ITONIS INC.

NEVADA COMPANY

ANNUAL REPORT

As of February 28, 2013

Item 1: The exact name of the issuer and its predecessors.

The exact name of the Issuer is Itonis, Inc.

Name Change history:

- *Itonis, Inc. as of December 2, 2005*
- *Kenchou, Inc. as of July 5, 2005*

.

Item 2: The address of its principal executive offices:

22951 Mill Creek Drive
Suite A-1
Laguna Hills, CA 92653
Phone: (949) 200-8887

Email: mark@itonisholdings.com Website: www.itonisholdings.com

Item 3: Security Information.

A. Par or Stated Value for each class of Securities

Security Symbol:	ITNS
CUSIP Number	465733103
Common Stock:	1,000,000,000 authorized, Par Value $0.001
Preferred Stock:	5,000,000 authorized, Par Value $0.001

NO CUSIP number for the preferred.

B. Number of shares or total amount of securities outstanding for each class of securities outstanding

Period end date: February 28, 2013
Authorized Shares: 1,000M Common Shares, 5M Preferred Shares
Outstanding Shares: 807,044,186 Common Shares, 0 Preferred Shares
Public Float: 29,066,067
Number of Beneficial Shareholders: Approx 2
Total number of Shareholders: 662
(The Company's outstanding shares of this filing date of April 25, 2013 is 852,044,186 .)

Period end date: November 30, 2012
Authorized Shares: 1,000M Common Shares, 5M Preferred Shares
Outstanding Shares: 777,044,186 Common Shares, 0 Preferred Shares
Public Float: 29,066,067
Number of Beneficial Shareholders: Approx 2
Total number of Shareholders: 662

Period end date: November 30, 2011
Authorized Shares: 300M Common Shares, 5M Preferred Shares
Outstanding Shares: 251,130,223 Common Shares, 0 Preferred Shares
Public Float: 29,066,067
Number of Beneficial Shareholders: Approx 1
Total number of Shareholders: 657

C. Transfer Agent
Justeene Blankenship
Action Stock Transfer Corp.
2469 E. Fort Union Blvd.
Suite 214
Salt Lake City, UT 84121
(801) 274-1088

This Transfer Agent is registered under the Exchange Act. The regulatory authority of the Transfer Agent is the United States Securities and Exchange Commission.

Item 4: Issuance History

The following shares were issued during the three month period ending February 28, 2013.

None

Item 5: Financial Statements

(i) The Annual financial statements are incorporated by reference.

(ii) The following Annual financial statements are incorporated by reference.

- Balance Sheet for February 28, 2013 and November 30, 2012
- Statement of Income for the Three Month Period ended February 28, 2013
- Statement of cash flows for the Three Month Period ended February 28, 2013
- Statement of changes in stockholders' equity as of February 28, 2013
- Financial Notes as of February 28, 2013

Management's Discussion and Analysis of Plan of Operation

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto included in this report. The statements contained in this report that are not purely historical are forward-looking statements which would include, but not be limited to, statements regarding our expectations, hopes, intentions or strategies regarding the future. Forward-looking statements include statements regarding: future product or product development; future research and development spending on our product development strategies, and are generally identifiable by the use of the words "may", "should", "expect", "anticipate", "estimates", "believe", "intend", or "project" or the negative thereof or other variations thereon or comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause out actual results, performance or achievements (or industry results, performance of achievements) expressed or implied by these forward-; looking statements to be materially different from those predicted. The factors that could affect our actual results include, but are not limited to, the following: general economic and business conditions, both nationally and in the regions in which we operate; competition' changes in business strategy or development plans; our inability to retain key employees; our inability to obtain sufficient financing to continue to expand operations; and changes in demand for products by our customers.

Plan of Operation**:**

Itonis, Inc. was originally incorporated in 2005 under the name of Kenshou, Inc. Later that year in December of 2005, the company changed its name to Itonis, Inc.

The Company has focused its acquisition efforts in the scientific technology sector.

In the Fall of 2011, Itonis acquired Paramount Discoveries, Inc. and is developing its electro-magnetic frequency technologies applications regarding the magnetization of carbon, salt, and silver.

