed 4.99% of the Company's then issued and outstanding shares of common stock.

Upon receipt of the Owed Amount, LJCI will file a Satisfaction of Judgment in the appropriate court and grant the Company a release from any and all actions related to the Action.

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

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Our common stock is quoted on the OTC Electronic Bulletin Board (OTC BB) under the symbol ONEV. The OTC BB is sponsored by the National Association of Securities Dealers (NASD) and is a network of security dealers who buy and sell stocks.

The following table sets forth the high and low bid prices per share of common Stock in the quarters indicated. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

	Low	High
2006		
First Quarter	.02	.22
Second Quarter	.01	.04
Third Quarter	.01	.02
Fourth Quarter	.01	.02
2007		
First Quarter	.01	.05
Second Quarter	.02	.04
Third Quarter	.02	.03
Fourth Quarter	.01	.03
2008		
First Quarter*	.09	.016

*Through March 25, 2008

As of March 14, 2008, our common stock shares were held by 122 stockholders of record and we had 774,864,069 shares of common stock issued and outstanding. We believe that the number of beneficial owners is substantially greater than the number of record holders because a significant portion of our outstanding common stock is held of record in broker street names for the benefit of individual investors. The transfer agent of our common stock is Corporate Stock Transfer, Inc., 3200 Cherry Creek Drive South, Suite 430, Denver, Colorado 80209.

The holders of common stock do not have cumulative voting rights and are entitled to one vote per share on all matters to be voted upon by the stockholders. Our common stock is not entitled to preemptive rights and is not subject to redemption (including sinking fund provisions) or conversion. Upon our liquidation, dissolution or winding-up, the assets (if any) legally available for distribution to stockholders are distributable ratably among the holders of our common stock. All outstanding shares of our common stock are validly issued, fully-paid and non assessable. The rights, preferences and privileges of the holders of our common stock are subject to the preferential rights of all classes or series of preferred stock that we may issue in the future.

DIVIDEND POLICY

We have not declared any dividends to date. We have no present intention of paying any cash dividends on our common stock in the foreseeable future, as we intend to use earnings, if any, to generate growth. The payment, by us, of dividends, if any, in the future, rests within the discretion of our Board of Directors and will depend on, among other things, our earnings, our capital requirements and our financial condition, as well as other relevant factors. There are no restrictions in our articles of incorporation or bylaws that restrict us from declaring dividends.

AMENDED AND RESTATED 1999 STOCK OPTION PLAN

Our Amended and Restated 1999 Stock Option Plan authorizes us to grant to our directors, employees, consultants and advisors both incentive and non-qualified stock options to purchase shares of our Common Stock. As of December 31, 2001, our Board of Directors had reserved 3,000,000 shares for issuance under the 1999 Plan, of which 1,900,500 shares were subject to outstanding options and 1,099,500 shares remained available for future grants. Our Board of Directors or a committee appointed by the Board (the Plan Administrator) administers the 1999 Plan. The Plan Administrator selects the recipients to whom options are granted and determines the number of shares to be awarded. Options granted under the 1999 Plan are exercisable at a price determined by the Plan Administrator at the time of the grant, but in no event will the option price for any incentive stock option be lower than the fair market value for our Common Stock on the date of the grant. Options become exercisable at such times and in such installments as the Plan Administrator provides in the terms of each individual option agreement. In general, the Plan Administrator is given broad discretion to issue options and to accept a wide variety of consideration (including shares of our Common Stock and promissory notes) in payment for the exercise price of options. The 1999 Plan was authorized by the Board of Directors and stockholders.

2005 INCENTIVE STOCK PLAN

On July 29, 2005 the Company adopted the 2005 Stock Incentive Plan and reserved 60,000,000 shares of the Company's common stock for issuance under the 2005 Plan. Two types of options may be granted under the 2005 Plan: (1) Incentive Stock Options (also known as Qualified Stock Options) which may only be issued to employees of the Company and whereby the exercise price of the option is not less than the fair market value of the common stock on the date it was reserved for issuance under the Plan; and (2) Nonstatutory Stock Options which may be issued to either employees or consultants of the Company and whereby the exercise price of the option is greater than 85% of the fair market value of the common stock on the date it was reserved for issuance under the plan. Grants of options may be made to employees and consultants without regard to any performance measures. All options issued pursuant to the Plan vest at a rate of at least 20% per year over a 5-year period from the date of the grant or sooner if approved by the Board of Directors. All options issued pursuant to the Plan are nontransferable and subject to forfeiture. In addition, Stock Awards and restricted Stock Purchase Offers may be granted under the 2005 Stock Incentive Plan.

UNREGISTERED SALES OF EQUITY SECURITIES

The securities described below represent our securities sold by us for the period starting January 1, 2007 and ending December 31, 2007 that were not registered under the Securities Act of 1933, as amended, all of which were issued by us pursuant to exemptions under the Securities Act.

SALES OF WARRANTS FOR CASH

During the year ended December 31, 2007 a total of 39,126,855 warrants were exercised at an average price of $0.006. As a result the Company received cash proceeds of $253,360. The shares were issued pursuant to an exemption under Section 4(2) of the Securities Act of 1933.

All proceeds from the above transactions were used to fund normal operating expenses incurred by the Company.

ISSUANCE OF WARRANTS ON A CASHLESS BASIS

From time to time warrants can be exercised on a cashless basis if certain conditions exist. If warrants are held for a certain period of time and there is no effective registration statement for these warrants, the holder of these warrants may exercise them on a cashless basis. The result is the Company issuing restricted shares pursuant to rule 144 or 144K, no cash is received by the Company. The number of shares issued are discounted according the subscription agreement formula. EX: The Company issues 1,000,000 restricted shares and the holder forfeits 1,500,000 of their warrants.

During the year ended December 31, 2007 approximately 23,971,458 warrants were issued on a cashless basis and 34,566,902 warrants were forfeited. The shares were issued pursuant to an exemption under Section 4(2) of the Securities Act of 1933.

SHARES IN ESCROW

On August 23, 2007, the Company issued 30,000,000 shares of the Company's restricted common stock valued at $600,000. The shares were put into an independent 3rd party escrow account on behalf of La Jolla Cove Investors Inc. These shares relate to a legal settlement on August 23, 2007 between the Company and La Jolla Cove Investors Inc. The shares were issued pursuant to an exemption under Section 4(2) of the Securities Act of 1933.

See Item 3 Legal Proceedings for additional details.

ISSUANCES OF STOCK FOR SERVICES OR IN SATISFACTION OF OBLIGATIONS

During the year ended December 31, 2007, the Company issued a total of 11,443,921 Shares of restricted common stock to in exchange for services rendered. The services are related to monthly licensing fees, outside consulting fees and interest owed. The services were valued at approximately $220,534. The shares were issued pursuant to an exemption under Section 4(2) of the Securities Act of 1933.

The above transactions were granted in lieu of cash payment to satisfy the debt.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

FORWARD-LOOKING STATEMENTS

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as "believes," "estimates," "could," "possibly," "probably," anticipates," "projects," "expects," "may," "will," or "should" or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from management's expectations.

The following discussion and analysis should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

OVERVIEW OF THE BUSINESS

One Voice Technologies, Inc. is a voice recognition technology company with over $43 million invested in Research and Development and deployment of more than 20 million products worldwide in seven languages. To date, our customers include: Telefonos de Mexico, S.A.B. de C.V. (TELMEX), Intel Corporation, the Government of India, Fry's Electronics, Mohave Wireless, Inland Cellular, Nex-Tec Wireless, Rural Independent Networks and several additional telecom service providers throughout the United States.

Based on our patented technology, One Voice offers voice solutions for the Telecom and Interactive Multimedia markets. Our telecom solutions allow business and consumer phone users to voice dial, group conference call, read and send e-mail and instant messages, all by voice. We offer PC Original Equipment

Manufacturers (OEM's) the ability to bundle a complete voice interactive computer assistant which allows PC users to talk to their computers to quickly play digital media (music, videos, DVD) along with read and send e-mail messages, SMS text messaging to mobile phones, PC-to-Phone calling (VoIP) and PC-to-PC audio/video. We feel we are strongly positioned across these markets with our patented voice technology.

The Company believes that the presence of voice technology as an interface in mobile communications and PC computing is of paramount importance. Voice interface technology makes portable communications more effective and safer to use and it makes communicating with a PC to play digital content, such as music, videos and photos, easier for consumers. One Voice's development efforts currently are focused on the Telecom and PC multimedia markets and more specifically on mobile communications from a cell phone, directory assistance and in-home digital media access.

TELECOM SECTOR

In the Telecom sector, we believe that the Mobile Messaging market, which has both business and consumer market applications including: e-mail, instant messages, and SMS (Short Message Service), is extremely large and is growing at an astonishing rate. One Voice solutions enable users to send, route and receive text messages using voice from any type of phone (wired or wireless) anywhere in the world.

The Company's strategy, in the telecom sector, is to continue aggressive sales and marketing activities for our voice solutions, which we believe, may result in increased deployments and revenue stream. The product offerings will encompass both MobileVoice(TM) suite of solutions as well as our Directory Assistance 411 service.

In 2006, the Company signed a deployment contract with the residential group within TELMEX for deployment of One Voice's MobileVoice solutions to the over 19 million TELMEX subscribers throughout Mexico. The MobileVoice service was launched to TELNOR subscribers, a TELMEX subsidiary, in October, 2007 as a TELNOR branded service called IRIS. For information on IRIS visit http://www.yosoyiris.com or http://www.telnor.com. The MobileVoice (IRIS) service has tested and performed very well as anticipated. We are working closely with TELNOR to ensure the IRIS service is very successful and the feedback to date has been very positive. We are now working with both the residential and small, medium business (SMB) groups within TELMEX for coordinate a national launch for IRIS in both groups. We are confident this national launch will happen in the coming months. The revenue generated from of a national launch with TELMEX should have a material impact on the Company.

In October 2007 both the Company and Mantec Consultants ("Mantec") entered into a contract with Mahanagar Telephone Nigam Ltd. ("MTNL") of India to provide MobileVoice services to MTNL's over 6 million subscribers. Mantec is One Voice's local sales associate in India. MTNL is owned and operated by the Government of India. The Company and Mantec are currently working on deployment of hardware and systems integration with MTNL. According to MTNL, the MobileVoice service will be made available to MTNL's existing 6.13 million subscribers for MobileVoice email by phone service and the total expected customers for this service is .92 million within the first two years. MTNL has set the monthly subscription price of $1.25 USD monthly per subscriber out of which the Company has a 30% share. We anticipate the MTNL revenue stream to grow as we launch additional MobileVoice services including voice dialing, group call and voice-to-SMS services. In order to expedite the launch with MTNL we decided to initially launch email by phone and the revenue projections given by the marketing department of MTNL reflect the email by phone service only. We anticipate this revenue projection to grow as additional MobileVoice services are launched to MTNL subscribers. We are planning on having our service ready for testing by MTNL in early May, 2008. MTNL will then have a 3 month testing period after which revenue generation to the Company will commence. The revenue generated from this launch with MTNL should have a material impact on the Company.

The Company recently signed an agreement to deploy MobileVoice services with Mohave Wireless. This service was launched to Mohave Wireless subscribers in February of 2008. The MobileVoice service will be included as a standard service for all Mohave Wireless subscribers.

The Company recently signed a Teaming Agreement with Motorola to work together to broaden Motorola's offerings to Motorola customers. These offering could include solutions such as One Voice's MobileVoice along with media control and voice search. We are currently working with Motorola on joint proposals to Motorola carrier customers along with adding voice search capabilities to existing Motorola multi-media products for access to a mobile phone users' music library from their mobile phone.

The Company is currently in a test phase with a national yellow pages provider that is evaluating our automated 411 voice search service for automated directory lookup. The target launch of this service would be this year if selected.

EMBEDDED SECTOR

On August 15, 2007 the Company signed a Memorandum of Understanding ("MOU") with Intel Corporation in which both companies will work together to add One Voice's voice technology to a Linux based handheld device. The Company sees a potential opportunity with this mass consumer electronics (CE) device and will apply the necessary resources to co-develop this project. We have been working closely with Intel engineers to add voice control to their Moblin operating system. We have recently demonstrated this capability in the Intel booth at the 2008 Consumer Electronics Show, Mobile World Congress and the upcoming Intel Developers Forum. We have also ported our software to RedFlag Linux. Both RedFlag Linux and Moblin are the primary operating systems used on Mobile Internet Devices (MIDs). Both One Voice and Intel have jointly presented our voice solution to several MID OEM's and we have initial confirmation that our software will be bundled on a major OEM's MID for launch in Q4 of 2008.

PC SECTOR

In the PC sector, we believe that digital in-home entertainment is rapidly growing with the wide acceptance of digital photography, MP3 music and videos, along with plasma and LCD TV's. We believe that companies including Apple, Microsoft and Intel are actively creating products and technology, which allow consumers to experience the next-generation of digital entertainment. The Company's Media Center Communicator(TM) product works with Microsoft Windows XP Media Center Edition 2005 and Microsoft Windows Vista to add voice-navigation and a full suite of communication features allowing consumers to talk to their

Media Center PC to play music, view photo slideshows, watch and record TV, place Voice-Over-IP (VoIP) phone calls, read and send e-mail and Instant Message friends and family, all by voice. The company recently launched a new retail product called VoiceTunes. VoiceTunes allows users to voice control their entire music library including Apple iTunes and Windows Media. This product is similar to our flagship product Media Center Communicator but is very focused on music. The feedback from retailers has been very positive and we are now preparing for have VoiceTunes available on retail store shelves by this summer.

In summary, since the beginning of 2007, the Company has deployed services with telecom carriers and began recognizing a recurring revenue stream. Management believes the Company's transition into the revenue recognition phase is very important as it signifies acceptance of our solutions and the value they deliver to the customer and their subscribers.

The management team remains committed to generating short and long-term revenues significant enough to fund daily operations, expand the intellectual property portfolio and development of cutting edge solutions and applications for the emerging speech recognition market sector which should build shareholder value.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to impairment of property, plant and equipment, intangible assets, deferred tax assets, fair value of derivative liabilities and fair value of options or warrants computation using Black Scholes option pricing model. We base our estimates on historical experience and on various other assumptions, such as the trading value of our common stock and estimated future undiscounted cash flows, that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates, including those for the above-described items, are reasonable.

The following is a discussion that relates to certain financial transactions and the results of operations for the year ended December 31, 2007 and 2006.

RESULTS OF OPERATION FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006.

ONE VOICE TECHNOLOGIES INC.
SELECTED STATEMENT OF OPERATIONS INFORMATION

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006	FAV/ (UN FAV) CHANGE	PERCENTAGE CHANGE

Net Revenue	$ 702,430	$ 690,540	$ 11,890	2%
Cost of goods sold	392,581	162,682	(229,899)	-141%
GROSS PROFIT	309,849	527,858	(218,009)	-41%
General and administrative expenses	2,548,963	3,515,336	966,373	27%
Other (expense)	(1,809,219)	(1,430,566)	(378,653)	-26%
NET LOSS BEFORE INCOME TAX	(4,048.333)	(4,418,044)	369,711	8%
Income tax expense	800	800	--	0%
Net loss	$(4,049,133)	$(4,418,844)	$ 369,711	8%

REVENUES

Net revenues totaled $702,430 and $690,540 for the year ended December 31, 2007 and 2006, respectively. Increased revenues of $11,890 or 2%.

COST OF GOODS SOLD

Cost of goods sold for the year ended December 31, 2007 and 2006 totaled $392,581 and $162,682, respectively. The increase in cost of goods sold of $229,899 or 141% between the two periods was due to the reclassification of expenses during 2007 that previously had been recorded as general and administrative expenses. These expenses specifically relate to licensing agreements and telecommunication expenses that allow the voice recognition products offered to be functional. The increase in cost of goods sold in 2007 is offset by a corresponding decrease in general and administrative expenses in 2007.

GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expenses totaled $2,548,963 and $3,515,336 for the year ended December 31, 2007 and 2006, respectively. The decrease of $966,373 or 27% between the two periods was due to overall budget reductions in 2007 and the reclassification of operating expenses to cost of goods sold as mentioned above.

SALARY AND COMPENSATION

Salary and wage expenses totaled $1,183,612 and $1,529,329 for the year ended December 31, 2007 and 2006, respectively. The decrease of $345,717 or 23% between the two periods was due to headcount reductions, which increased the overall efficiency of the Company.

ACCOUNTING AND LEGAL

The Company incurred accounting and legal fees related to being a public entity of $322,545 and $239,606 for the year ended December 31, 2007 and 2006, respectively. The increase of $82,939 or 35% between the two periods was due registration statement filing fees and the under accrual of 2006 audit fees due to transitioning from audit firms.

OTHER INCOME (EXPENSE)

Other expense totaled ($1,809,219) and ($1,430,566) for the year ended December 31, 2007 and 2006, respectively. A expense increase of $378,653 or 26%.

Other income (expense) consist of:

- Interest expense
- Settlement expense
- Gain (loss) on warrant / debt derivative liability
- Other misc.

See details below.