In the Summer of 2012, Itonis announced its development of AppRocket.com for the development of PC and mobile apps.

Later in the same Summer of 2012, Itonis announced its formation of an Itonis Pharmaceuticals division headed by Dr. Charles Hensley, Ph.D., who created the Zicam® cold remedy.

The Company continues to seek out and acquire other high growth businesses to deliver returns to shareholders by seeking out and acquiring additional profit opportunities with minimal debt requirements.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company is presently focused on developing and launching its first homeopathic anti-nausea product under the guidance of Dr. Charles Hensley. The product is expected to be sold over-the-counter to alleviate mild to moderate nausea. The Company's goal is to manufacture and market its anti-nausea product during this fiscal year to generate sales revenues.

Results of Operations:

Itonis is a development stage company. The operating expenses occurred during the three month period ended February 28, 2013 of $186,166 relate mainly to executive compensation

In July 2012, the Company launched its internally-developed web portal for mobile and light computer applications under its www.AppRocket.com website.

In August 2012, the Company launched a new Itonis Pharmaceuticals division headed by Dr. Charles Hensley, Ph.D. to produce and market over the counter and prescription homeopathic preparations to treat both common ailments and chronic diseases.

Off-Balance Sheet Arrangements

There are no off balance sheet arrangements.

Legal Proceedings

First Capital filed a claim against Itonis in Miami Dade County, Florida on January 12, 2012 for breach of contract relating to an agreement entered into for shareholder relations. Itonis was not served and therefore did not respond. A default judgment was entered into against Itonis on March 6, 2012. Itonis is reviewing its options in this matter.

Item 6 Issuer's Business, Products and Services

A. a description of the issuer's business operations;

The Company operates as a holding company and has embarked upon an aggressive plan to acquire high growth entrepreneurial companies that have established or are expected to establish themselves as leaders and successful enterprises in various market niches.

B. Date and State of Incorporation;

The issuer is a Nevada Corporation Incorporated on July 5, 2005.

C. the issuer's primary SIC code:

Primary	*6719*
Secondary	*6141*

D. the issuer's fiscal year end date;

November 30

E. principal products or services, and their markets;
The operations of its subsidiary (Paramount Discoveries, Inc.) are principally research and development regarding its frequency technologies with the objective of marketing licensing rights. As such, the scope of its operations is not burdened with substantial carrying costs.

Item 7 Issuer's Facilities

The Company's corporate headquarters are located in approximately 2,383 square feet of leased office space in Laguna Hills, California pursuant to a lease that expires in August 2018. In the opinion of management, the Company's current space is adequate for its operating needs.

Item 8 Officers, Directors and Control Persons

A. <u>Officers, Directors and Control Persons.</u> In responding to this item, please provide the following information for each of the issuer's executive officers, directors, general partners and control persons, as of the date of this information statement.

A. Officers and Directors

The Management of the Issuer is described in detail and incorporated herein by reference to financial statements filed with the pink sheets

Mark Cheung, CEO/President and Director.

Business Address: 22951 Mill Creek Drive
Suite A-2
Laguna Hills, CA 92653

Employment History: (Apr 2002 – present) Attorney. Mr. Cheung has more than 20 years of business law and entrepreneurial experience in the legal fields of business litigation and appeals. He has been a name partner at his Irvine, California law firm that has handled numerous business litigation and intellectual property matters, including a trademark case that ended favorably in the U.S. Supreme Court. Through years of litigation matters, Mr. Cheung has confronted unprecedented business operational disputes and relationship issues, providing industry opportunities to enhance and apply problem-solving skills at all levels.

(Jan 2005 – present) Adjunct Professor of Law at Chapman University School of Law.

Board Memberships/Affiliations: Board Member, Consumer Credit Counseling Service of Orange County (2001 – present). Former Board Member, Irvine Valley College Foundation (2000 – 2012). Both are non-profit organizations.

Compensation: Zero in 2010. For the 18 months from January 2011 thru June 2012: 20,000,000 shares of common stock restricted for 12 months, plus 8,000,000 shares common stock that would be subject to that certain registration statement on Form S-1 to be filed with the Securities and Exchange Commission for resale.

Stock Ownership in the Company: The Company has issued 89,000,000 shares of restricted common stock to Mr. Cheung as compensation.

Steve Pidliskey, Vice President/ Secretary

Business Address: 22951 Mill Creek Drive
Suite A-1
Laguna Hills, CA 92653

Employment History: (Aug 1978 – Jan 2011) Project Executive – TSO Alliance Delivery, National Competency Center, Global Technology Services at IBM Corporation (last position held). Mr. Pidliskey has had a 32 ½ year career with IBM where he has held numerous management positions. He has been responsible for business functions that included regional sales operations, global customer delivery, service support, project management, product planning, complex solution development, and technical sales support.

Compensation: Zero in 2010. For the 18 months from January 2011 thru June 2012: 10,000,000 shares of common stock restricted for 12 months, plus 4,000,000 shares common stock that would be subject to that certain registration statement on Form S-1 to be filed with the Securities and Exchange Commission for resale.

Stock Ownership in the Company: The Company has issued 46,000,000 shares of restricted common stock to Mr. Pidliskey as compensation.

Donald Jolly, Ph.D., Chief Financial Officer/ Treasurer

Business Address: 22951 Mill Creek Drive
Suite A-1
Laguna Hills, CA 92653

Employment History: (Jan 2010 – present) Director of Hyperbaric Medicine at the Center for New Medicine. He operates the hyperbaric treatment and financial aspects of the Center, and also conduct hyperbaric research.

(July 1999 – Jan 2010) Director of Back to Health Program and Director of Hyperbaric Medical Department at the Whitaker Wellness Institute. His responsibilities included hyperbaric therapy orientation and treatment, patient education, and hyperbaric research.

(prior history) Mr. Jolly has more than 20 years experience in the Finance Industry. He has served at both the board and executive levels within the banking community, holding numerous executive positions ranging from the Vice President of Marketing to the President/CEO of several California banks. His wide array of corporate and retail experience include all aspects of banking operations, loans, marketing, personnel, and customer relations. His founding of a local California bank provided him valuable experience in managing the early developments of a business.

Board Memberships/Affiliations: Chairman, Richard A. Neubauer Research Institute, a 501(c)(3) non-profit organization established to further research, medical improvements, and education in hyperbarics. Chairman, Holy Family Institute, a non-profit organization.

Compensation: Zero in 2010. For the 18 months from January 2011 thru June 2012: 6,000,000 shares of common stock restricted for 12 months, plus 2,000,000 shares common stock that would be subject to that certain registration statement on Form S-1 to be filed with the Securities and Exchange Commission for resale.

Stock Ownership in the Company: The Company has issued 28,000,000 shares of restricted common stock to Mr. Jolly as compensation.

Sam Joudeh, Director

Business Address: 22951 Mill Creek Drive
Suite A-1
Laguna Hills, CA 92653

Employment History:

(Jan 2011 – present) President of Sam's Tailoring.Com, Inc. He owns and operates an on-line virtual store for the retail sale of designer brand men's wear. This is an offshoot of his family-operated men's wear business that was originally established in 1950.

(1995 – 2011) President of Sam's European Tailoring, Inc. He owned and operated a retail men's wear store.

(1983 – 2011) President of Sam's Tailoring, Inc. He owned and operated a retail men's wear store.

(May 2000 – 2010) President of The Suit Gallery Five Star Men's Wear, Inc. He owned and operated a retail men's wear store.

Board Memberships/Affiliations: None other than his membership on the boards of his other businesses identified above.

Compensation: Zero in 2010. For the 18 months from January 2011 thru June 2012: 10,000,000 shares of common stock restricted for 12 months, plus 4,000,000 shares common stock that would be subject to that certain registration statement on Form S-1 to be filed with the Securities and Exchange Commission for resale.

Stock Ownership in the Company: The Company has issued 46,000,000 shares of restricted common stock to Mr. Joudeh as compensation.