OTHER INCOME / (EXPENSE) SUMMARY

	YEAR ENDED December 31, 2007	YEAR ENDED DECEMBER 31, 2006
Interest (expense)	$(1,151,648)	$(1,579,327)
Settlement (expense)	--	(100,500)
Gain (loss) on warrant and debt derivative	(679,584)	242,970
Other income / (expense)	22,013	6,291
TOTAL OTHER (EXPENSE)	$(1,809,219)	$(1,430,566)

INTEREST EXPENSE

INTEREST EXPENSE SUMMARY

	YEAR ENDED DECEMBER 31, 2007	YEAR ENDED DECEMBER 31, 2006
Debt issue cost	$ 357,896	$ 151,690
Discount amortization	614,016	1,296,327
Accrued interest	174,000	127,783
Other / penalties	5,736	3,527
TOTAL	$ 1,151,648	$ 1,579,327

For year ended December 31, 2007 and 2006, interest expense was $1,151,648 compared to $1,579,327 respectively. The decrease of $427,679 or 27% between the two periods was due to:

- The amount and timing of debt conversions into equity which effect both issue cost and discount amortization expenses. Conversions of debt accelerate the amortization of both the issue cost and discount.

Upon conversion of convertible debt into equity, both the debt issue cost and discount costs associated are prorated accordingly and expensed immediately. If no conversions occur, the debt issue cost and discount costs are expensed over the life of the convertible debt using the straight line method.

Interest expense is composed of three very distinct transactions, which vary in their financial treatment. Below is a brief explanation of the nature and treatment of these expenses.

1. Monthly amortization of debt issue costs related to securing convertible debt Financing (legal fees etc...).

This represents a cash related transaction.

For the year ended December 31, 2007 and 2006, interest expense related to debt issue costs was $357,896 compared to $151,690, respectively.

2. Monthly amortization of the embedded discount features within convertible debt financing.

This represents a non-cash transaction.

For the year ended December 31, 2007, and 2006, interest expense related to the amortization of discount was $614,016 compared to $1,296,327 respectively.

3. Monthly accrued interest related to notes payable and convertible notes payable financing.

This represents a future cash transaction if the convertible interest accrued is not converted into common stock. No accrued interest related to convertible notes payable has been paid in cash during the year ended December 31,2007 and 2006.

For the year ended December 31, 2007 and 2006, interest expense related to notes payable and convertible notes payable was $174,000 compared to $127,783, respectively.

4. Other / misc. expense for the year ended December 31, 2007 and 2006, was approximately $5,736 compared to $3,527 respectively.

(LOSS) ON DEBT DERIVATIVES

For the year ended December 31, 2007 and 2006, losses recorded on debt derivatives were ($1,323,521) and ($12,461) respectively.

See Note 9 in the accompanying notes to the financial statements for a full description of the nature of debt derivative transactions.

GAIN ON WARRANT DERIVATIVES

For the year ended December 31, 2007 and 2006, gains recorded on warrant derivatives were $643,937, compared to a gain of $255,431 respectively.

See Note 10 in the accompanying notes to the financial statements for a brief description of the nature of warrant derivative transactions.

OTHER INCOME EXPENSE

For the year ended December 31, 2007 and 2006, other income net was approximately $22,013 compared to other income of $6,291 respectively. The increase over the prior period was due to gain on the sale of assets.

LIQUIDITY AND CAPITAL RESOURCES

NON-CASH EXPENSES EFFECTING THE COMPANYS NET (LOSS)

Non-cash related expense items of $1,985,133 and 1,677,044 are reflected in the year ended December 31, 2007 and 2006 respectively, consisted of the following items:

	YEAR ENDED DECEMBER 31, 2007	YEAR ENDED DECEMBER 31, 2006
Depreciation and amortization	79,183	123,236
Stock compensation expense	208,913	272,168
Stock issuance for exchange of debt and other obligations	220,534	100,500
Stock issuance for interest conversion	8,903	--
Amortization of note discount	614,016	1,296,327
Interest payable related to convertible debt	174,000	127,783
Loss on warrant and debt derivatives	679,584	(242,970)
TOTAL NON-CASH RELATED EXPENSES	1,985,133	1,677,044

The above information is intended to illustrate the impact that these specific expenses have on the Company's net (loss). There are no cash transactions that related to these expenses. More specifically, this table is shown to demonstrate the impact that the re-valuation of warrant and debt derivatives have on the income statement. Please note that this table is not in conformity with auditing standards generally accepted in the United States of America.

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At December 31, 2007, the Company had a working capital deficit of $7,412,770 as compared with a working capital deficit of $5,101,162 at December 31, 2006. The increase in working capital deficit of $2,311,608 consists primarily of the following:

- o Increase in derivative liability of $1,372,562
- o (Decrease) in warrant derivative liability of $(490,568)
- o Increase in revolving line of credit of $1,256,462

- Increase in license agreement liability of $182,000

Net cash used for operating activities is $1,495,417 for the year ended December 31, 2007 compared to $2,677,609 for the year ended December 31, 2006.

Net cash used for investing activities is $15,772 for the year ended December 31, 2007 compared to $155,303 for the year ended December 31, 2006.

Net cash provided by financing activities is $1,491,483 for the year ended December 31, 2007 compared to $2,528,686 for the year ended December 31, 2006.

See financing transaction details below.

FINANCING TRANSACTIONS

The following is a discussion that summarizes the net financing and conversion activities for the year ended December 31, 2007 and 2006.

NET CASH PROCEEDS RECEIVED DUE TO FINANCING ACTIVITY

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Private placement	$ --	$ 332,000
Warrant exercise	253,360	300,200
Convertible debt financing	195,000	1,984,000
Revolving line of credit net of pay down	1,256,462	240,000
TOTAL FINANCING ACTIVITY	$ 1,704,822	$ 2,856,200

ISSUANCE OF CONVERTIBLE NOTES PAYABLE SUMMARY

ISSUANCE SUMMARY	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Principal	$ 420,000	$ 2,005,000
Warrants issued A&B	10,000,000	140,917,090

CONVERSION SUMMARY	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Principal and interest Converted	$ 481,359	$ 1,745,162
Shares converted	49,190,842	160,373,521
Average share conversion price	$ 0.010	$ 0.011

See Note 13 a. in the accompanying notes to the financial statements for additional detail.

COMMON STOCK

The following is a summary of transactions that had an impact on equity:

	YEAR ENDED DECEMBER 31, 2007 SHARES ISSUED	AVERAGE SHARE PRICE	VALUE	SHAR ISSU
Debt conversions	49,190,842	0.010	481,359	160,37
Issuance of stock in exchange for services	11,443,921	0.019	220,534	20,00
Stock to be issued in exchange for interest conversion	--	--	8,903	
Warrant exercise	39,126,855	0.006	253,360	20,55
Warrant exercise cashless	23,971,458	--	--	
Private placement	--	--	--	20,00
Shares in escrow	30,000,000	0.020	600,000	
Total	153,733,076	0.013	1,564,156	220,92

See Note 13 a. in the accompanying notes to the financial statements for additional detail.

REVOLVING CREDIT NOTE PAYABLE

On December 21, 2006, the Company completed a private placement pursuant to a Revolving Credit Note Agreement which the Company entered into with several institutional investors, pursuant to which the Investors subscribed to advance up to a maximum amount of $640,000 bearing an interest rate of 7%. The term of the agreement shall be effective as of December 21, 2006 and shall be in full force and effect until the earliest to occur of (a) 12 months from December 21, 2006 (B) a date not less than thirty days after Lender gives notice of termination to the Company.

The original Revolving Credit Note agreement has been amended seven times during the year ended December 31, 2007. The amendments increased the maximum borrowing by the Company to an amount of $1,580,000.

Since inception the Company has borrowed $1,555,000 against the revolving note. During the same period the Company paid $58,538 against the outstanding balance for a total net borrowing of $1,496,462 since inception. As of December 31, 2007 the Company has $83,538 available to borrow against in the future. All borrowings are used to cover recurring operating expenses by the Company.

As of December 31, 2007 the outstanding principal amount owed to the Investors is $1,496,462. Interest accrued on the outstanding principal is $58,284 as of December 31, 2007.

See Note 11 in the accompanying notes to the financial statements for additional detail.

FUTURE CAPITAL OUTLOOK

The Company will continue to rely heavily on our current method of convertible debt and equity funding, proceeds borrowed from the revolving line of credit and the sale of warrants. The losses through the year ended December 31, 2007 are due to minimal revenues and recurring operating expenses, with a majority of expenses in the areas of: salaries, accounting fees, legal fees, licensing costs along with a majority of expense incurred being non-cash related. The Company faces considerable risk in completing each of our business plan steps, including, but not limited to: a lack of funding or available credit to continue development and undertake product rollout; potential cost overruns; a lack of interest in its solutions in the market on the part of wireless carriers or other customers; potential reduction in wireless carriers which could lead to significant delays in consummating revenue bearing contracts; and/or a shortfall of funding due to an inability to raise capital in the securities market. Since further funding is required, and if none is received, we would be forced to rely on our existing cash in the bank, collection of monthly accounts receivable or secure short-term loans. This may hinder our ability to complete our product development until such time as necessary funds could be raised. In such a restricted cash flow scenario, we would delay all cash intensive activities including certain product development and strategic initiatives described above.

OFF BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

RISK FACTORS

This section summarizes certain risks regarding our business and industry. The following information should be considered in conjunction with the other information included and incorporated by reference in this report on Form 10-KSB before purchasing shares of our stock.

WE HAVE A HISTORY OF LOSSES. WE MAY TO CONTINUE TO INCUR LOSSES, AND WE MAY NEVER ACHIEVE AND SUSTAIN PROFITABILITY.

Since inception, we have incurred significant losses and have negative cash flows from operations. For the years ended December 31, 2007 and 2006, we incurred a net loss of $4,049,133 and $4,418,844, respectively. A large part of the losses are due to non-cash related expenses of $1,985,133 and 1,677,044 respectively.

As a result of the rapidly changing nature of the markets in which we compete, our quarterly and annual revenues and operating results are likely to fluctuate from period to period. These fluctuations may be caused by a number of factors, many of which are beyond our control.

For these reasons, you should not rely solely on period-to-period comparisons of our financial results, if any, as indications of future results. Our future operating results could fall below the expectations of public market analysts or investors and significantly reduce the market price of our common stock. Fluctuations in our operating results will likely increase the volatility of our stock price.

ITEM 7. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

ONE VOICE TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2007 AND 2006

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
One Voice Technologies, Inc.
La Jolla, California

We have audited the accompanying consolidated balance sheets of One Voice Technologies, Inc. ("One Voice") as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' deficit and cash flows for the fiscal years ended December 31, 2007 and 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of One Voice Technologies, Inc. as of December 31, 2007 and 2006 and the consolidated results of their operations and their consolidated cash flows for the fiscal years ended December 31, 2007 and 2006 in conformity with accounting principles generally accepted in the United States of America. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has reported recurring losses from operations aggregating $50,906,612 and had a working capital deficit of $7,412,770. These factors raise substantial doubt about One Voice'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.

/s/ PMB Helin Donovan, LLP
PMB Helin Donovan, LLP
San Francisco, California

March 24, 2008

ONE VOICE TECHNOLOGIES INC.
BALANCE SHEETS

	DECEMBER 31, 2007	DECEMBER 31, 2006
Assets		
Current Assets:		
Cash and cash equivalents	$ 14,879	$ 34,585
Accounts Receivable	97,242	99,111
Inventories	1,200	4,841
Prepaid expenses	24,172	28,785
TOTAL CURRENT ASSETS	137,493	167,322
Property and equipment, net	164,294	164,389
Patents and trademarks, net	51,273	92,650
TOTAL FIXED AND INTANGIBLE ASSETS	215,567	257,039
Deposits	22,180	18,665

Deferred debt issue costs	31,939	344,835
TOTAL ASSETS	$ 407,179	$ 787,861
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 337,711	$ 444,088
Accrued expenses	419,097	239,593
Settlement agreement liability	208,594	350,000
License agreement liability	1,112,000	930,000
Note payable	29,602	--
Debt derivative liability	1,629,057	256,495
Warrant derivative liability	2,317,740	2,808,308
Revolving line of credit	1,496,462	240,000
TOTAL CURRENT LIABILITIES	7,550,263	5,268,484
LONG TERM LIABILITIES:		
Note payable	169,070	100,000
Convertible notes payable, net	1,136,801	982,972
Deferred rent	2,721	12,017
TOTAL LIABILITIES	8,858,855	6,363,473
STOCKHOLDERS' DEFICIT:		
Preferred stock; $.001 par value, 10,000,000 shares authorized, no shares issued and outstanding		
Common stock; $.001 par value, 1,290,000,000 shares authorized, 738,246,749 and 584,513,673 shares issued and outstanding at December 31, 2007 and December 31, 2006, respectively	738,247	585,327
Additional paid-in capital	42,316,689	40,696,540
Escrow shares	(600,000)	--
Accumulated deficit	(50,906,612)	(46,857,479)
TOTAL STOCKHOLDERS' DEFICIT	(8,451,676)	(5,575,612)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 407,179	$ 787,861

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

ONE VOICE TECHNOLOGIES INC.
STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Net Revenue	$ 702,430	$ 690,540
Cost of goods sold	392,581	162,682
Gross profit	309,849	527,858
General and administrative expenses	2,548,963	3,515,336
Net loss from operations	(2,239,114)	(2,987,478)
Other income / (expense)		
Interest expense	(1,151,648)	(1,579,327)
Settlement expense, net	--	(100,500)
Gain / (Loss) on warrant and debt derivatives	(679,584)	242,970
Other income	21,213	5,491
Total other income / (expense)	(1,810,019)	(1,431,366)
Net loss	$ (4,049,133)	$ (4,418,844)
Basic loss per share	$ (0.01)	$ (0.01)
Basic weighted average shares outstanding	661,398,000	485,469,000

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

ONE VOICE TECHNOLOGIES INC.
STATEMENTS OF STOCKHOLDERS' (DEFICIT)

	COMMON STOCK SHARES	AMOUNT	ADDITIONAL PAID IN CAPITAL	ESCROW SHARES
Balance at December 31, 2005 (restated)	363,590,152	$ 363,590	$ 38,026,356	--
Issuance of common stock in connection with private placement	20,000,000	20,000	355,500	
Exercise of warrants for cash	20,550,000	20,550	279,650	

Expenses incurred in connection with stock option compensation			239,059	
Expenses incurred in connection with securing financing agreements	20,000,000	20,000	212,000	
Conversion of debt to equity - Alpha Capital	46,750,254	46,750	425,452	
Conversion of debt to equity - Momona Capital	11,652,219	11,652	90,807	
Conversion of debt to equity - Ellis International Limited	17,381,205	17,381	160,062	
Conversion of debt to equity - Omega Capital	14,425,710	14,426	122,822	
Conversion of debt to equity - Whalehaven Capital	69,030,045	69,844	770,391	
Conversion of debt to equity - Osher Capital	1,134,088	1,134	14,441	
Net loss for the year ended December 31, 2006				
BALANCE AT DECEMBER 31, 2006	584,513,673	$ 585,327	$ 40,696,540	--

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMEN

ONE VOICE TECHNOLOGIES INC.
STATEMENTS OF STOCKHOLDERS' (DEFICIT)

	COMMON STOCK SHARES	AMOUNT	ADDITIONAL PAID IN CAPITAL	ESCROW SHARES
AT DECEMBER 31, 2006	584,513,673	$ 585,327	$ 40,696,540	--
Issuance of common stock in connection for exchange of services rendered and other obligations	11,443,921	10,631	209,903	
Issuance of common stock in connection with interest conversion	--	--	8,903	
Cashless exercise of warrants	23,971,458	23,971	(23,971)	
Exercise of warrants for cash	39,126,855	39,127	214,233	

Expenses incurred in connection with stock option compensation			208,913	
Conversion of debt to equity - Alpha Capital	30,465,592	30,466	210,267	
Conversion of debt to equity - Bristol Investments	12,465,754	12,466	155,315	
Conversion of debt to equity - Centurion Microcap	782,289	782	7,980	
Conversion of debt to equity - Osher Capital	5,477,207	5,477	58,606	
Escrow shares issued to La Jolla Cove Investors	30,000,000	30,000	570,000	(600,000)
Net loss for the year ended December 31, 2007				
BALANCE AT DECEMBER 31, 2007	738,246,749	$ 738,247	$ 42,316,689	(600,000)

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMEN

ONE VOICE TECHNOLOGIES INC.
STATEMENTS OF CASH FLOWS

	YEAR ENDE DECEMBER 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$(4,049,133)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Depreciation and amortization	79,183
Amortization of debt discount and debt issue costs	941,912
(Gain) loss on debt derivative liability	1,372,562
(Gain) loss on warrant derivative liability	(490,568)
Common stock issued in exchange for services	220,534
Share based compensation expense	208,913
Issuance of common stock interest conversion	8,903
Gain on sale of equipment	(21,940)
Accrued License agreement (accounts payable converted into note payable)	138,000
CHANGES IN CERTAIN ASSETS AND LIABILITIES	
Accounts receivable	1,869
Inventories	3,641
Prepaid expenses	4,613

Deposits	(3,515)
Accounts payable	47,229
Accrued expenses	193,082
Settlement agreement liability	(141,406)
Deferred rent	(9,296)
NET CASH USED IN OPERATING ACTIVITIES	(1,495,417)
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(40,772)
Proceeds from sale of property & equipment	25,000
Purchase of intangible assets	--
NET CASH USED IN INVESTING ACTIVITIES	(15,772)

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

ONE VOICE TECHNOLOGIES INC.
STATEMENTS OF CASH FLOWS (CONTINUED)

	YEAR ENDE DECEMBER 31, 2007	D
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock - convertible notes	--	
Issuance of common stock - private funding	--	
Proceeds from warrant exercise	253,360	
Proceeds from convertible notes net of issue cost	195,000	
Payment for debt issue cost	(202,405)	
Proceeds from revolving credit line, net of repayment	1,256,462	
Repayment of note payable	(10,934)	
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,491,483	
Net increase (decrease) in cash	(19,706)	
Cash and cash equivalents, beginning of period	34,585	
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 14,879	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 934	
Income taxes paid	$ 800	

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES

Issuance of warrant derivative in connection with private placement and debt financing, initial valuation	$ 153,369
Beneficial conversion feature of convertible debt, initial valuation	$ 170,604
Common stock issued upon conversion of debt and interest	$ 481,359
Shares in escrow issued in connection with a legal settlement	$ 600,000
Note payable (accounts payable converted into note payable ST and LT)	$ 98,672

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

ONE VOICE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS

ITEM 1a. DESCRIPTION OF BUSINESS

INTRODUCTION

One Voice Technologies, Inc. is a voice recognition technology company with over $43 million invested in Research and Development and deployment of products in both the telecom and PC multi-media markets. To date, our customers include: Telefonos de Mexico, S.A.B. de C.V. (TELMEX), Intel Corporation, Alltel Wireless, Inland Cellular, Nex-Tec Wireless and several additional telecom service providers throughout the United States. Our telecom solutions allow business and consumer phone users to Voice Dial, Group Conference Call, Read and Send E-Mail and Instant Message, all by voice. We offer PC Original Equipment Manufacturers (OEM's) the ability to bundle a complete voice interactive computer assistant which allows PC users to talk to their computers to quickly play digital media (music, videos, DVD) along with reading and sending e-mail messages, SMS text messaging to mobile phones, PC-to-Phone calling (VoIP) and PC-to-PC audio/video. We feel we are strongly positioned across these markets with our patented voice technology.