B. Legal - Disclaimer History.

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other misdemeanor offenses);

None.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the CFTC, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

None.

C. Beneficial Shareholders

Name of Beneficial Owner	Shares of Common Stock Owned	%
Mark Cheung 22951 Mill Creek Drive Suite A-1 Laguna Hills, CA 92653	115,200,000	14.3
Hawatmeh Family 22951 Mill Creek Drive Suite A-1 Laguna Hills, CA 92653	70,000,000	8.7

Item 9 Third Party Providers

The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:

1. **Investment Banker:**

   None.

2. **Promoters:**

   None.

3. **Counsel:**

   Owen Naccarato, Esq.
   Naccarato & Associates
   1100 Quail Street
   Suite 100
   Newport Beach, CA 92660
   (949) 851-9261
   Owen@owenn.com

4. **Accountant or Auditor:**

   Michael Berg, CPA
   505 Sansome Street
   Suite 850
   San Francisco, CA 94111
   (415) 515-4090

5. **Public Relations Consultant:**

   None

6. **Investor Relations Consultant:**

   None

7. **Advisory:**

None

Item 10 Issuer's Certificate

I, Mark Cheung, certify that:

1, I have reviewed this quarterly disclosure statement of Itonis, Inc.

2, Based upon my knowledge, this disclosure statement does not contain an untrue statement of a material fact of omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and

3, Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement

April 25, 2013

/s/ Mark Cheung

Mark Cheung
President

I, Donald Jolly, certify that:

1, I have reviewed this quarterly disclosure statement of Itonis, Inc,

2, Based upon my knowledge, this disclosure statement does not contain an untrue statement of a material fact of omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and

3, Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement

April 25, 2013

/s/ Donald Jolly

Donald Jolly
Chief Financial Officer

Itonis Inc.

(formerly "Kenshou Inc.")
Financial Statements and Footnotes

November 30, 2012 and for the
Quarter Ended February 28, 2013

Itonis Inc.
(formerly "Kenshou Inc.")
Balance Sheets

	February 28, 2013		November 30, 2012	
Assets				
Current assets				
Cash	$	1,171	$	104
Prepaid expenses		914,391		1,070,021
Other Assets		2,412		2,412
Total current assets		917,974		1,072,537
Intangible Assets-Investment in Paramount		640,000		640,000
Total assets	$	1,557,974	$	1,712,537
Liabilities and stockholders' deficit				
Current liabilities				
Accounts payable and accrued liabilities	$	257,190	$	255,956
Accounts payable - related parties		98,743		93,147
Derivative liability		10,800		60,000
Loan payable		-		-
Income taxes payable		2,400		2,400
Total current liabilities		369,133		411,503
Total liabilities		369,133		411,503
Stockholders' deficit				
Preferred stock; no par; $.001 par; 5,000,000 authorized; and 0 and 0 issued and outstanding for the periods ended February 28, 2012 and November 31, 2012		-		-
Common stock; $.001 par; 1.000,000,000 authorized; 852,044,186 and 777,084,186 issued and outstanding for the periods ended February 28, 2013 and November 31, 2012		852,044		777,044
Additional paid-in capital		13,110,879		13,154,747
Accumulated deficit		(6,606,058)		(6,462,733)
Accumulated deficit during the development stage		(6,168,024)		(6,168,024)
Total stockholders' deficit		1,188,841		1,301,034
Total liabilities and stockholders' deficit	$	1,557,974	$	1,712,537

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

Itonis Inc.
(formerly "Kenshou Inc.")
Statements of Operations

	For the Quarter Ended February 28, 2013	For the Year Ended November 30, 2012	Development Stage (December 1, 2009) to February 28, 2013
Revenues	$ -	$ -	$ -
OPERATING EXPENSES			
Legal and professional fees	2,000	2,092,698	2,347,364
Executive compensation	180,630	3,167,038	3,580,395
General and administrative	3,536	26,238	61,190
Total operating expenses	186,166	5,285,974	5,988,949
OTHER (INCOME) EXPENSE			
Interest expense	6,359	(473)	2,562
(Gain) Loss on derivative liability	(49,200)	957,812	(411,098)
Total other (income) expense	(42,841)	957,339	(408,536)
Net loss before taxes	143,325	(4,328,635)	(6,023,653)
Income tax expense	0	800	2,400
Net loss	$ 143,325	$ (4,329,435)	$ (6,026,053)
Basic loss per common share	$0.00	($0.01)	
Basic weighted average common shares	847,877,519	313,152,264	