The Company is traded on the NASD OTC Bulletin Board ("OTCBB") under the symbol ONEV. One Voice is incorporated in the State of Nevada and commenced operations on July 14, 1999.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

One Voice Technologies, Inc., ("The Company"), is incorporated under the laws of the State of Nevada. The Company develops voice recognition software and it commenced operations in 1999. The Company's telecom solutions allow business and consumer phone users to Voice Dial, Group Conference Call, Read and Send E-Mail and Instant Message, all by voice. We offer PC Original Equipment Manufacturers (OEM's) the ability to bundle a complete voice interactive computer assistant which allows PC users to talk to their computers to quickly play digital media (music, videos, DVD) along with reading and sending e-mail messages, SMS text messaging to mobile phones, PC-to-Phone calling (VoIP) and PC-to-PC audio/video.

GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred significant losses since inception of $50,906,612 and used cash from operations of $1,495,417 during the year ended December 31, 2007. The Company also has a working capital deficit of $7,412,770 of which $3,946,797 represents non-cash warrant and debt derivative liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company also has a stockholders' deficit of $8,451,676 as of December 31, 2007. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management has instituted a cost reduction program that included a reduction in labor and fringe costs. Historically, management has been able to obtain capital through either the issuance of equity or debt, and is currently seeking such financing. There can be no assurance as to the availability or terms upon which such financing and capital might be available. Additionally, management is currently pursuing revenue-bearing contracts utilizing various applications of its technology including wireless technology. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

RECLASSIFICATIONS

Certain reclassifications have been made to prior year's amounts to conform to current year classifications. These reclassifications did not have an effect on the previously reported results of operations or retained earnings.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenue and expense reported during the period. Significant estimates include valuation of derivative and warrant liabilities. Actual results could differ from those estimates.

FAIR VALUE

The Company's financial instruments consist principally of cash and cash equivalents, accounts receivable, accounts payable, notes payable and convertible debt. The carrying value of cash and cash equivalents, accounts receivable and accounts payable, approximates their fair value due to their short term nature. The carrying value of notes payable and convertible debt approximate their fair value, as interest approximates market rates.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

CONCENTRATION

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

REVENUE RECOGNITION

The Company recognizes revenue when persuasive evidence of a sale arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable, and collectability is reasonably assured in accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements" ("SAB 104").

When a customer order contains multiple items such as hardware, software, and services which are delivered at varying times, the Company determines whether the delivered items can be considered separate units of accounting as prescribed under Emerging Issues Task Force ("EITF") Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). EITF 00-21 states that delivered items should be considered separate units of accounting if delivered items have value to the customer on a standalone basis, there is objective and reliable evidence of the fair value of undelivered items, and if delivery of undelivered items is probable and substantially in the Company's control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In these circumstances, the Company allocates revenue to each element based on its relative vendor specific objective evidence of fair value ("VSOE"). VSOE for products and software is established based on the Company's approved pricing schedules. To establish VSOE for services, the Company uses standard billing rates based on said services. Generally, the Company is able to establish VSOE for all elements of the sales order and bifurcate the customer order or contract accordingly. In these instances, sales are recognized on each element separately. However, if VSOE cannot be established or if the delivered items do not have stand alone value to the customer without additional services provided, the Company recognizes revenue on the contract as a whole based on either the completed-performance or proportional-performance methods as described below.

In most cases, revenue from hardware and software product sales is recognized when title passes to the customer. Based upon the Company's standard shipping terms, FOB The Company, title passes upon shipment to the customer.

Revenue is recognized on service contracts using either the completed-performance or proportional-performance method depending on the terms of the service agreement. When the amount of services to be performed in the last series of acts is so significant in relation to the entire service contract that performance is deemed not to have occurred until the final act is completed or when there are acceptance provisions based on customer-specified subjective criteria, the completed-performance method is used. Once the last significant act has been performed, revenue is recognized. The Company uses the proportional-performance method when a service contract specifies a number of acts to be performed and the Company has the ability to produce reasonable estimates. The estimates used on these contracts are periodically updated during the term of the contract and may result in the Company's revision of recognized sales in the period in which they are identified.

TRADEMARKS AND PATENTS

The Company's trademark costs consist of legal fees paid in connection with trademarks. The Company amortizes trademarks using the straight-line method over the period of estimated benefit, generally four years.

The Company's patent costs consist of legal fees paid in connection with patents pending. The Company amortizes patents using the straight-line method over the period of estimated benefit, generally five years. Yearly patent renewal fees are expensed in the year incurred.

In accordance with SFAS No. 142, the Company evaluates its operations to ascertain if a triggering event has occurred which would impact the value of finite-lived intangible assets (e.g., patents). Examples of such triggering events include a significant disposal of a portion of such assets, an adverse change in the market involving the business employing the related asset, a significant decrease in the benefits realized from an asset

As of December 31, 2007, no such triggering event has occurred. An impairment test involves a comparison of undiscounted cash flows against the carrying value of the asset as an initial test. If the carrying value of such asset exceeds the undiscounted cash flow, the asset would be deemed to be impaired. Impairment would then be measured as the difference between the fair value of the fixed or amortizing intangible asset and the carrying value to determine the amount of the impairment. The Company determines fair value generally by using the discounted cash flow method. To the extent that the carrying value is greater than the asset's fair value, an impairment loss is recognized for the difference.

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONVERTIBLE NOTES AND FINANCIAL INSTRUMENTS WITH EMBEDDED FEATURES

The Company accounts for conversion options embedded in convertible notes in accordance with Statement of Financial Accounting Standard ("SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") and EITF 00-19 "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19"). SFAS 133 generally requires Companies to bifurcate conversion features embedded in convertible notes from their host instruments and to account for them as free standing derivative financial instruments in accordance with EITF 00-19. SFAS 133 provides for an exception to this rule when convertible notes, as host instruments, are deemed to be conventional as that term is described in the implementation guidance under Appendix A to SFAS 133 and further clarified in EITF 05-2 "The Meaning of "Conventional Convertible Debt Instrument" in Issue No. 00-19.

The Company accounts for convertible notes (if deemed conventional) in accordance with the provisions of Emerging Issues Task Force Issue ("EITF")98-5 "Accounting for Convertible Securities with Beneficial Conversion Features," ("EITF 98-5"), EITF 00-27 "Application of EITF 98-5 to Certain Convertible Instruments," Accordingly, the Company records, as a discount to convertible notes, the intrinsic value of such conversion options based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption.

The Companys convertible notes do host conversion features and other features that are deemed to be embedded derivatives financial instruments or beneficial conversion features based on the commitment date fair value of the underlying common stock.

COMMON STOCK PURCHASE WARRANTS AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS

The Company accounts for the issuance of common stock purchase warrants issued and other free standing derivative financial instruments in accordance with the provisions of EITF 00-19. Based on the provisions of EITF 00-19, the Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) gives the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the control of the Company) (ii) give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement).

DEFERRED DEBT ISSUE COST

The costs relating to obtaining and securing debt financing are capitalized and is expensed over the term of the debt instrument. In the event of settlement in part or whole of such debt in advance of the maturity date, an expense is recognized for the remaining unamortized deferred debt issue cost.

For the year ended December 31, 2007 and the year ended December 31, 2006, the estimated fair value of the Company's deferred debt issue cost were $31,939 and $344,835 respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET LOSS PER COMMON SHARE

Basic earnings per share ("EPS") is calculated using the weighted-average number of outstanding common shares during the period. Diluted earnings per share is calculated using the weighted-average number of outstanding common shares and dilutive common equivalent shares outstanding during the period, using either the as-converted method for convertible notes and convertible preferred stock or the treasury stock method for options and warrants.

The net income / (loss) per common share for the year ended December 31, 2007 and 2006 is based on the weighted average number of shares of common stock outstanding during the periods. Potentially dilutive securities include options, warrants and convertible debt; however, such securities have not been included in the calculation of the net loss per common share as their effect is anti dilutive.

The following table is a reconciliation of the numerator (net loss) and the denominator (number of shares) used in the basic and diluted EPS calculations and sets forth potential shares of common stock that are not included in the diluted net loss per share calculation as the effect is antidilutive:

	YEAR ENDED DECEMBER 31, 2007	YEAR ENDED DECEMBER 31, 2006
Numerator - basic and diluted	$ (4,049,133)	$ (4,418,844)
Denominator - basic or diluted		
Weighted average common shares outstanding	661,398,000	485,469,000
Weighted average unvested common shares shares subject to repurchase	-	-
Total	661,398,000	485,469,000

Net loss per share - basic and diluted	$ (0.01)	$ (0.01)

Potentially dilutive securities for year ended December 31, 2007 and 2006 are:

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
POTENTIALLY DILUTIVE SECURITIES:		
Convertible debentures	287,615,893	223,595,506
Options	62,934,000	58,059,000
Warrants	276,052,744	339,979,838
Escrow shares	30,000,000	--
TOTAL ANTI-DILUTIVE SHARES	656,602,637	621,634,344

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

Deferred income taxes are reported using the asset/liability method. Deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

In June 2006, the Financial Accounting Standards Board has published FASB Interpretation No. 48 (FIN No. 48), "Accounting for Uncertainty in Income Taxes," to address the non-comparability in reporting tax assets and liabilities resulting from a lack of specific guidance in FASB Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes," on the uncertainty in income taxes recognized in an enterprise's financial statements. Specifically, FIN No. 48 prescribes (a) a consistent recognition threshold and (b) a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides related guidance on derecognition, classification, interest and penalties, accounting interim periods, disclosure and transition. FIN No. 48

will apply to fiscal years beginning after December 15, 2006, with earlier adoption permitted.

The Company files federal income tax returns in the U.S. The Company is no longer subject to U.S. state, or non-U.S. income tax examinations by tax authorities for years before 2001. Certain U.S. Federal returns for years 1999 and following are not closed by relevant statutes of limitation due to unused net operating losses reported on those returns.

The Company adopted the provisions of FIN 48 on January 1, 2007. As a result of the implementation of FIN 48, the Company had no changes in the carrying value of its tax assets or liabilities for any unrecognized tax benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING FOR STOCK-BASED COMPENSATION

On January 1, 2006 the Company adopted "SFAS" No.123 (Revised 2004), "Share Based Payment," ("SFAS 123R"), using the modified prospective method. In accordance with SFAS No. 123R, the Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the period during which an employee is required to provide service in exchange for the award - the requisite service period. The Company determines the grant-date fair value of employee share options using the Black-Scholes option-pricing model.

During the year ended December 31, 2007 and 2006, the Company recorded $208,913 and $272,168 respectively in non-cash charges for stock based compensation.

The fair value of stock options at date of grant was estimated using the Black-Scholes model with the following assumptions: expected volatility of 120.5% and 90.9%, respectively, expected term of 2.0 years, risk-free interest rate of 4.74% and an expected dividend yield of 0%. Expected volatility is based on the historical volatilities of the Company's common stock. The expected life of employee stock options is determined using guidance from SAB 107. As such, the expected life of the options and warrants is the average of the vesting term and the full contractual term of the options and warrants. The risk free interest rate is based on the U.S. Treasury notes for the expected life of the stock option.

STOCK WARRANT ACTIVITY

The fair value of each option and warrant award is estimated on the date of grant using the Black-Scholes option-pricing model that uses the assumptions noted in the following table. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options and warrants have characteristics significantly different from those of traded options, and because changes in the subjective assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options and warrants. The expected dividend yield assumption is based on the Company's expectation of dividend payouts. Expected volatilities are based on historical volatility of the Company's stock. The average risk-free interest rate is based on the U.S. treasury yield curve in effect as of the grant date. The expected life is primarily determined using guidance from SAB 107. As such, the expected life of the options and warrants is the average of the vesting term and the full contractual term of the options and warrants.

The Company accounts for stock options and warrants issued to third parties for services in accordance with the provisions of the Emerging Issues Task Force ("EITF") Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services". Under the provisions of EITF 96-18, because none of the Company's agreements have a disincentive for nonperformance, the Company records a charge for the fair value of the portion of the stock options and warrants earned from the point in time when vesting of the stock options and warrants becomes probable. Final determination of fair value of the stock options and warrants occurs upon actual vesting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPREHENSIVE INCOME

The Company has adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," which establishes standards for reporting comprehensive income and its components in the financial statements. Comprehensive income consists of net income and other gains and losses affecting shareholders' equity that, under generally accepted accounting principles, are excluded from net income. For the year ended December 31, 2007 and 2006, the Company's comprehensive income (loss) had equaled its net loss. Accordingly, a statement of comprehensive loss is not presented.

COMMITMENTS AND CONTINGENCIES

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

SEGMENT

The Company operates in a single business segment that includes the design and development of its products.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board has published FASB Interpretation No. 48 (FIN No. 48), "Accounting for Uncertainty in Income Taxes," to address the non-comparability in reporting tax assets and liabilities resulting from a lack of specific guidance in FASB Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes," on the uncertainty in income taxes recognized in an enterprise's financial statements. Specifically, FIN No. 48 prescribes (a) a consistent recognition threshold and (b) a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides related guidance on derecognition, classification, interest and penalties, accounting interim periods, disclosure and transition. FIN No. 48 will apply to fiscal years beginning after December 15, 2006, with earlier adoption permitted. The Company has completed its evaluation for the tax years ended 2004, 2005 and 2006 for the effects of FIN No. 48 and has concluded that the adoption of FIN No. 48 does not have a material impact on the financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. This statement is effective on the Company beginning November 15, 2007. The Company is currently assessing the potential impact that the adoption of SFAS No. 157 will have on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for

Financial Assets and Financial Liabilities--Including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 expands the use of fair value accounting but does not affect existing standards which require assets or liabilities to be carried at fair value. Under SFAS 159, a company may elect to use fair value to measure accounts and loans receivable, available-for-sale and held-to-maturity securities, equity method investments, accounts payable, guarantees and issued debt. Other eligible items include firm commitments for financial instruments that otherwise would not be recognized at inception and non-cash warranty obligations where a warrantor is permitted to pay a third party to provide the warranty goods or services. If the use of fair value is elected, any upfront costs and fees related to the item must be recognized in earnings and cannot be deferred, e.g., debt issue costs. The fair value election is irrevocable and generally made on an instrument-by-instrument basis, even if a company has similar instruments that it elects not to measure based on fair value. At the adoption date, unrealized gains and losses on existing items for which fair value has been elected are reported as a cumulative adjustment to beginning retained earnings. Subsequent to the adoption of SFAS 159, changes in fair value are recognized in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007 and is required to be adopted by the Company in the first quarter of fiscal 2008. The Company currently is determining whether fair value accounting is appropriate for any of its eligible items and cannot estimate the impact, if any, which SFAS 159 will have on its consolidated results of operations and financial condition.

In June 2007, the FASB ratified Emerging Issues Task Force (EITF) Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards." EITF 06-11 provides for the recognition and classification of deferred taxes associated with dividends or dividend equivalents on nonvested equity shares or nonvested equity share units (including restricted stock units (RSUs)) that are paid to employees and charged to retained earnings. This issue is effective for annual periods beginning after September 15, 2007. Also in June 2007, the EITF ratified EITF Issue No. 07-3, "Accounting for Advance Payments for Goods or Services to Be Used in Future Research and Development Activities." EITF 07-3 provides that nonrefundable advance payments made for goods or services to be used in future research and development activities should be deferred and capitalized until such time as the related goods or services are delivered or are performed, at which point the amounts would be recognized as an expense.