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

Itonis Inc.(formerly "Kenshou Inc.")
(A Development Stage Company)
Statement of Stockholders' Deficit
(Audited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Stock Payable	Stock Receivable	Accumulated Deficit	Accumulated Deficit During the Development Stage	Total Stockholders' Deficit
	Shares	**Amount**	**Shares**	**Amount**						
Balance as of November 30, 2011	-	$ -	273,630,230	$ 273,630	$ 6,765,596	$ 246,485	$ (588,500)	$ (6,462,733)	$ (1,838,589)	$ (1,604,111)
Shares issued for cash	-	-	150,000,000	150,000	1,530,000	-		-	-	1,680,000
Shares issued for services	-	-	19,413,956	19,414	256,795	-		-	-	276,209
Shares to Directors and Officers	-	-	221,500,000	221,500	3,230,900	-	-	-	-	3,452,400
Shares to be issued for compensation	-	-	33,000,000	33,000	333,000		-	-	-	366,000
Shares to be issued for debt	-	-	32,000,000	32,000	288,000		-	-	-	320,000
Prior Stock Commitments			15,500,000	15,500	142,456	(246,485)	(588,500)			
Shares issued for acquisition			32,000,000	32,000	608,000					
Net loss for the period	-	-	-	-	-	-	-	-	(4,329,436)	(4,329,436)
Balance as of November 30, 2012	-	$ -	777,044,186	$ 777,044	$ 13,154,747	$ -	$ -	$ (6,462,733)	$ (6,168,025)	$ 1,301,033
Net loss for the period									(143,325)	(143,325)
Shares issued for debt and accrued interest			75,000,000	75,000	(54,893)					20,107
Balance as of February 28, 2013	-	$ -	852,044,186	$ 852,044	$ 13,099,854	$ -	$ -	$ (6,462,733)	$ (6,311,350)	$ 1,177,815

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

Itonis Inc.
(Formerly "Kenshou Inc.")
Cash Flow Statements
(unaudited)

	For the Year Ended February 28, 2013	For the Year Ended November 30, 2012	Development Stage (December 1, 2009) to February 28, 2013
Cash flows from operating activities:			
Net loss	$ (143,325)	$ (4,329,435)	$ (6,308,495)
Adjustments to reconcile net loss to net cash in operating activities:			
Stock issued for executive compensation		$ 3,167,038.00	3,167,038
Stock issued for legal and professional fees		2,011,808	2,185,390
Stock issued for general and administrative expenses			213,780
Increase (decrease) in derivative liability	(49,200)		1,270,510
Changes in operating assets and liabilities			
Increase in prepaid expenses	155,630	(1,058,376)	(902,746)
Increase in other assets		(2,412)	(2,412)
Increase in accounts payable	4,088	22,347	54,792
Increase in accounts payable related party	13,767	123,784	168,806
Increase in income taxes payable		800	2,400
Net cash used in operating activities	(19,040)	(64,446)	(150,937)
Cash flows from financing activities:			
Payment of Loans			52,108
Sale of stock	20,107	62,132	100,000
Net cash provided by financing activities	20,107	62,132	152,108
Net change in cash	1,067	(2,314)	1,171
Cash, beginning of period	104	2,418	-
Cash, end of period	$ 1,171	$ 104	$ 1,171
Supplementary disclosure of cash flow information:			
Cash paid for interest	$ -	$ -	$ -
Cash paid for taxes	$ -	$ -	$ -
Stock issued for prepaid services		$ 1,058,376	$ 1,069,841
Stock issued for executive compensation		$ 3,167,038	$ 3,167,038
Stock issued for professional fees		$ 2,011,808	$ 2,011,808
Stock issued for debt		$ 32,000	$ 32,000
Stock issued for acquisition of Paramount		$ 640,000	$ 640,000

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

NOTE 1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES

Description of Business – Itonis Inc. (formerly Kenshou Inc.) (the "Company" or "Itonis") was incorporated on July 5, 2005 as Kenshou Inc. under the laws of the State of Nevada. On December 2, 2005, the Company changed its name to Itonis Inc.

The Company operates as a holding company and is undergoing a transformation and has embarked upon an aggressive plan to acquire high growth entrepreneurial companies that have established or are expected to establish themselves as leaders and successful enterprises in various market niches.

In 2013, the Company relocated its headquarter office to an expanded facility within Orange County, California, in conjunction with its recent development of its pharmaceutical and AppRocket operations..

Development Stage Reporting - During 2006 and 2007, the company acquired a wholly owned Czech subsidiary and began promoting the Itonis CZ solution, a video distribution tool. The Company had revenue of $231,000 through November 30, 2007. In December 2007, continuing its promotion of the video tools, the Company began marketing video distribution exclusively in China and signed several different agreements including Joint Cooperation Agreement with Pilot Media, the acquisition of Aquos Media Limited, and an acquisition agreement with Beijing Tuo Culture Development Ltd. During fiscal year 2008, the Company did not execute all the terms of the agreement with Pilot Media and Aquos Media and did not pursue its business opportunities in China and discontinued its promotion of the video products.

Current management reviewed the activities during 2007 and determined that the Company had commenced operations on its video products and exited the development stage during 2007 and should have begun reporting as a commercial enterprise after that date.

During fiscal years ended 2010 and 2011, Company's management changed the name of the Company to Itonis and management began the process of raising capital and pursuing new businesses for the Company. Because the Company had no significant business operations during this period, it was determined that the Company had re-entered the development stage and resumed reporting as a development stage enterprise. Operations prior to December 1, 2010 are reported on a fully operating basis and results are included as accumulated

NOTE 1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES-CONTINUED

deficit through that date on the balance sheet. Activities subsequent to December 1, 2010 are reported as development stage activities and prior
activities have been reported as historical operating activity. These activities are included in "Accumulated deficit" and "Deficit accumulated during development stage" on the balance sheet.

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

Basis of Presentation - These financial statements present the balance sheets and the related statements of operations, cash flows and stockholders' deficit of Itonis Inc.

Fiscal Periods – The Company's fiscal year-end is November 30.

Cash and Cash Equivalents - For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. The carrying value of these investments approximates fair value.

Accounts Payable related parties- Amounts have been advanced by related parties to fund the operations of the Company. The advances are non-interest bearing, unsecured, and due on demand.

Derivative liabilities – The Company is contractually obligated to issue 1,200,000 more shares than it currently has issued. The values of these shares were originally recorded at their fair market value to determine the cost basis of the underlying transaction. The share liabilities are revalued at the end of each reporting period and the liabilities are adjusted to reflect current market value. The change in fair value is reflected separately in the Company's Statements of Operations. As of February 28, 2013 the fair value of the obligated shares was
$10,800.

Income Taxes - The Company accounts for its income taxes in accordance with FASB Codification Topic ASC 740-10, "*Income Taxes*", which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to

NOTE 1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES-CONTINUED

differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

<u>Earnings (loss) Per Share</u> - The Company reports earnings (loss) per share in accordance with FASB Codification Topic ASC 260-10 "*Earnings Per Share*", Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed exercise of options and warrants to purchase common shares (common stock equivalents) would have an anti-dilutive effect.

<u>Fair Value of Financial Instruments</u> - Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, requires disclosing fair value to the extent practicable for financial instruments that are recognized or unrecognized in the balance sheet. Fair value of financial instruments is the amount at which the instruments could be exchanged in a current transaction between willing parties. The Company considers the carrying amounts of cash, certificates of deposit, accounts receivable, accounts payable, notes payable, related party and other payables, customer deposits, and short term loans to approximate their fair values because of the short period of time between the origination of such instruments and their expected realization. The Company considers the carrying amount of notes payable to approximate their fair values based on the interest rates of the instruments and the current market rate of interest.