This issue is effective for fiscal years beginning after December 15, 2007. The Company has evaluated the potential impact of these issues and anticipate that they will have no material impact on our financial position and results of operations.

In December 2007, the FASB issued SFAS 141 (revised), Business Combinations ("SFAS 141(R)"). The standard changes the accounting for business combinations including the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for preacquisition gain and loss contingencies, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. The Company has completed its evaluation and has concluded that SFAS 141(R) does not have an impact on the financial statements.

In December 2007, the FASB issued SFAS 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 ("SFAS 160"). The standard changes the accounting for noncontrolling (minority) interests in consolidated financial statements including the requirements to classify noncontrolling interests as a component of consolidated stockholders' equity, and the elimination of "minority interest" accounting in results of operations with earnings attributable to noncontrolling interests reported as part of consolidated earnings. Additionally, SFAS 160 revises the accounting for both increases and decreases in a parent's controlling ownership interest. SFAS 160 is effective for fiscal years beginning after December 15, 2008, with early adoption prohibited. The Company is currently evaluating the impact that the pending adoption of SFAS 160 will have on its financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force ("EITF")), the American Institute of Certified Public Accountants ("AICPA"), and the SEC did not or are not believed by management to have a material impact on the Company's present or future financial statements.

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. PREPAID EXPENSES

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Rents	9,736	--
Business and health insurance	172	21,373
Engineering	14,264	--
Legal fees	--	4,180
Other	--	3,232
TOTAL	$ 24,172	$ 28,785

4. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Computer equipment	$ 728,061	$ 703,099
Website development	38,524	38,524
Equipment	1,562	1,562
Furniture and fixtures	9,430	46,431
Telephone equipment	5,365	5,365
Molds and tooling	120,215	113,835
TOTAL	903,157	908,816
Less accumulated depreciation	(738,863)	(744,427)

NET PROPERTY AND EQUIPMENT	$ 164,294	$ 164,389

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Patents	$ 212,062	$ 212,062
Trademarks	243,259	243,259
Software licensing	1,145,322	1,145,322
Software development costs	1,675,601	1,675,601
TOTAL	3,276,244	3,276,244
Less accumulated amortization	(3,224,971)	(3,183,594)
NET INTANGIBLE ASSETS	$ 51,273	$ 92,650

Depreciation and amortization expense totaled $79,183 and $123,236 for the year ended December 31, 2007 and 2006, respectively.

5. DEFERRED DEBT ISSUE COSTS

These costs relate to obtaining and securing debt financing and financing agreements. These costs are amortized over the term of the debt agreement using the straight line method. The Company incurred expenses of $15,000 which were related to a convertible debt financing agreement entered into dated September 7, 2007. A balance of $31,939 remains as of December 31, 2007.

6. ACCRUED EXPENSES

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Accrued salaries	$ 17,594	$ 10,976
Accrued vacation	82,006	57,441
Accrued interest	221,684	118,842
Accrued audit and SOX fees	70,313	50,000
Accrued legal fees	3,500	--
Accrued investor relations fees	7,000	--
Accrued marketing	3,000	2,334
Accrued license fees	14,000	--
TOTAL	$ 419,097	$ 239,593

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. SETTLEMENT AGREEMENT LIABILITY

On August 23, 2007, One Voice Technologies, Inc. (the "Company") entered into a Settlement Agreement and Mutual Release with La Jolla Cove Investors, Inc. ("LJCI") pursuant to which we agreed with LJCI to forever settle, resolve and dispose of all claims, demands and causes of action asserted, existing or claimed to exist between the parties because of or in any way related to a legal proceeding in the San Diego County Superior Court (the "Court") entitled La Jolla Cove Investors, Inc. vs. One Voice Technologies, Inc., Case No. GIC850038 (the "Action"). LJCI received a judgment in its favor against the Company in connection with the Action whereby the Company owes LJCI an amount equal to $408,594.48 (the "Owed Amount"). Under the Settlement Agreement, the parties reached a final resolution with respect to such Owed Amount whereby (i) LJCI shall receive $200,000 within 15 days of the date of the Agreement and (ii) the difference between the Owed Amount and $200,000 shall be payable at a later date (the "Remaining Owed Amount"). The payment of the Remaining amount owed of $208,594 shall be made to LJCI in the following manner:

- Concurrently with the execution of the Agreement, the Company shall transfer to an independent escrow agent, on behalf of LJCI, all right, title and interest to 30,000,000 shares of Common Stock of the Company (the "Escrow Shares"), issued in 30 increments of 1,000,000 shares. On the one year anniversary of the Agreement, 1,000,000 Escrow Shares shall be released to LJCI whereby LJCI shall be able to sell such shares in open market transactions provided such sales do not exceed more than 14% of the corresponding daily volume of such shares on the trading market on which the Company's securities are sold. LJCI shall continue to receive the Escrow Shares, provided they satisfy the volume limitation set forth above and LJCI's ownership of the Company's common stock does not exceed 4.99% of the Company's then issued and outstanding shares of common stock, until the Remaining Owed Amount is satisfied;

- Upon notice from LJCI that the Remaining Owed Amount has been satisfied by the sale of the Escrow Shares either (i) Alpha Capital Ansalt ("Alpha") shall have the ability within 15 business days to purchase any remaining Escrow Shares at a 20% discount to the current market price of the shares or (ii) if Alpha does not exercise its right to purchase the shares, the Company shall have the ability to redeem the remaining Escrow Shares within 5 business days.

- At anytime while the Remaining Owed Amount is outstanding, the Company or Alpha may pay in cash to LJCI an amount equal to the Remaining Owed Amount and either (i) Alpha shall have the ability within 15 business days to purchase any remaining Escrow Shares at a 20% discount to the current market price of the shares or (ii) if Alpha does not exercise its right to purchase the shares, the Company shall have the ability to redeem the remaining Escrow Shares within 5 business days.

LJCI has contractually agreed to restrict their ability to exercise the Escrow Shares such that the number of shares of the Company common stock held by it does not exceed 4.99% of the Company's then issued and outstanding shares of common stock.

Upon receipt of the Owed Amount, LJCI will file a Satisfaction of Judgment in the appropriate court and grant the Company a release from any and all actions related to the Action.

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. LICENSE AGREEMENT LIABILITY

In March 2000 the Company entered into a Software License Agreement ("License Agreement") with Philips Speech Processing, a division of Philips Electronics North America ("Philips"). Pursuant to the License Agreement, the Company received a world-wide, limited, nonexclusive license to certain speech recognition software owned by Philips. The initial term of the License Agreement was three (3) years, and the License Agreement included an extended term provision under which the License Agreement was automatically renewable for successive one (1) year periods, unless terminated by either party upon a minimum of sixty (60) days written notice prior to the expiration of the initial term or any extended term.

The License Agreement provides for the Company to pay a specified commission on revenues from products incorporating licensed software, and includes minimum royalty payment obligations over the initial three (3) year term of the License Agreement in the aggregate amount of $1,100,000.

The License Agreement has been amended as follows:

The first amendment to the License Agreement was entered into during March 2002.

- The initial term of the License Agreement was extended for two (2) years.

- The aggregate minimum royalty payment was increased from $1,100,000 to $1,500,000.

The amendment also included a revised payment schedule of the minimum royalty payment obligation due that provided for semi-annual payments of $250,000 (due on June 30th and December 31st of each year). In lieu of scheduled payments, in May, 2003, based on a verbal agreement with the Company and Philips, the Company began making monthly payments of $15,000, of which $10,000 is being applied against the remaining minimum royalty payment due and $5,000 is being applied as interest.

The second amendment to the License Agreement was entered into on February 1, 2007.

The following payment terms are as follows:

The 2006 past due amounts owed by the Company of $70,000 were allocated as follows:

- The Company paid $20,000 on February 23, 2007 to Philips.

- The remaining balance of $50,000 is to be paid in the form of a non-interest bearing note payable to Philips Speech

Processing.

- During the period of January 1, 2007 thru December 31, 2007 the following payments will be allocated as follows: $6,000 is to be paid monthly by the Company to Philips Speech Processing. The monthly remaining balance of $11,500 due to Philips Speech Processing is to be paid by the Company in the form of a non-interest bearing note payable to Philips Speech Processing.

As of December 31, 2007 the note payable balance due Philips Speech Processing was $1,112,000.

9. SHORT TERM NOTE PAYABLE

On June 8, 2007 the Company entered into agreement with Maguire Properties-Regents Square LLC. ("Landlord"). The agreement relates to past due office rents owed by the Company to the Landlord. The landlord has agreed to accept payment in the form of a promissory note for $103,605.59. The promissory note has a term of 42 months and bears an interest rate of 10.0% per annum, due December 1, 2010. Monthly payments of $2,933.78 are to be paid to the Landlord. All rent expenses related to the note have been fully expensed in the proper periods.

As of December 31, 2007 the short term note payable balance due Maguire Properties-Regents Square LLC. was $29,602 with the remaining balance classified as long term notes payable.

9. DEBT DERIVATIVE LIABILITY

Since inception, the Company has entered into several convertible debt financing agreements with several institutional investors. Embedded within these convertible financing transactions are derivatives which require special treatment pursuant with SFAS No. 133 and EITF 00-19. The derivatives include but are not limited to the following characteristics:

- Beneficial conversion features
- Early redemption option
- Registration rights and associated liquidated damage clauses

As a result of the valuation conducted as of December 31, 2007 the Company has incurred a net non-cash loss of ($1,323,521) for the year ended December 31, 2007.

The liability valuation calculated at December 31, 2007 and the year ended December 31, 2006, resulted in the fair value of the debt derivative liability being $1,629,057 and $256,495 respectively.

10. WARRANT DERIVATIVE LIABILITY

Since inception, the Company has issued warrants in connection with convertible debt financing agreements and private placements that required analysis in accordance with EITF 00-19. EITF 00-19 specifies the conditions which must be met in order to classify warrants issued in a company's own stock as either equity or as a derivative liability. Evaluation of these conditions under EITF 00-19 resulted in the determination that these warrants are classified as a derivative liability. In accordance with EITF 00-19, warrants which are determined to be classified as derivative liabilities are marked-to-market each reporting period, with a corresponding non-cash gain or loss charged to the current period. The Company valued all warrant derivative liabilities as of December 31, 2007 using a Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0.0%, expected stock price volatility of 96%, risk free interest rate of 3.07% and a remaining contractual life ranging from .28 years to 3.68 years.

As a result of the valuation conducted, the Company incurred a net non-cash gain of $643,937 for the year ended December 31, 2007.

The liability valuation calculated at December 31, 2007 and the year ended December 31, 2006, resulted in the fair value of the warrant derivative liability being $2,317,740 and $2,808,308 respectively.

11. REVOLVING CREDIT NOTE PAYABLE

On December 21, 2006, the Company completed a private placement pursuant to a Revolving Credit Note Agreement which the Company entered into with several institutional Investors, pursuant to which the Investors subscribed to advance up to a maximum amount of $640,000 bearing an interest rate of 7%. The term of the agreement shall be effective as of December 21, 2006 and shall be in full force and effect until the earliest to occur of (a) 12 months from December 21, 2006 (B) a date not less than thirty days after Lender gives notice of termination to the Company. In connection with the Revolving Credit Note Agreement, the Company also issued 20,000,000 shares of its common stock to the related investors. Interest shall be calculated daily on the outstanding principal balance due, and is to be reimbursed to the Investors a monthly basis. The reimbursement of the interest shall be in the form of the Company's restricted shares of common stock. The stock is to be valued at the month end stock closing price. The advances to the Company are to be based on an amount of up to 75% of the face value of the current and future invoices "Receivables" submitted for borrowing. All proceeds paid relating to the previously mentioned invoices are to be deposited into a lockbox account belonging to Investors. The lockbox proceeds are to be 100% applied towards any outstanding principal amount owed by the Company. The Company's obligation to repay all principal and accrued and unpaid interest under the convertible notes is secured by the Company's assets pursuant to a certain Security Agreement dated February 16, 2006, which also secures the remaining unconverted principal amount of the Company's convertible notes in the aggregate amount of $1,114,220 which the Company issued on March 18, 2005, July 13, 2005, March 17, 2006 May 5, 2006, July 6, 2006 and August 29, 2006 to certain of the investors participating in this new private placement.

The original Revolving Credit Note agreement has been amended seven times since inception. The amendments increased the maximum borrowing by the Company to an amount of $1,580,000. On the second amendment the principal and interest payment terms by the Company to the lender had changed. The original note payment terms were that all outstanding principal and interest were to be paid in cash by the Company upon maturity of the note.

Second amended payment terms are as follows:

The amendment provided an option to convert the outstanding balance into common shares of the Company's common stock. The following conversion privileges apply:

The lender may elect to convert at a conversion rate of the lower of (i)$0.015 or (ii)80% of the lowest 3 day trading price of the past 30 trading days.

Since inception the Company has borrowed $1,555,000 against the revolving note. During the same period the Company paid $58,538 against the outstanding balance for a total net borrowing of $1,496,462 since inception. As of December 31, 2007 the Company has $83,538 to borrow against in the future. All borrowings are used to cover recurring operating expenses by the Company.

As of December 31, 2007 the outstanding principal amount owed to the Investors is $1,496,462. Interest accrued on the outstanding principal is $58,284 as of December 31, 2007.

12. LONG TERM NOTES PAYABLE

On August 8, 2003 the Company entered into a note payable in the amount of $100,000, with principal and interest at 8.0% per annum, due on August 8, 2008.

On June 8, 2007 the Company entered into agreement with Maguire Properties-Regents Square LLC. ("Landlord"). The agreement relates to past due office rents owed by the Company to the Landlord. The landlord has agreed to accept payment in the form of a promissory note for $103,605.59. The promissory note has a term of 42 months and bears an interest rate of 10.0% per annum, due December 1, 2010. Monthly payments of $2,933.78 are to be paid to the Landlord. All rent expenses related to the note have been fully expensed in the proper periods. As of December 31, 2007 the long term note payable balance due Maguire Properties-Regents Square LLC. was $69,070 with the remaining balance classified as short term notes payable.

At December 31, 2007 and December 31, 2006 the principal balance on the notes payable was $169,070 and $100,000, respectively. Accrued interest as of December 31, 2007 is $37,068.

13. CONVERTIBLE NOTES PAYABLE SUMMARY

ISSUANCE SUMMARY	YEAR ENDED DECEMBER 31, 2007	YEAR ENDED DECEMBER 31, 2006
Principal	$ 420,000	$ 2,005,000
Warrants issued A&B	10,000,000	140,917,090

CONVERSION SUMMARY	YEAR ENDED DECEMBER 31, 2007	YEAR ENDED DECEMBER 31, 2006
Principal Converted	$ 481,359	$ 1,745,162
Shares converted	49,190,842	160,373,521
Average share conversion price	$ 0.010	$ 0.011

13 A. CONVERTIBLE NOTES PAYABLE DETAIL (CONTINUED)

During the year ended December 31, 2007 and 2006, $481,359 and $1,745,162 of notes payable and accrued interest was converted into 49,190,842 and 160,373,521 shares of the Company's common stock at an average conversion price of $0.010 and $0.011 per share.

On March 17, 2006, the Company completed a private placement pursuant to a Subscription Agreement which the Company entered into with several institutional investors, pursuant to which the investors subscribed to purchase an aggregate principal amount of $700,000 in 6% secured convertible promissory notes and one Class A common stock purchase warrant for each one share which would be issued on the closing date assuming full conversion of the secured convertible notes issued on the closing date.

The secured convertible notes bear simple interest at 6% per annum payable June 1, 2006 and semi-annually thereafter, and mature 2 years after the date of issuance. Each investor shall have the right to convert the secured convertible notes after the date of issuance and at any time, until paid in full into shares of our common stock. The conversion price per share shall be the lower of (i) $0.043 or (ii) 80% of the average of the three lowest closing bid prices for our common stock for the 30 trading days prior to, but not including, the conversion date as reported by Bloomberg, L.P. on any principal market or exchange where our common stock is listed or traded. The conversion price is adjustable in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the conversion price of the secured convertible notes will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets. Our obligation to repay all principal and accrued and unpaid interest under the convertible notes is secured by all of our assets pursuant to a certain Security Agreement dated February 16, 2006, which also secures the remaining principal amount of our convertible notes in the aggregate amount of $1,115,000 which we issued on March 18, 2005 and July 13, 2005 to certain of the investors participating in this new private placement.

The Company issued an aggregate of 50,972,111 Class A common stock purchase warrants to the investors, representing one Class A warrant issued for each one share which would be issued on the closing date assuming full conversion of the secured convertible notes issued on the closing date. The Class A warrants are exercisable until four years from the closing date at an exercise price of $0.045 per share. The exercise price of the Class A warrants will be adjusted in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the exercise price of the warrants will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets. The fair value of the warrants of $457,000 using the Black Scholes option pricing model is recorded as a derivative liability. The beneficial conversion feature of approximately $243,000 will be amortized over the life of the debt using the effective interest method.

On May 5, 2006, the Company completed a private placement pursuant to a Subscription Agreement which we entered into with several institutional investors, pursuant to which the investors subscribed to purchase an aggregate principal amount of $324,000 in 6% secured convertible promissory notes. The secured convertible notes bear simple interest at 6% per annum payable June 1, 2006 and semi-annually thereafter, and mature 2 years after the date of issuance. Each investor shall have the right to convert the secured convertible notes after the date of issuance and at any time, until paid in full into shares of our common stock. The conversion price per share shall be the lower of (i) $0.043 or (ii) 80% of the average of the three lowest closing bid prices for our common stock for the 30 trading days prior to, but not including, the conversion date as reported by Bloomberg, L.P. on any principal market or exchange where our common stock is listed or traded. The conversion price is adjustable in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the conversion price of the secured convertible notes will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets.

13 A. CONVERTIBLE NOTES PAYABLE DETAIL

On July 6, 2006, we completed a private placement pursuant to a Subscription Agreement which we entered into with several institutional investors, pursuant to which the investors subscribed to purchase an aggregate principal amount of $550,000 in 6% secured convertible promissory notes and one Class A common stock purchase warrant which would be issued on the closing date assuming full conversion of the secured convertible notes issued on the closing date.

The secured convertible notes bear simple interest at 6% per annum payable August 1, 2006 and semi-annually thereafter, and mature 2 years after the date of issuance. Each investor shall have the right to convert the secured convertible notes after the date of issuance and at any time, until paid in full into shares of our common stock. The conversion price per share shall be the lower of (i) $0.015 or (ii) 80% of the average of the three lowest closing bid prices for our common stock for the 30 trading days prior to, but not including, the conversion date as reported by Bloomberg, L.P. on any principal market or exchange where our common stock is listed or traded. The conversion price is adjustable in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the conversion price of the secured convertible notes will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets. Our obligation to repay all principal and accrued and unpaid interest under the convertible notes is secured by all of our assets pursuant to a certain Security Agreement dated February 16, 2006, which also secures the remaining principal amount of our convertible notes in the aggregate amount of $1,827,354 which we issued on March 18, 2005 July 13, 2005 March 17, 2006 May 5, 2006 July 6, 2006 and August 29, 2006 to certain of the investors participating in this new private placement.

We issued an aggregate of 48,530,839 Class A common stock purchase warrants to the investors, representing one Class A warrant issued for each one share which would be issued on the closing date assuming full conversion of the secured convertible notes issued on the closing date. The Class A warrants are exercisable until four years from the closing date at an exercise price of $0.015 per share. The exercise price of the Class A warrants will be adjusted in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the exercise price of the warrants will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets. The fair value of the warrants of $298,000 using the Black Scholes option pricing model is recorded as a derivative liability. The beneficial conversion feature of approximately $226,000 will be amortized over the life of the debt using the interest method.

On August 29, 2006, we completed a private placement pursuant to a Subscription Agreement which we entered into with several institutional investors, pursuant to which the investors subscribed to purchase an aggregate principal amount of $420,000 in 6% secured convertible promissory notes and one Class A common stock purchase warrant which would be issued on the closing date assuming full conversion of the secured convertible notes issued on the closing date.

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

13 A. CONVERTIBLE NOTES PAYABLE DETAIL (CONTINUED)

The secured convertible notes bear simple interest at 6% per annum payable September 1, 2006 and semi-annually thereafter, and mature 2 years after the date of issuance. Each investor shall have the right to convert the secured convertible notes after the date of issuance and at any time, until paid in full into shares of our common stock. The conversion price per share shall be the lower of (i) $0.015 or (ii) 80% of the average of the three lowest closing bid prices for our common stock for the 30 trading days prior to, but not including, the conversion date as reported by Bloomberg, L.P. on any principal market or exchange where our common stock is listed or traded. The conversion price is adjustable in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the conversion price of the secured convertible notes will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets. Our obligation to repay all principal and accrued and unpaid interest under the convertible notes is secured by all of our assets pursuant to a certain Security Agreement dated February 16, 2006, which also secures the remaining principal amount of our convertible notes in the aggregate amount of $1,827,354 which we issued on March 18, 2005 July 13, 2005 March 17, 2006 May 5, 2006 July 6, 2006 and August 29, 2006 to certain of the investors participating in this new private placement.

We issued an aggregate of 42,708,334 Class A common stock purchase warrants to the investors, representing one Class A warrant issued for each one share which would be issued on the closing date assuming full conversion of the secured convertible notes issued on the closing date. The Class A warrants are exercisable until four years from the closing date at an exercise price of $0.015 per share. The exercise price of the Class A warrants will be adjusted in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the exercise price of the warrants will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets. The fair value of the warrants of $186,000 using the Black Scholes option pricing model is recorded as a derivative liability. The beneficial conversion feature of approximately $18,000 will be amortized over the life of the debt using the interest method.

On September 7, 2007, the Company entered into a subscription agreement (the "Agreement") with accredited investors and/or qualified institutional investors (the "Investors") pursuant to which the investors subscribed to purchase an aggregate principal amount of $420,000 in convertible promissory notes for an aggregate purchase price of $210,000. The Company also issued 10,000,000 Class A common stock purchase warrants to the Investors. The Class A warrants are exercisable until four years from the closing date at an exercise price of $0.02 per share. The exercise price of the Class A warrants will be adjusted in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the exercise price of the warrants will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets. The initial discount of $412,410 will be expensed over the term of the agreement using the straight line method. The fair value of the warrants of $153,369 using the Black Scholes option pricing model is recorded as a derivative liability. The proceeds of the offering were used to make payment towards a legal settlement agreement.

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

13 A. CONVERTIBLE NOTES PAYABLE DETAIL (CONTINUED)

The secured convertible notes mature 1 year after the date of issuance. Each investor shall have the right to convert the secured convertible notes after the date of issuance and at any time, until paid in full, at the election of the investor into fully paid and nonassessable shares of our common stock. The conversion price per share shall be the lower of (i) $0.015 or (ii) 80% of the average of the three lowest closing bid prices for our common stock for the 30 trading days prior to, but not including, the conversion date as reported by Bloomberg, L.P. on any principal market or exchange where our common stock is listed or traded. The conversion price is adjustable in the event of any stock split or reverse stock split, stock dividend, reclassification of common stock, recapitalization, merger or consolidation. In addition, the conversion price of the secured convertible notes will be adjusted in the event that we spin off or otherwise divest ourselves of a material part of our business or operations or dispose all or a portion of our assets.

The Company must file a registration statement (Form SB-2) with the SEC for all the above financing transactions. Filing date is typically between 90 and 120 days of the transaction date.

The following as a summary of outstanding convertible debt financing agreements as of December 31, 2007 and 2006:

A SUMMARY OF CONVERTIBLE DEBT AT DECEMBER 31, 2006 IS AS FOLLOWS:

	DUE DATE	PRINCIPAL AMOUNT REMAINING	UNAMORTIZED DISCOUNT
STONESTREET LIMITED PARTNERSHIP	DECEMBER 23, 2007	$ 10,000	$ (3,4
ALPHA CAPITAL AKTIENGESELLSCHAFT	JULY 13, 2008	135,000	(53,8
ALPHA CAPITAL AKTIENGESELLSCHAFT	MARCH 17, 2008	250,000	(108,7

ALPHA CAPITAL AKTIENGESELLSCHAFT	MAY 5, 2008	108,000	(4,9
WHALEHAVEN CAPITAL FUND LIMITED	MAY 5, 2008	108,000	(4,9
ALPHA CAPITAL AKTIENGESELLSCHAFT	JULY 6, 2008	105,500	(46,0
BRISTOL INVESTMENT FUND LTD	JULY 6, 2008	250,000	(117,3
CENTURION MICROCAP L.P.	JULY 6, 2008	100,000	(46,0
WHALEHAVEN CAPITAL FUND LIMITED	JULY 6, 2008	105,500	(46,0
ALPHA CAPITAL AKTIENGESELLSCHAFT	AUGUST 29, 2008	105,000	(43,3
ELLIS INTERNATIONAL LIMITED	AUGUST 29, 2008	150,000	(64,9
OSHER CAPITAL	AUGUST 29, 2008	60,000	(25,9
WHALEHAVEN CAPITAL FUND LIMITED	AUGUST 29, 2008	105,000	(43,3
TOTAL LONG TERM CONVERTIBLE DEBT DECEMBER 31, 2006		$ 1,592,000	$ (609,0

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

ONE VOICE TECHNOLOGIES INC.
CONVERTIBLE DEBT FINANCING SUMMARY (CONTINUED)

A SUMMARY OF CONVERTIBLE DEBT AT DECEMBER 31, 2007 IS AS FOLLOWS:

PRINCIPAL

	DUE DATE	AMOUNT REMAINING	UNAMORTIZED DISCOUNT
STONESTREET LIMITED PARTNERSHIP	DECEMBER 23, 2007	$ 10,000	$ --
ALPHA CAPITAL AKTIENGESELLSCHAFT	MARCH 17, 2008	250,000	(18,516)
ALPHA CAPITAL AKTIENGESELLSCHAFT	MAY 5, 2008	108,000	(1,243)
WHALEHAVEN CAPITAL FUND LIMITED	MAY 5, 2008	108,000	(1,243)
ALPHA CAPITAL AKTIENGESELLSCHAFT	JULY 6, 2008	105,500	(15,551)
BRISTOL INVESTMENT FUND LTD	JULY 6, 2008	82,220	(15,483)
CENTURION MICROCAP L.P	JULY 6, 2008	100,000	(15,551)
WHALEHAVEN CAPITAL FUND LIMITED	JULY 6, 2008	105,500	(15,551)
ELLIS INTERNATIONAL LIMITED	AUGUST 29, 2008	150,000	(25,761)
WHALEHAVEN CAPITAL FUND LIMITED	AUGUST 29, 2008	105,000	(17,176)
ALPHA CAPITAL AKTIENGESELLSCHAFT	SEPTEMBER 7, 2007	110,000	(73,685)
WHALEHAVEN CAPITAL FUND LIMITED	SEPTEMBER 7, 2007	110,000	(73,685)
OSHER CAPITAL	SEPTEMBER 7, 2007	100,000	(66,986)
CENTURION MICROCAP L.P	SEPTEMBER 7, 2007	100,000	(66,988)
TOTAL LONG TERM CONVERTIBLE DEBT DECEMBER 31, 2007		$ 1,544,220	$ (407,419)

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. COMMON STOCK

The following is a summary of transactions that had an impact on equity:

	YEAR EN			
	DECEMBER 31, 2007			
	SHARES ISSUED	AVERAGE SHARE PRICE	VALUE	
Debt conversions	49,190,842	0.010	481,359	16
Issuance of stock in exchange for services	11,443,921	0.019	220,534	2
Stock to be issued in exchange for interest conversion	--	--	8,903	
Warrant exercise	39,126,855	0.006	253,360	2
Warrant exercise cashless	23,971,458	--	--	
Private placement	--	--	--	2
Shares in escrow	30,000,000	0.020	600,000	
Total	153,733,076	0.013	1,564,156	2

- CONVERTIBLE DEBT CONVERSION BY INVESTOR

  During the year ended December 31, 2007, Alpha Capital Akteingesellschaft converted $240,733 of notes payable and accrued interest into 30,465,592 shares of the Company's common stock at an average conversion price of $0.008.

  During the year ended December 31, 2007, Bristol Investment Fund converted $167,781 of notes payable and accrued interest into 12,465,754 shares of the Company's common stock at an average conversion price of $0.013.

  During the year ended December 31, 2007, Osher Capital Inc. converted $64,083 of notes payable and accrued interest into 5,477,207 shares of the Company's common stock at an average conversion price of $0.012.

  During the year ended December 31, 2007, Centurion Microcap LP. converted $8,762 of notes payable and accrued interest into 782,289 shares of the Company's common stock at an average conversion price of $0.011.

  During the year ended December 31, 2006, Alpha Capital Akteingesellschaft converted approximately $472,202 of notes payable and accrued interest into approximately 46,750,254 shares of the Company's common stock at an average conversion price of $0.01.

During the year ended December 31, 2006, Whalehaven Fund, Limited converted $840,235 of notes payable and accrued interest into 69,030,045 shares of the Company's common stock at an average conversion price of $0.012.

During the year ended December 31, 2006, Ellis International Ltd. converted $177,443 notes payable and accrued interest into 17,381,205 shares of the Company's common stock at an average conversion price of $0.01.

During the year ended December 31, 2006, Omega Capital Small Cap Fund converted $137,248 of notes payable and accrued interest into 14,425,710 shares of the Company's common stock at an average conversion price of $0.01.

During the year ended December 31, 2006, Osher Capital Inc. converted $15,575 of notes payable and accrued interest into 1,134,088 shares of the Company's common stock at an average conversion price of $0.014.

During the year ended December 31, 2006, Momona Capital Corp. converted $102,459 of notes payable and accrued interest into 11,652,219 shares of the Company's common stock at an average conversion price of $0.009.

14. COMMON STOCK (CONTINUED)

- o WARRANT EXERCISE FOR CASH

During the year ended December 31, 2007 a total of 39,126,855 warrants were exercised at an average price of $0.006. As a result the Company received cash proceeds of $253,360

During the year ended December 31, 2006 a total of 20,550,000 warrants were exercised at an average price of $0.015. As a result the Company received cash proceeds of $300,200.

ISSUANCE OF WARRANTS ON A CASHLESS BASIS

From time to time warrants can be exercised on a cashless basis if certain conditions exist. If warrants are held for a certain period of time and there is no effective registration statement for these warrants, the holder of these warrants may exercise them on a cashless basis. The result is the Company issuing restricted shares pursuant to rule 144 or 144K. The number of warrants issued are discounted according the subscription agreement formula. EX: The Company issues 1,000,000 restricted shares and the holder forfeits 1,500,000 shares.

During the year ended December 31, 2007 approximately 23,971,458 warrants were issued on a cashless basis and 34,566,902 warrants were forfeited. Additional warrants of 10,595,444 were forfeited due the discounted feature embedded in cashless exercise price.

- PRIVATE PLACEMENT

  During the year ended December 31, 2007 the Company did not engage in any private placement activity.

  During the year ended December 31, 2006, accredited investors purchased an aggregate of 20,000,000 shares of restricted common stock valued at $375,500. In addition, the investor received an aggregate of 3,000,000 Class A and 3,000,000 Class B common stock purchase warrants with an exercise price of $0.045 and $0.06 per share respectively.

- ISSUANCE OF COMMON STOCK IN EXCHANGE OF SERVICES

  During the year ended December 31, 2007 the Company issued 11,443,921 shares of its restricted common stock having a market value of $220,534 in exchange for services rendered.

  During the year ended December 31, 2006 the Company issued 20,000,000 shares of its restricted common stock having a market value of $232,000 in exchange for a settlement of debt.

- SHARES IN ESCROW

  On August 23, 2007 the Company issued 30,000,000 shares of the Company's restricted common stock valued at $600,000. The shares were put into an independent 3rd party escrow account on behalf of La Jolla Cove Investors Inc. These shares relate to a legal settlement on August 23, 2007 between the Company and La Jolla Cove Investors Inc.

  Refer to Note 7 in the accompanying notes to the financial statements for additional details.

- SHARES TO BE ISSUED IN EXCHANGE FOR INTEREST OWED

  During the period of January 1, 2007 thru December 31, 2007 the investors elected to convert $8,903 in accrued interest related to the revolving credit note. Approximately 270,000 shares of the Company's restricted stock are to be issued. As of December 31, 2007 these shares have not yet been issued.

15. OTHER INCOME (EXPENSE)

Other expense totaled ($1,810,019) and ($1,431,366) for the year ended December 31, 2007 and 2006, respectively. A expense increase of $378,653 or 26%.

Other income (expense) consist of:

- o Interest expense
- o Settlement expense
- o Gain (loss) on warrant / debt derivative liability
- o Other misc.

See details below.

OTHER INCOME / (EXPENSE) SUMMARY

	YEAR ENDED December 31, 2007	DECEMBER 31, 2006
Interest (expense)	$(1,151,648)	$(1,579,327)
Settlement (expense)	--	(100,500)
Gain (loss) on warrant and debt derivative	(679,584)	242,970
Other income / (expense)	21,213	5,491
TOTAL OTHER (EXPENSE)	$(1,810,019)	$(1,431,366)

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. OTHER INCOME (EXPENSE) (CONTINUED)

INTEREST EXPENSE

INTEREST EXPENSE SUMMARY

	YEAR ENDED DECEMBER 31, 2007	DECEMBER 31, 2006
Debt issue cost	$ 357,896	$ 151,690
Discount amortization	614,016	1,296,327
Accrued interest	174,000	127,783
Other / penalties	5,736	3,527
TOTAL	$ 1,151,648	$ 1,579,327

For year ended December 31, 2007 and 2006, interest expense was $1,151,648 compared to $1,579,327 respectively. The decrease of $427,679 or 27% between the two periods was due to:

- o The amount and timing of debt conversions into equity which effect both issue cost and discount amortization expenses. Conversions of debt accelerate the amortization of both the issue cost and discount.

Upon conversion of convertible debt into equity, both the debt issue cost and discount costs associated are prorated accordingly and expensed immediately. If no conversions occur, the debt issue cost and discount costs are expensed over the life of the convertible debt using the straight line method.

Interest expense is composed of three very distinct transactions, which vary in their financial treatment. Below is a brief explanation of the nature and treatment of these expenses.

1. Monthly amortization of debt issue costs related to securing convertible debt Financing (legal fees etc...).

This represents a cash related transaction.

For the year ended December 31, 2007 and 2006, interest expense related to debt issue costs was $357,896 compared to $151,690, respectively.

2. Monthly amortization of the embedded discount features within convertible debt financing.

This represents a non-cash transaction.