<u>Recent Accounting Pronouncements</u>-

The Company has evaluated recent pronouncements through Accounting Standards Updates "ASU" 2011-12 and believes that none of them will have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of November 30, 2012 and 2011 the Company has incurred cumulative net losses of $10,792,169 and $6,462,733 since re-entering development stage, respectively, Under current operations the Company requires capital for its operational and marketing activities to take place. The Company's ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the company cannot continue in existence.

NOTE 3. RELATED PARTY TRANSACTIONS

Management of the Company has made non-interest bearing, unsecured, due on demand cash advances to the Company and has accrued amounts due an officer for services totaling $102,914 and $88,147 and $31,255 as of February 28, 2013 and November 30, 2012, respectively. The Company issued 221,500,000 common shares to officers under 2012 and 2011 share compensation agreements with a value of $3,451,400 which are earned over periods which range from 12-24 months. $685,983 of compensation has been deferred to the periods after December 31, 2012. The Company also accrued $80,000 due an officer for services.

NOTE 4. PRIOR ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

During 2012, acting under the advice of legal counsel, the Company reversed amounts due various parties for contractual and accrued obligations. It was determined that $760,000 due several parties in China was voidable because the underlying contracts were never completed. Additionally, $214,546 in prior accounts payable due to the Company's prior management was forgiven. Of the

NOTE 4. PRIOR ACCOUNTS PAYABLE AND ACCRUED LIABILITIES-CONTINUED

$1,176,943 in prior payables only $202,397 remains on the Company's books as of November 30, 2012 and 2011.

NOTE 5. LOAN PAYABLE

The Company issued a promissory note for $17,873 in exchange for the payment of certain expenses incurred on the Company's' behalf. The note has an interest rate of $10%. The note is due on demand. As of February 28, 2013, $2,234 in interest has been accrued on the note. The note was retired in exchange for 75,000,000 million shares of common stock at the end of the quarter.

NOTE 6. STOCKHOLDERS' DEFICIT

Preferred Stock:

The Company has authorized 5,000,000 shares of preferred stock none of which are issued and outstanding as of November 30, 2012 and 2011.

On June 4, 2012, the Board of Directors of the Company approved the designation of Series A preferred shares which provides voting rights equal to the greater of (i) One Thousand (1,000) votes for each share of Series A Preferred Stock or (ii) the number of votes equal to the number of all outstanding shares of Common Stock, plus one additional vote such that the holders of Series A Preferred Stock shall always constitute a majority of the voting rights of the Corporation.

Common Stock:

On May 25, 2012, shareholders of record holding over 50% of the issued and outstanding shares of the Company approved the increase in authorized shares from 300,000,000 to 1,000,000,000 shares. There were 852,044,186 and

777,044,186 shares of common stock outstanding as of February 28, 2012 and November 30, 2012, respectively

NOTE 6. STOCKHOLDERS" DEFICIT-CONTINUED

Share Transactions:

2011:

- The Company issued 33,100 shares of common stock during the year ended November 30, 2010.

- On July 11, 2011, the Company issued 5,277,777 shares of common stock for $80,000 in cash. 2,000,000 shares were issued in error and as such the investor has agreed to return the additional shares issued.

- On September 15, 2011 the Company issued 12,500,000 shares valued at $10,000 for professional services.

- On October 10, 2011, the Company issued 350,000 shares valued at $22,890 for professional services.

- On October 25, 2011, the Company issued 3,000,000 shares valued at $231,000 for professional services. The services were never rendered and as such the vendor has agreed to return the shares.

- On October 25, 2011, the Company issued 2,222,230 shares for $10,000 cash. Of the shares issued 2,000,000 were issued in error. As such, the investor has agreed to return the 2,000,000 shares valued a $2,000.