For the year ended December 31, 2007, and 2006, interest expense related to the amortization of discount was $614,016 compared to $1,296,327 respectively.

3. Monthly accrued interest related to notes payable and convertible notes payable financing.

This represents a future cash transaction if the convertible interest accrued is not converted into common stock. No accrued interest related to convertible notes payable has been paid in cash during the year ended December 31,2007 and 2006.

For the year ended December 31, 2007 and 2006, interest expense related to notes payable and convertible notes payable was $174,000 compared to $127,783, respectively.

15. OTHER INCOME / (EXPENSE) (CONTINUED)

4. Other / misc. (expense) for the year ended December 31, 2007 and 2006, was approximately $5,736 compared to $3,527 respectively.

(LOSS) ON DEBT DERIVATIVES

For the year ended December 31, 2007 and 2006, losses recorded on debt derivatives were ($1,323,521) and ($12,461) respectively.

See Note 9 in the accompanying notes to the financial statements for a full description of the nature of debt derivative transactions.

GAIN ON WARRANT DERIVATIVES

For the year ended December 31, 2007 and 2006, gains recorded on warrant derivatives were $643,937, compared to a gain of $255,431 respectively.

See Note 10 in the accompanying notes to the financial statements for a brief description of the nature of warrant derivative transactions.

OTHER INCOME

For the year ended December 31, 2007 and 2006, other income was approximately $21,213 compared to other income of $5,491 respectively. The increase over the prior period was due to a gain on sale of asset.

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

16. INCOME TAXES

At December 31, 2007 and 2006 the Company had net operating loss carry forwards available to reduce future taxable income, if any, of approximately $40,375,000 and $37,840,000 respectively, for Federal income tax purposes. It also had net operating loss carry forwards available to reduce future taxable income, if any, of approximately $36,716,000 and $34,182,000 for state purposes at December 31, 2007 and 2006 respectively. The Federal and state net operating loss carry forwards will begin expiring in 2018 and 2009, respectively. The carry forward may be limited if a cumulative change in ownership of more than 50% occurs within a three year period.

The provision (benefit) for income taxes in 2007 and 2006 consist of the following:

	DECEMBER 31, 2007	DECEMBER 31, 2006
CURRENT:		
Federal	$ --	$ --
State	800	800

TOTALS	800	800
DEFERRED:		
Federal	$ --	$ --
State	--	--
TOTALS	--	--
TOTALS	$ --	$ --

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

16. INCOME TAXES (CONTINUED)

Significant components of the Company's deferred tax asset and liabilities as of December 31, 2007 and 2006 are shown below:

	DECEMBER 31, 2007	D
DEFERRED TAX ASSETS:		
Accrued vacation	$ 35,277	$
Stock compensation expense	104,069	
Derivative liability	187,744	
Note discount	264,027	
Deferred rent	1,170	
Net operating loss	17,031,838	
Depreciation and amortization	207,238	
TOTALS	$ 17,831,363	$
DEFERRED TAX LIABILITIES:		
Deferred state taxes	$ (1,179,860)	$
Gain on disposal of asset	(11,683)	
Fixed assets	--	
TOTALS	$ (1,191,543)	$
Deferred tax asset (liability)	$ 16,639,820	$
Valuation allowance	(16,639,820)	

NET DEFERRED TAX ASSET (LIABILITY)	$ --	$

The reconciliations of the Federal income tax rate to our effective tax rate as of December 31, 2007 and 2006 are as follows:

	DECEMBER 31, 2007	DECEMBER 31, 2006
Federal income tax rate	34.0%	34.0%
Increase (reduction) in taxes:		
State and local income taxes, net of Federal tax benefits	5.9	5.8
Non-deductible entertainment	0.0	(0.3)
Derivative gain	0.0	5.0
Stock based compensation	0.0	(6.2)
Amortization of note discount	0.0	(29.3)
Prior period adjustments	2.0	60.2
Change in deferred tax asset valuation allowance	(41.9)	(69.2)
Effective tax rate	0.0%	0.0%

17. COMMITMENTS AND CONTINGENCIES

The Company leases its facilities and certain equipment under leases that expire at various times through 2010. The following is a schedule, by year, of future minimum rental payments required under operating leases that have non cancelable lease terms in excess of one year as of December 31, 2007:

2008	106,276
2009	109,618
2010	112,960
	$ 328,854

Rent expense including parking, net of sublease income, amounted to $147,738 and $220,909 for the year ended December 31, 2007 and 2006 respectively.

18. INCENTIVE AND NONQUALIFIED STOCK OPTION PLAN

On July 14, 1999, the Company adopted an Incentive and Nonqualified Stock Option Plan (the "Plan") for its employees and consultants under which a maximum of 3,000,000 options (Amendment to increase the available shares from 1,500,000 to 3,000,000 approved by the shareholders in December 2001) and approved by the shareholders may be granted to purchase common stock of the Company. On July 29, 2005 the Company adopted the 2005 Stock Incentive Plan and reserved 60,000,000 shares of the Company's common stock for issuance under the 2005 Plan.

Two types of options may be granted under the 2005 Plan: (1) Incentive Stock Options (also known as Qualified Stock Options) which may only be issued to employees of the Company and whereby the exercise price of the option is not less than the fair market value of the common stock on the date it was reserved for issuance under the Plan; and (2) Nonstatutory Stock Options which may be issued to either employees or consultants of the Company and whereby the exercise price of the option is greater than 85% of the fair market value of the common stock on the date it was reserved for issuance under the plan. Grants of options may be made to employees and consultants without regard to any performance measures. All options issued pursuant to the Plan vest at a rate of at least 20% per year over a 5-year period from the date of the grant or sooner if approved by the Board of Directors. All options issued pursuant to the Plan are nontransferable and subject to forfeiture.

Upon termination of employment or service contract, all options vested or non-vested expire unless the options have been exercised in full, or in part within 90 days of such event. Management reserves the right to extend vested options under certain circumstances, given approval by the Board of Directors.

18. INCENTIVE AND NONQUALIFIED STOCK OPTION PLAN (CONTINUED)

On September 12, 2007 the Company granted 15,000,000 stock options to its employees and Board of Directors. The stock options issued are pursuant to the 2005 stock option plan.

A total of 10,125,000 options were terminated during the year ended December 31, 2007.

The total intrinsic value of vested options relating to employee and director compensation at December 31, 2007. The intrinsic value of $0 is due to the closing stock price at December 31, 2007 of $0.0155 being lower than any vested option grant price.

For the year ended December 31, 2007 and 2006, there was approximately $208,913 and $272,168 of total compensation expense recorded by the Company related to share-based compensation.

As of December 31, 2007, there was approximately $133,228 of total unrecognized compensation cost related to share-based compensation arrangements with employees, directors and contractors. Of this amount, $89,920 is expected to be recognized throughout 2008.

The Companys closing stock price reported by NASDAQ listed under symbol ONEV at December 31, 2007 was $0.0155 per share.

See footnote 17 A. for a description of the Company's share-based Compensation plan.

STOCK OPTIONS ACTIVITY

The following table is a summary of the activity for the two stock compensation plans adopted by the Company as of December 31, 2007.

	YEAR ENDED DECEMBER 31, 2007		
	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES OUTSTANDING	NUMBER OF SHARES AVAILABLE FOR GRANT
Year 1999 plan	3,000,000	3,000,000	--
Year 2005 plan	60,000,000	59,934,000	66,000
TOTAL	63,000,000	62,934,000	66,000

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

18. INCENTIVE AND NONQUALIFIED STOCK OPTION PLAN (CONTINUED)

A summary of the Company's stock option activity and related information is as follows for the year ending December 31, 2007 and 2006, respectively.

	YEAR ENDED DECEMBER 31, 2007		DE
	NUMBER OF SHARES OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES OUTSTANDIN
Outstanding at beginning of year	58,059,000	$ 0.060	1,921,
Options granted	15,000,000	0.019	57,200,
Options exercised	0	N/A	
Options terminated	(10,125,000)	N/A	(1,062,
OPTIONS OUTSTANDING AT END OF YEAR	62,934,000	0.054	58,059,
OPTIONS EXERCISABLE AT END OF YEAR	37,420,111	$ 0.079	20,499,

The following table summarizes the number of options authorized by the plan and available for distribution as of December 31, 2007 and 2006, respectively.

	YEAR ENDED DECEMBER 31, 2007 NUMBER OF SHARES	YEAR ENDED DECEMBER 31, 2006 NUMBER OF SHARES
Beginning options available for grant	4,941,000	61,078,500
Add: Additional options authorized	--	--
Less: Options granted	(15,000,000)	(57,200,000)
Add: Options terminated	10,125,000	1,062,500
ENDING OPTIONS AVAILABLE FOR DISTRIBUTION	66,000	4,491,000

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

18. INCENTIVE AND NONQUALIFIED STOCK OPTION PLAN (CONTINUED)

The following tables summarize the number of option shares, the weighted average exercise price and the weighted average life (by years) by price range for both total outstanding options and total exercisable options as of December 31, 2007 and 2006, respectively.

FOR THE YEAR ENDED DECEMBER 31, 2007

	TOTAL OUTSTANDING			TOTAL EXERCISABLE	
PRICE RANGE	# OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	LIFE	# OF SHARES	WEIGH AVER EXERC PRI
$6.08 - $ 12.80	240,000	$ 7.158	2.63	240,000	$ 7
$0.32 - $2.00	694,000	0.867	3.53	694,000	0
$0.016 - $0.19	62,000,000	0.017	7.23	36,486,111	0
TOTAL	62,934,000	$ 0.054	7.17	37,420,111	$ 0

FOR THE YEAR ENDED DECEMBER 31, 2006

TOTAL OUTSTANDING TOTAL EXERCISABLE

WEIGHTED WEIGH
AVERAGE AVER

PRICE RANGE	# OF SHARES	EXERCISE PRICE	LIFE	# OF SHARES	EXERC PRI
$6.08 - $ 12.80	270,000	$ 7.170	3.90	270,000	$
$0.32 - $2.00	839,000	0.911	4.30	839,000	
$0.016 - $0.19	56,950,000	0.017	7.77	19,390,972	
TOTAL	58,059,000	$ 0.063	7.70	20,499,972	$

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

18. INCENTIVE AND NONQUALIFIED STOCK OPTION PLAN (CONTINUED)

A summary of option activity and the average intrinsic value that relate to employee, director and contractor compensation as of December 31, 2007 and 2006, respectively is presented below:

	YEAR ENDED DECEMBER 31, 2007		
OPTIONS RELATING TO EMPLOYEE, CONSULTANTS AND DIRECTOR COMPENSATION	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	LIFE
Outstanding at beginning of year	58,059,000	$ 0.060	7.17
Options granted	15,000,000	0.019	4.96
Options exercised	0	--	--
Options terminated	(10,125,000)	N/A	N/A
OPTIONS OUTSTANDING AT END OF THE YEAR	62,934,000	0.054	7.17
OPTIONS EXERCISABLE AT END OF THE YEAR	37,420,111	$ 0.079	7.46

	YEAR ENDED DECEMBER 31, 2006		
Options relating to employee, consultants and director compensation	Shares	Weighted Average Exercise Price	Life

Outstanding at beginning of year	1,921,500	$ 1.47	4.1
Options granted	57,200,000	0.02	7.88
Options exercised	0	N/A	N/A
Options terminated	(1,062,500)	0.05	N/A
OPTIONS OUTSTANDING AT END OF YEAR	58,059,000	0.06	7.70
OPTIONS EXERCISABLE AT END OF YEAR	20,499,972	0.13	7.58

NOTE: INTRINSIC VALUE ASSUMES ONLY OPTIONS ABOVE WATER ARE TO BE EXERCISED.

CALCULATION IS BASED ON CLOSING STOCK PRICE OF $ 0.0155 and $.0125 PER SHARE DATED DECEMBER 31, 2007 and 2006, respectively.

A summary of the status of the Company's non-vested option shares relating to employee and director compensation as of December 31, 2007 and 2006, and changes during the period ended December 31, 2007 and 2006, respectively is presented below:

NON VESTED OPTIONS RELATING TO EMPLOYEE, CONSULTANTS AND DIRECTOR COMPENSATION	YEAR ENDED DECEMBER 31, 2007	
	SHARES	WEIGHTED AVERAGE GRANT-DATE FAIR VALUE
Outstanding at beginning of year	58,059,000	$ 0.060
Options granted	15,000,000	0.019
Options exercised	--	N/A
Options vested	(37,420,111)	0.089
Options terminated	(10,125,000)	0.016
NON-VESTED AT END OF YEAR 2007	25,513,889	$ 0.016

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NON VESTED OPTIONS RELATING TO EMPLOYEE, CONSULTANTS AND DIRECTOR COMPENSATION	YEAR ENDED DECEMBER 31, 2006	
	SHARES	WEIGHTED AVERAGE GRANT-DATE FAIR VALUE
Outstanding at beginning of year	1,921,500	$ 1.47

Options granted	57,200,000	0.016
Options exercised	--	N/A
Options vested	(20,499,972)	0,051
Options terminated	(1,062,500)	0.016
NON-VESTED AT END OF YEAR	37,559,028	$ 0.0132

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

18 a. INCENTIVE AND NONQUALIFIED STOCK OPTION PLAN (CONTINUED)

In addition to the assumptions in the above tables, the Company applies a forfeiture-rate assumption in its estimate of fair value that is primarily based on historical annual forfeiture rates of the Company.

	2007
Expected dividend yield	0.00%
Expected volatility	113%
Average risk-free interest rate	4.74%
Expected life (in years)	2.16 to 8.07

The above options carry vesting date's as follows: 1/3 of the options vest on the grant date, 1/3 of the options vest one year after the grant date, the final 1/3 of the options vest two years after the grant date.

On July 14, 1999, the Company adopted an Incentive and Nonqualified Stock Option Plan (the "Plan") for its employees and consultants under which a maximum of 3,000,000 options (Amendment to increase the available shares from 1,500,000 to 3,000,000 approved by the shareholders in December 2001) and approved by the shareholders may be granted to purchase common stock of the Company. On July 29, 2005 the Company adopted the 2005 Stock Incentive Plan and reserved 60,000,000 shares of the Company's common stock for issuance under the 2005 Plan.

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options because the alternative fair value accounting provided for under SFAS No. 123, "Accounting for Stock-Based Compensation," requires use of option valuation models. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized. The Company follows SFAS No. 123 as of December 31, 2006, the Company has 3 stock option plans for the benefit of officers, directors, employees, independent contractors and consultants of the Company. These plans include: (i) the 1998 Stock Option Plan, (ii) the 1996 Stock Option Plan, and (iii) the 1996 Employee Compensatory Stock Option Plan. In addition to these plans, the Company grants various other stock options, warrants and stock directly to certain parties. The Company grants all such awards as incentive compensation to officers, directors, and employees, and as compensation for the services of independent contractors and consultants of the Company.

Stock options: The Company generally grants stock options to employees at exercise prices equal to the fair market value of the Company's stock at the dates of grant. Stock options may be granted throughout the year, vest immediately, vest based on years of continuous service, or vest upon completion of specified performance conditions. Stock options granted prior to September

12, 2007
expire 10 years following the initial grant date. Stock options granted on or after September 12, 2007 expire 5 years following the initial grant date. The Company recognizes compensation expense for the fair value of the stock options over the requisite service period for each separate vesting portion of the stock option award, or, for awards with performance conditions, when the performance condition is met.

Warrant options: The Company generally grants stock options to directors and consultants at exercise prices equal to the fair market value of the Company's stock at the dates of grant. Stock options may be granted throughout the year, vest immediately, vest based on years of continuous service, or vest upon completion of specified performance conditions, and expire 10 years following the initial grant date. The Company recognizes compensation expense for the fair value of the stock options over the requisite service period for each separate vesting portion of the stock option award, or, for awards with performance conditions, when the performance condition is met.

18 a. INCENTIVE AND NONQUALIFIED STOCK OPTION PLAN (CONTINUED)

The fair value of each option and warrant award is estimated on the date of grant using the Black-Scholes option-pricing model that uses the assumptions noted in the following table. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options and warrants have characteristics significantly different from those of traded options, and because changes in the subjective assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options and warrants. The expected dividend yield assumption is based on the Company's expectation of dividend payouts. Expected volatilities are based on historical volatility of the Company's stock. The average risk-free interest rate is based on the U.S. treasury yield curve in effect as of the grant date. The expected life is primarily determined using guidance from SAB 107. As such, the expected life of the options and warrants is the average of the vesting term and the full contractual term of the options and warrants.

SFAS 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options to be classified as financing cash flows. Due to the Company's loss position, there were no such tax benefits for the years ended December 31, 2007 and 2006. Prior to the adoption of SFAS 123(R), those benefits would have been reported as operating cash flows had the Company received any tax benefits related to stock option exercises.

19. WARRANTS

As a normal business practice, the Company grants warrants to Investors who participate in the financing of the Company. Warrants issued are an additional incentive to the Investors and also provide additional cashflow for the Company upon exercise.

At December 31, 2007, the Company had warrants outstanding that allow the holders to purchase up to 276,052,744 shares of common stock.

At December 31, 2007, the weighted average remaining contractual life of the warrants was approximately 25 months.

The number and weighted average exercise prices of the warrants for the year ended December 31, 2007 and 2006 are as follows:

	YEAR ENDED DECEMBER 31, 2007	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	339,979,838	$0.020
Warrants granted	10,000,000	0.020
Warrants exercised / forfeited	(73,693,757)	0.005
Warrants terminated	(233,337)	N/A
WARRANTS OUTSTANDING AT END OF THE YEAR	276,052,744	$0.014
WARRANTS EXERCISABLE AT END OF THE YEAR	276,052,744	$0.014

During the year ended December 31, 2007 a total of 63,098,313 warrants were issued and exercised. As a result the Company received cash proceeds of $253,360. During the same period a total of 73,693,757 warrants were forfeited, the difference of 10,595,444 warrants was due to discounted price of warrants being exercised on a cashless basis.

See Note 14 in the accompanying notes to the financial statements for additional details.

During the year ended December 31, 2007 and 2006, the Company issued 10,000,000 and 146,917,090 warrants to Stockholders, respectively.

ONE VOICE TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

20. RESTATEMENT OF FINANCIAL STATEMENTS

The Company has restated the consolidated financial statements previously issued on Form 10-QSB for periods ended June 30 and September 30, 2007. The restatement was due to matters relating to the treatment of the issuance of warrants on a cashless basis to our investors that occurred during Q2 and Q3 of 2007. The restatement and valuation is pursuant to the guidance of FASB 123R. The accompanying financial statements for the period ended June 30, 2007 and September 30, 2007 have been restated to reflect the corrections. Accumulated deficit as of September 30, 2007 was decreased by $393,119 as a result of the adjustments. Previously, the valuation of the cashless warrant exercise was recorded as other expense in Q2 and Q3 of 2007. Subsequent to further review of the treatment of the cashless warrant exercise, it was concluded that the transaction should be recorded as a straight equity transaction.

SIX MONTHS ENDED JUNE 30, 2007

THE FOLLOWING IS A SUMMARY OF THE RESTATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2007 (UNAUDITED):

(decrease) in other expense	$(169,276)
(decrease) additional paid in capital	(169,276)
(decrease) accumulated deficit	(169,276)

THE FOLLOWING IS A SUMMARY OF THE RESTATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2007 (UNAUDITED):

Total decrease of 2007 net loss	$ 169,276

THE EFFECT ON THE COMPANY'S PREVIOUSLY ISSUED JUNE 30, 2007 FINANCIAL STATEMENTS ARE SUMMARIZED AS FOLLOWS:

	PREVIOUSLY REPORTED	CHANGE	RESTATED
	(unaudited)		(unaudited)
BALANCE SHEET			
Additional paid in capital	41,299,058	(169,276)	41,129,78
Accumulated deficit	(53,021,013)	169,276	(52,851,73
TOTAL STOCKHOLDERS EQUITY	(11,721,955)	--	(11,721,95
STATEMENT OF OPERATIONS - THREE MONTHS			
Other Income / (Expense)	(147,310)	169,276	21,96
NET INCOME / (LOSS)	(147,310)	169,276	21,96
STATEMENT OF OPERATIONS - SIX MONTHS			
Other Income / (Expense)	(148,063)	169,276	21,21

NET INCOME / (LOSS)	(148,063)	169,276	21,21

NINE MONTHS ENDED SEPTEMBER 30, 2007

THE FOLLOWING IS A SUMMARY OF THE RESTATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 (UNAUDITED):

(decrease) in other expense	$(393,119)
(decrease) additional paid in capital	(393,119)
(decrease) accumulated deficit	(393,119)

THE FOLLOWING IS A SUMMARY OF THE RESTATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 (UNAUDITED):

Total decrease of 2007 net loss	$ 393,119

THE EFFECT ON THE COMPANY'S PREVIOUSLY ISSUED SEPTEMBER 30, 2007 FINANCIAL STATEMENTS ARE SUMMARIZED AS FOLLOWS:

	PREVIOUSLY REPORTED	CHANGE	RESTATED
	(unaudited)		(unaudited)
BALANCE SHEET			
Additional paid in capital	42,391,578	(393,119)	41,998,45
Accumulated deficit	(52,664,176)	393,119	(52,271,05
TOTAL STOCKHOLDERS EQUITY	(10,272,598)	--	(10,272,59
STATEMENT OF OPERATIONS - THREE MONTHS			
Other Income / (Expense)	(223,842)	223,842	-
NET INCOME / (LOSS)	(223,842)	223,842	-
STATEMENT OF OPERATIONS - NINE MONTHS			
Other Income / (Expense)	(371,906)	393,119	21,21
NET INCOME / (LOSS)	(371,906)	393,119	21,21

21. SUBSEQUENT EVENTS

- CONVERTBLE DEBT CONVERSIONS

  During the period of January 1, 2008 through March 25, 2008 accredited investors converted $273,582 of convertible debt and accrued interest into 34,508,528 shares of the Company's common stock.

- SHARES ISSUED IN EXCHANGE FOR SERVICES

  During the period of January 1, 2008 through March 25, 2008, the Company issued a total of 4,919,609 shares of restricted common stock to in exchange for services rendered. The services are related to outside consulting fees. The services were valued at approximately $47,406. The shares were issued pursuant to an exemption under section 4(2) of the Securities Act of 1933.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During the Company's two most recent fiscal years and the subsequent interim periods through March 31, 2008, there were no disagreements with the current accountant on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

ITEM 8A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO"), President, and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Report (December 31, 2007). Based on such evaluation, our Chief Executive Officer, President, and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer, President, and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Management of One Voice Technologies, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting has been designed 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 generally accepted in the United States of America.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting at December 31, 2007. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control--Integrated Framework. Based on that assessment under those criteria, management has determined that, at December 31, 2007, the Company's internal control over financial reporting was effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the fourth quarter of 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

8B. ITEM OTHER INFORMATION

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16 A. OF THE EXCHANGE ACT

DIRECTORS AND EXECUTIVE OFFICERS

Name	Age	Position

----	---	--------
Dean Weber	45	Chairman of the Board, President, Chief Executive Officer, Interim Chief Financial Officer and Director and Secretary
Bradley J. Ammon	43	Director
Rahoul Sharan	45	Director

Directors serve until the next annual meeting and until their successors are elected and qualified. Officers are appointed to serve for one year until the meeting of the board of directors following the annual meeting of stockholders and until their successors have been elected and qualified. There are no family relationships between any of our directors or officers.

The principal occupations for the past five years (and, in some instances, for prior years) of each of our executive officers and directors, followed by our key employees, are as follows:

Dean Weber - Chairman of the board, president, chief executive officer, interim chief financial officer and director and Secretary. Dean Weber has served as Chairman of the board, president, chief executive officer and director since the inception of the Company in July 1999. Mr. Weber brings an extensive background to our company with over 20 years of technology and management experience. He is responsible for developing our strategic vision and pioneering our products, patented technology and business strategies. He was elected to our Board of Directors in July of 1999 as Chairman. Before founding our company in 1998, Mr. Weber played key roles in many high profile technology companies including Northrop, United Technologies and Xerox. Throughout his career, Mr. Weber has developed a comprehensive knowledge of Human Computer Interaction, Cognitive Science, Artificial Intelligence and Natural Language Processing. Mr. Weber currently has numerous patents in Artificial Intelligence, Natural Language Processing and other related technologies. As our CEO, Mr. Weber has been instrumental in the growth and development of the company, successfully raising over $30 million of institutional funding, taking us public, winning the Deloitte and Touche Technology Fast 50 award, and has been featured in Forbes, Time, and on CNN. Mr. Weber holds a Bachelor of Science degree in Computer Science from Central Connecticut State University.

Bradley J. Ammon - Director, Chairman of both the Audit and Compensation Committee. Bradley J. Ammon is a tax attorney in the Washington, D.C. office of Deloitte Tax LLP. Mr. Ammon specializes in international tax planning, including restructuring of international operations, domestic mergers and acquisitions, and developing business plans to minimize worldwide taxation. Prior to joining the firm, Mr. Ammon was with SAIC as an International Tax Manager. He previously was with KPMG, LLP in the International Corporate Services department since 1998 where his principal practice consisted of clients in the information, communications and entertainment ("ICE") industry. Prior to joining KPMG, Mr. Ammon worked from 1995 to 1998 at Deloitte & Touche, LLP in their tax services department where he provided corporate, partnership, and personal tax and business planning services to clients. Mr. Ammon also worked several years as a staff accountant where his responsibilities included the compilation and consolidation of monthly financial statements for multiple subsidiaries. Mr. Ammon has a Juris Doctor and a Master's of Law in taxation (LL.M.) from the University of San Diego, and received his undergraduate degree from the University of California, San Diego. He is admitted to the California Bar. Mr. Ammon was appointed to our Board on June 9, 2000.

Rahoul Sharan - Director. Rahoul Sharan brings over 18 years of finance and accounting experience to our company. He was elected to our Board of Directors in July of 1999. Prior to joining our, Mr. Sharan was a partner of the S&P Group, which specializes in investment financing for venture capital projects, real estate development and construction. At S&P Group, Mr. Sharan led the successful financing efforts for over 15 companies in several industries. Mr. Sharan was also the President of KJN Management Ltd., which provides a broad range of administrative, management and financial services. He also worked in public accounting for six years with Coopers & Lybrand. At C&L, Mr. Sharan worked in both the tax and audit groups for a wide variety of large and small clients. Mr. Sharan holds a Bachelor of Commerce degree from the University of British Columbia and is a member of the Institute of Chartered Accountants of British Columbia.

COMMITTEES OF THE BOARD

Audit Committee

As set forth in the audit committee charter adopted by the board of directors, a copy of which is included in our Definitive Proxy Statement filed with the SEC on November 29, 2001 as Exhibit A. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing (1) the financial information provided to shareholders and others, (2) systems of internal controls established by management and the Board of Directors and (3) the audit process. Mr. Bradley J. Ammon is the chairman the audit committee and is "independent" as that term is defined in Rule 4200(a)(14) of the National Association of Securities Dealers' listing standards.

The Audit Committee has reviewed our audited financial statements for the fiscal Year 2007 and has discussed them with management.

Our independent auditors, PMB Helin Donovan, LLP, have communicated with the Audit Committee matters such as the auditors' role and responsibility in connection with an audit of our financial statements, significant accounting policies, the reasonableness of significant judgments and accounting estimates, significant audit adjustments, and such other matters as are required to be communicated with the Audit Committee under generally accepted auditing standards.

The Audit Committee has received from PMB Helin Donovan, LLP written disclosures regarding all relationships between PMB Helin Donovan, LLP and its related entities and us and our related entities that in the professional judgment of PMB Helin Donovan, LLP may reasonably be thought to bear on independence. PMB Helin Donovan, LLP has confirmed that, in its professional judgment, it is independent of the Company within the meaning of the Securities Act of 1933, as amended, and the Audit Committee has communicated such matters with PMB Helin Donovan, LLP.

The Audit Committee, based on the review and discussions above, recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 for filing with the Securities and Exchange Commission.

Director Bradley J. Ammon serves as the sole member and Chairman of our Audit Committee. The Board of Directors believes that Mr. Ammon qualifies as an "Audit Committee Financial Expert" as that term is defined by applicable SEC rules.

Compensation committee:

The primary function of the Compensation Committee is to establish and administer our executive compensation programs. Mr. Bradley J. Ammon is the Chairman of the Compensation Committee and is "independent" as that term is defined in Rule 4200(a)(14) of the National Association of Securities Dealers' listing standards.

Governance and Nominating Committee:

The Board of Directors has established a Governance and Nominating Committee for purposes of nominating directors and for all other purposes outlined in the Governance and Nominating Committee Charter, including nominees submitted to the Board of Directors by shareholders. The Governance and Nominating Committee is composed of Bradley Ammon. The Board has determined that each of the members of the Governance and Nominating Committee is unrelated, an outside member with no other affiliation with us and independent as defined by the American Stock Exchange.

NOMINATION OF DIRECTORS

As provided in its charter and our company's corporate governance principles, the Governance and Nominating Committee is responsible for identifying individuals qualified to become directors. The Governance and Nominating Committee seeks to identify director candidates based on input provided by a number of sources, including (1) the Governance and Nominating Committee members, (2) our other directors, (3) our stockholders, (4) our Chief Executive Officer or Chairman, and (5) third parties such as professional search firms. In evaluating potential candidates for director, the Nominating and Corporate Governance Committee considers the entirety of each candidate's credentials.

Qualifications for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing composition of the Board of Directors. However, at a minimum, candidates for director must possess:

- high personal and professional ethics and integrity;
- the ability to exercise sound judgment;
- the ability to make independent analytical inquiries;
- a willingness and ability to devote adequate time and resources to diligently perform Board and committee duties;
- the appropriate and relevant business experience and acumen.

In addition to these minimum qualifications, the Governance and Nominating Committee also takes into account when considering whether to nominate a potential director candidate the following factors:

- whether the person possesses specific industry expertise and familiarity with general issues affecting our business;
- whether the person's nomination and election would enable the Board to have a member that qualifies as an "audit committee financial expert" as such term is defined by the Securities and Exchange Commission (the "SEC") in Item 401 of Regulation S-K;
- whether the person would qualify as an "independent" director under the listing standards of the American Stock Exchange;

- the importance of continuity of the existing composition of the Board of Directors to provide long term stability and experienced oversight; and
- the importance of diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.

Governance and Nominating Committee will consider director candidates recommended by stockholders provided such recommendations are submitted in accordance with the procedures set forth below. In order to provide for an orderly and informed review and selection process for director candidates, the Board of Directors has determined that stockholders who wish to recommend director candidates for consideration by the Governance and Nominating Committee must comply with the following:

- The recommendation must be made in writing to the Corporate Secretary, Dean Weber.
- The recommendation must include the candidate's name, home and business contact information, detailed biographical data and qualifications, information regarding any relationships between the candidate and the Company within the last three years and evidence of the recommending person's ownership of our common stock.
- The recommendation shall also contain a statement from the recommending shareholder in support of the candidate; professional references, particularly within the context of those relevant to Board membership, including issues of character, judgment, diversity, age, independence, expertise, corporate experience, length of service, other commitments and the like; and personal references.
- A statement from the shareholder nominee indicating that such nominee wants to serve on the Board and could be considered "independent" under the Rules and Regulations of the American Stock Exchange and the Securities and Exchange Commission ("SEC"), as in effect at that time. All candidates submitted by stockholders will be evaluated by the Governance and Nominating Committee according to the criteria discussed above and in the same manner as all other director candidates.

DIRECTOR COMPENSATION

Non-employee directors receive $1,000 for each Board of Directors meeting attended. The Company will pay all out-of-pocket expenses of attendance. No compensation was paid out in the year 2007. In lieu of monetary compensation, the Company issued on September 12, 2007 a total of 2,000,000 common stock options to the members of the board of directors pursuant to the 2005 stock option plan.

INDEBTEDNESS OF EXECUTIVE OFFICERS AND DIRECTORS

No executive officer, director or any member of these individuals' immediate families or any corporation or organization with whom any of these individuals is an affiliate is or has been indebted to us since the beginning of our last fiscal year.

FAMILY RELATIONSHIPS

There are no family relationships among our executive officers and directors.

LEGAL PROCEEDINGS

As of the date of this prospectus, there are no material proceedings to which any of our directors, executive officers, affiliates or stockholders is a party adverse to us.

CODE OF ETHICS

We have adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-B of the Securities Exchange Act of 1934. This Code of Ethics applies to our chief executive officer and our senior financial officers.

SECTION 16(A) BENEFICIAL OWNERSHIP COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of change in ownership of common stock and other equity securities of our company. Officers, directors and greater than ten percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us under Rule 16a-3(e) during the fiscal year ended December 31, 2007, and Forms 5 and amendments thereto furnished to us with respect to the fiscal year ended December 31, 2007, we believe that during the year ended December 31, 2007, our executive officers, directors and all persons who own more than ten percent of a registered class of our equity securities have complied with all Section 16(a) filing requirements.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth information concerning the total compensation that the Company has paid or that has accrued on behalf of chief executive officer and other executive officers with annual compensation exceeding $100,000 during the years ended December 31, 2007 and 2006

SUMMARY COMPENSATION TABLE

Name & Principal Position	Year	Salary ($)	Bonus Commissions ($)	Stock Awards($)	Option Awards ($)	Non-Equity Incentive Compensation ($)	Ch Pens Non- Plan Comp Ear
Dean Weber							
CEO, President	2007	$340,000	$15,967		$ 38,496(1)	--	
	2006	$282,000	$ 7,800		$177,445(2)	--	
James Hadzicki (3)							
Former CFO	2006	$161,000			$34,056(3)		

1 On September 12, 2007, One Voice Technologies issued Dean Weber, CEO and President of One Voice Technologies Inc. 8,000,000 common stock options. To date One Voice Technologies recorded stock compensation expense of $38,496.

2 On January 24, 2006, One Voice Technologies issued Dean Weber, CEO and President of One Voice Technologies Inc. 24,000,000 common stock options. To date One Voice Technologies has recorded stock compensation expense of $177,445.

3 On January 24, 2006, One Voice Technologies issued James Hadzicki CFO of One Voice Technologies Inc. 7,200,000 common stock options. One Voice Technologies recorded stock compensation expense of $34,056. On November 8, 2006, James Hadzicki resigned as our Chief Financial Officer to pursue other outside ventures. There was no disagreement or dispute between Mr. Hadzicki and the Company which led to his resignation.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

The following table sets forth information with respect to grants of options to purchase our common stock under the Company's 2005 Stock Incentive Plan to the named executive officers during the fiscal year ended December 31, 2007 and 2006 respectively.

Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Mark Value Shares Units Stock That Ha Not Veste ($)
(1) Dean Weber CEO, President	16,000,000	8,000,000		$ 0.016	01/24/2016		
(2) Dean Weber CEO, President	2,666,667	5,333,333		$0.0185	09/12/2012		

1 On January 24, 2006, One Voice Technologies issued Dean Weber, CEO and President of One Voice Technologies Inc. 24,000,000 common stock options. To date One Voice Technologies has recorded stock compensation expense of $177,445.

2 On September 12, 2007, One Voice Technologies issued Dean Weber, CEO and President of One Voice Technologies Inc. 8,000,000 common stock options. To date One Voice Technologies has recorded stock compensation expense of $38,496.

The above options carry vesting date's as follows: 1/3 of the options vest on the grant date, 1/3 of the options vest one year after the grant date, the final 1/3 of the options vest two years after the grant date.

DIRECTOR COMPENSATION

The following table sets forth with respect to the named director, compensation information inclusive of equity awards and payments made in the year end December 31, 2007.

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All O Compens ($ (g
Rahoul Sharan		(1)	$ 4,812			
Brad Ammon		(2)	$ 4,812			

(1) On September 12, 2007, One Voice Technologies issued Rahoul Sharan a member of the Board of Directors of One Voice Technologies Inc. 1,000,000 common stock options. To date, One Voice Technologies has recorded a total stock compensation expense of $4,812.

(2) On September 12, 2007, One Voice Technologies issued Brad Ammon a member of the Board of Directors of One Voice Technologies Inc. 1,000,000 common stock options. To date, One Voice Technologies has recorded a total stock compensation expense of $4,812.

The above options carry vesting date's as follows: 1/3 of the options vest on the grant date, 1/3 of the options vest one year after the grant date, the final 1/3 of the options vest two years after the grant date.

EMPLOYMENT AGREEMENTS

On April 1, 2007, we entered into an Employment Agreement with Dean Weber, our Chief Executive Officer. Pursuant to the Employment Agreement, we will employ Mr. Weber unless the Agreement is terminated by either party as set forth therein.

Mr. Weber will be paid the following:

An annual base salary of $340,000 (the "Base Salary")

1. Receive a 3% commission on revenue generating MobileVoice accounts and 8% commission on other revenue generating products.

In addition, Mr. Weber will be eligible to earn an annual cash bonus as may be deemed appropriate by our Board of Directors. Further, Mr. Weber may be awarded incentive stock options pursuant to the Company's stock option plan as may be deemed appropriate by our Board of Directors.

If the Employment Agreement is terminated as set forth therein, Mr. Weber will be entitled to a severance package equal to no more than 100% of his Base Salary for up to two years after the date of termination. In addition, all unvested stock options shall immediately vest on the date of termination. During the term of his employment, Mr. Weber will be subject to non-competition and non-solicitation provisions, subject to standard exceptions.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding beneficial ownership of our common stock as of December 31, 2007 (i) by each person who is known by us to beneficially own more than 5% of our common stock; (ii) by each of our officers and directors; and (iii) by all of our officers and directors as a group. Each person's address is c/o One Voice Technologies, Inc., 4250 Executive Square, Suite 770, La Jolla, California 92037.

We believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. A person is deemed to be the beneficial owner of securities that can be acquired by him within 60 days from December 31, 2007 upon the exercise of options, warrants or convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants or convertible securities that are held by him, but not those held by any other person, and which are exercisable within 60 days of December 31, 2007 have been exercised and converted.

Note: Applicable percentage ownership is based on 738,246,749 shares outstanding as of December 31, 2007 and 558,364,818 fully diluted shares assuming 100% convertible debt conversion and the exercise of 100% of warrants and options currently held for a total of 1,296,611,567 shares.

Shares Beneficially Owned (1)

Name and Address of Beneficial Owner	Number	Percent

Dean Weber, CEO, President and Chairman of the Board	35,957,800	2.80%
Rahoul Sharan, Director	4,900,000	0.40%
Bradley J. Ammon, Director	3,600,000	0.30%
Alpha Capital Akteingesellschaft	227,434,922	17.50%
Whalehaven Capital Fund Limited	159,813,857	12.30%
Bristol Investments Fund Limited	31,118,579	2.40%
Stonestreet Limited Partnership	33,102,373	2.60%
Ellis International	45,610,855	3.50%
Centurion Microcap LLP	27,480,245	2.10%
Osher Capital Partners LLC	8,912,738	0.70%
Momona Capital Corp.	9,171,830	0.70%
Total shares held by officers and directors (3) persons:	44,457,800	3.40%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

There were no material related party transactions during the year.

ITEM 13. EXHIBITS

NO. DESCRIPTION

PLANS OF ACQUISITION

2.1 Merger Agreement and Plan of Reorganization with Conversational Systems, Inc. dated June 22, 1999.

ARTICLES OF INCORPORATION AND BYLAWS

3.1 Articles of Incorporation of Belridge Holdings Corp. filed with the Nevada Secretary of State on August 23, 1995 (incorporated by reference to Exhibit 3(i) to our Form 10-SB filed October 7, 1999).

3.2 Certificate of Amendment of Articles of Incorporation of Belridge Holdings Corp. changing its name to Dead On, Inc. (incorporated by reference to Exhibit 3(i) to our Form 10-SB filed October 7, 1999). The Certificate originally filed on September 25, 1998, was canceled and re-filed with the Nevada Secretary of

State on June 10, 1999.

3.3 Articles of Merger for the merger of Conversational Systems, Inc. into Dead On, Inc. filed with the Nevada Secretary of State on July 14, 1999 with supporting documents (incorporated by reference to Exhibit 2 to our Form 10-SB, filed October 7, 1999). This document changed the name of the surviving entity, Dead On, Inc., to ConversIt.com, Inc.

3.4 Certificate of Amendment of Articles of Incorporation of ConversIt.com, Inc. changing its name to One Voice Technologies, Inc. (incorporated by reference to Exhibit 2 to our Form 10-SB filed October 7, 1999).

3.5 Bylaws of Belridge Holdings Corp. (incorporated by reference to Exhibit 3(ii) of our Form 10-SB, filed October 7, 1999).

3.6 Amendment to Bylaws dated July 11, 2000 (excerpted) (incorporated by reference to Exhibit 4.3 of our Form S-8, filed October 3, 2000).

3.7 Certificate of Amendment of Articles of Incorporation increasing One Voice's common stock to 250,000,000.

INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS

4.1 Common Stock Purchase Warrant with Veritas SG Investments from the January 2000 offering (incorporated by reference to Exhibit 4.1 of our Form SB-2, filed November 11, 2000).

4.2 Form of Common Stock Purchase Warrant from the March 2000 offering (incorporated by reference to Exhibit 4.1 of our Form SB-2, filed November 11, 2000).

4.3 Securities Purchase Agreement ("SPA") with Nevelle Investors LLC dated October 3, 2000, and Form of Debenture (Exhibit A to the SPA), Form of Warrant (Exhibit B to the SPA), Conditional Warrant dated October 3, 2000 (Exhibit C to the SPA) and Registration Rights Agreement dated October 3, 2000 (Exhibit E to the SPA), each with Nevelle Investors LLC (incorporated by reference to Exhibit 4 to our Form 10-QSB, filed November 14, 2000).

MATERIAL CONTRACTS

10.1 Employment Agreement with Dean Weber dated July 14, 1999 (incorporated by reference to Exhibit 10 to our Form 10-SB, filed October 7, 1999). This agreement was amended on April 10, 2000, to increase Mr. Weber's annual salary to $252,000.

10.2 Consulting Agreement with KJN Management Ltd. For the services of James Hadzicki dated July 14, 1999 (incorporated by reference to Exhibit 10 to our Form 10-SB, filed October 7, 1999). This agreement was amended on April 10, 2000, to increase the annual consulting fee to $180,000. On November 8, 2006 the agreement was mutually terminated.

10.3 Software Agreement with IBM/OEM dated September 21, 1999 (incorporated by reference to Exhibit 4.4 to our Form SB-2 filed November 20, 2000).

10.4 Software License Agreement with Philips Speech Processing dated March 3, 2000 (incorporated by reference to Exhibit 4.4 to our Form SB-2 filed November 20, 2000).

10.5 Amended and Restated 1999 Stock Option Plan (incorporated by reference to Exhibit 4.4 to our Form S-8, Amendment No. 1, filed October 4, 2000).

10.6 Subscription Agreement dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002).

10.7 Alpha Capital Note dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.8 Alpha Capital Warrant dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

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MATERIAL CONTRACTS (CONTINUED)

10.9 Stonestreet Note dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.10 Stonestreet Warrant dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.11 Subscription Agreement dated November 14, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.12 Alpha Capital Note dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.13 Alpha Capital Warrant dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.14 Ellis Note dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.15 Ellis Warrant dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.16 Bristol Note dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.17 Bristol Warrant dated August 8, 2002 (incorporated by reference to our registration statement on Form SB-2 filed September 12, 2002)

10.18 Subscription Agreement dated April 10, 2003 (incorporated by reference to our registration statement on Form SB-2 filed April 30, 2003)

10.19 Form of Warrant dated June 30, 2003 (incorporated by reference to our registration statement on Form SB-2 filed April 30, 2003)

10.20 Subscription Agreement dated September 17, 2003 (incorporated by reference to our registration statement on Form SB-2 filed October 20, 2003)

10.21 Form of convertible note dated September 17, 2003 (incorporated by reference to our registration statement on Form SB-2 filed October 20, 2003)

10.22 Form of Warrant dated September 17, 2003 (incorporated by reference to our registration statement on Form SB-2 filed October 20, 2003)

10.23 Security Agreement dated September 17, 2003 (incorporated by reference to our registration statement on Form SB-2 filed October 20, 2003)

10.24 Modification Agreement dated September 17, 2003 (incorporated by reference to our registration statement on Form SB-2 filed October 20, 2003)

10.25 La Jolla Convertible Debenture (incorporated by Reference to our registration statement on Form SB-2 filed December 22, 2003)

10.26 La Jolla Registration Rights Agreement (incorporated by reference to our registration statement on Form SB-2 filed December 22, 2003)

10.27 La Jolla Letter Agreement (incorporated by reference to our registration statement on Form SB-2 filed December 22, 2003)

10.28 La Jolla Securities Purchase Agreement (incorporated by reference to our registration statement on Form SB-2 filed December 22, 2003)

10.29 La Jolla Warrant (incorporated by reference to our registration statement on Form SB-2 filed December 22, 2003)

10.30 La Jolla Letter Agreement (incorporated by reference to our registration statement on Form SB-2 filed December 22, 2003)

10.31 Subscription Agreement dated August 18, 2004 (incorporated by reference to our registration statement on Form SB-2 filed September 7, 2004)

10.32 Form of Convertible Note dated August 18, 2004 (incorporated by reference to our registration statement on Form SB-2 filed September 7, 2004)

10.33 Form of Class A Warrant dated August 18, 2004 (incorporated by reference to our registration statement on Form SB-2 filed September 7, 2004)

10.34 Form of Class B Warrant dated August 18, 2004 (incorporated by reference to our registration statement on Form SB-2 filed September 7, 2004)

10.35 Subscription Agreement, dated October 28, 2004, by and among One Voice Technologies, Inc., Alpha Capital Aktiengesellschaft, Stonestreet Limited Partnership, Ellis International Ltd., and Momona Capital Corp. (incorporated by reference to our current report on Form 8-K filed November 9, 2004)

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MATERIAL CONTRACTS (CONTINUED)

10.36 Fund Escrow Agreement dated October 28, 2004, by and among One Voice Technologies, Inc., Alpha Capital Aktiengesellschaft, Stonestreet Limited Partnership, Ellis International Ltd., Momona Capital Corp., and Grushko & Mittman, P.C. (incorporated by reference to our current report on Form 8-K filed November 9, 2004)

10.37 Form of Convertible Note issued to Alpha Capital Aktiengesellschaft, Stonestreet Limited Partnership, Ellis International Ltd., and Momona Capital Corp. (incorporated by reference to our current report on Form 8-K filed November 9, 2004)

10.38 Form of Class A Share Purchase Warrant issued to Alpha Capital Aktiengesellschaft, Stonestreet Limited Partnership, Ellis International Ltd., and Momona Capital Corp. (incorporated by reference to our current report on Form 8-K filed November 9, 2004)

10.39 Form of Class B Share Purchase Warrant issued to Alpha Capital Aktiengesellschaft, Stonestreet Limited Partnership, Ellis International Ltd., and Momona Capital Corp. (incorporated by reference to our current report on Form 8-K filed November 9, 2004)

10.40 Subscription Agreement, dated March 18, 2005, by and among One Voice Technologies, Inc. and the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed March 24, 2005)

10.41 Form of Convertible Note of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed March 24, 2005)

10.42 Form of Class A Common Stock Purchase Warrant of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed March 24, 2005)

10.43 Form of Class B Common Stock Purchase Warrant of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed March 24, 2005)

10.44 Subscription Agreement, dated March 17, 2006, by and among One Voice Technologies, Inc. and the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed March 23, 2006)

10.45 Form of Convertible Note of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed March 23, 2006)

10.46 Form of Class A Common Stock Purchase Warrant of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed March 23, 2006).

10.47 Subscription Agreement, dated May 5, 2006, by and among One Voice Technologies, Inc. and the investors named on the signature pages thereto. (incorporated by reference to our registration statement on Form SB-2 filed May 9, 2006)

10.48 Form of Convertible Note of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our registration statement on Form SB-2 filed May 9, 2006)

10.49 Subscription Agreement, dated July 6, 2006, by and among One Voice Technologies, Inc. and the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed July 11, 2006)

10.45 Form of Convertible Note of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed July 11, 2006)

10.46 Form of Class A Common Stock Purchase Warrant of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed July 11, 2006).

10.47 Subscription Agreement, dated August 28, 2006, by and among One Voice Technologies, Inc. and the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed September 1, 2006).

10.48 Form of Convertible Note of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed September 1, 2006).

10.49 Form of Class A Common Stock Purchase Warrant of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed September 1, 2006).

10.50 Loan Agreement Loan Agreement by and among One Voice Technologies, Inc. and the investors named on the signature pages thereto (incorporated by reference to our current report on Form 8-K filed January 3, 2007).

10.51 Form of Revolving Credit Note of One Voice Technologies, Inc. (incorporated by reference to our current report on Form 8-K filed January 3, 2007).

10.52 Subscription Agreement, dated September 2007, by and among One Voice Technologies, Inc., and the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed September 17, 2007).

10.53 Form of Convertible Note, of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed September 17, 2007).

10.54 Form of Warrant, of One Voice Technologies, Inc. issued to the investors named on the signature pages thereto. (incorporated by reference to our current report on Form 8-K filed September 17, 2007).

10.55 Settlement Agreement and Mutual General Release, dated August 2007, by and among La Jolla Cove Investors, Inc. and One Voice Technologies, Inc. (incorporated by reference to our current report on Form 8-K filed September 17, 2007).

31.1 Certification by Chief Executive Officer and Interim Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certificate by Interim Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of the Chief Executive Officer and Interim Chief Financial Officer of One Voice Technologies, Inc. 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 UPDATE

AUDIT FEES

The Company has appointed PMB Helin Donovan, L.L.P. ("PMB"), as its independent auditors to perform the audit of the Company's financial statements for the year 2007. The estimated audit fees for the audit of the 2007 financial statements are $51,000 with an additional fee of between $5000 and $10,000 related to a review of the internal controls "SOX 404". During the year 2007 the Company also incurred fees of approximately $36,000 relating to the filing of form's 10QSB for Q1, Q2 and Q3 2007.

AUDIT RELATED FEES

During the year 2007 the company incurred fees of approximately $9,000 by PMB that related to the filing of Form POS AM (Post Effective Amendment to Form SB-2).

SOX 404

The Company has engaged De Joya Griffith & Company LLC. as its independent 3rd party consultant to assist the Company with 2007 SOX 404 compliance preparation. The fee is fixed at $40,000.

TAX FEES

The estimated fees for the year 2007 for tax products and services related to preparation of Company's 2007 state and federal tax returns provided by Burt R. Shapiro Accountancy Corp. is $7,500.

The Company is not aware that any significant amount of the work done during the course of the audits of the Company's 2007 and 2006 Financial Statements was performed by persons other than full-time, permanent and employees of PMB.

The Board of Directors have reviewed and approved 100% the above service agreements.

SIGNATURES

Pursuant to the requirements of Section 13 and 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: APRIL 4, 2008 by: /s/ Dean Weber

Dean Weber, President, Chief Executive Officer
(Principal Executive Officer),
interim Chief Financial Officer
(Principal accounting and financial officer),
Chairman of the Board and Secretary

In accordance with the requirements of the Securities Act of 1933, this registration statement was signed by the following persons in the capacities and on the dates stated.

SIGNATURE	TITLE	DATE
/s/ Dean Weber	President, Chief Executive Officer (Principal Executive Officer), interim Chief Financial Officer (Principal accounting and financial officer), Chairman of the Board and Secretary	APRIL 4, 2008
/s/ Rahoul Sharan Rahoul Sharan	Director	APRIL 4, 2008
/s/ Bradley J. Ammon Bradley J. Ammon	Director	APRIL 4, 2008