- On November 28, 2011, the issued 5,000,000 shares of common stock valued at $395,000 for professional services. The vendor later agreed to cancel the contract and return 4,500,000 shares valued at $355,500

- On November 29, 2011, the Company issued 200,000 shares for $10,000 cash.

- On November 29, 2011, the Company issued 300,000 shares valued at $20,000 for professional services.

NOTE 6. STOCKHOLDER'S DEFICIT-CONTINUED

Stock Receivable:

- On July 11, 2011, the Company issued 2,000,000 shares in error. The investor has agreed to return the shares and as such the company has recorded a stock receivable for the par value of the share to be returned or $2,000.

- On October 25, 2011, the Company issued 3,000,000 shares to an independent contractor valued at $231,000. The contractor and Company later voided the agreement and contractor agreed to return the shares.

- As such, the Company has recorded a stock receivable for the entire value of the shares issued.

- On November 28, 2011, the Company issued 5,000,000 shares of common stock valued at $395,000 for professional services. The vendor later agreed to cancel the contract and return 4,500,000 shares. As such the Company, recorded a stock receivable for $355,500, the value of the returned shares

Stock Payable:

- As of November 30, 2011, the Company is liable for the issuance of 37,526,316 shares of common stock valued at $213,780 in for management compensation.

- As of November 30, 2011, the Company is liable to issue 64,612 shares of common stock for professional services valued at $4,000.

- As of November 30, 2011, the Company is liable to issue 282,486 shares of common stock for professional services valued at $20,000.

- As of November 30, 2011, the Company is liable to issue 137,956 shares of common stock for professional services valued at $8,70

2012:

- The Company issued 221,500,000 shares of stock with a value of $3,451,500 under compensation agreements with officers and directors of the firm as compensation for services.
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NOTE 7. STOCKHOLDER'S DEFICIT-CONTINUED

- The Company issued 33,000,000 shares of common stock with a value of $366,000 as executive compensation for services.

- The Company issued 19,413,956 shares of common stock with a value of $276,209 for professional services.

- The Company issued 32,000,000 shares of common stock with a value of $320,000 to pay $32,000 in debt plus accrued interest.

- The Company issued 150,000.000 shares of common stock with a value of $1,680,000 for expenses.

- The Company issued 15,500,000 shares of common stock with a value of $3,444 to fufill prior stock commitments.

- The Company issued 33,000,000 shares of common stock with a value of $366,000 as executive compensation for services.

- The Company issued 32,000,000 shares of common stock with a value of $640,000 to acquire Paramount as executive compensation for services.

2013:

- The Company issued 75,000,000 shares in exchange for a note payable and accrued interest with a value of $20.107.

NOTE 8. INCOME TAXES

The provision for income taxes consists of approximately $800 for each of the years ended November 30, 2012 and 2011, respectively.

Deferred tax assets are comprised of the benefits of loss carry forwards for the years ended the November 30, 2012 and 2011 of approximately $84,200 and $63,701, respectively. Losses prior to December 1, 2009 were incurred in different industries and in foreign jurisdictions and their use would be limited to offset federal and state income taxes. These losses would also be limited by the change of control provisions in Section 382 and 383 of the Internal Revenue Code.

NOTE 8. INCOME TAXES-CONTINUED

Management has concluded that the use of these loss carry forwards would be severely restricted and the effect of these losses is not included in this report.

Deferred taxes arise from temporary differences in the recognition of certain expenses for tax and financial reporting purposes. As of November 30, 2011, the company had significant timing differences for tax reporting purposes for the non-cash recognition of liabilities due for committed shares in excess of authorized shares amounting to $1,319,710, shares issued for services of $123,095, and shares issued for compensation of $213,780. The expenses related to these liabilities are treated as permanent differences between financial and tax reporting.

At November 30, 2011 and 2010, management determined that realization of these loss carryforward benefits is not assured and has provided a valuation allowance for the entire amount of such benefits,

ASC 740 clarifies the accounting for uncertainty in income taxes and prescribes a recognition threshold, measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. Under ASC 740, we are required to recognize in the financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure. Our policy is to record interest and penalties related to unrecognized tax benefits in income tax expense. There were no unrecognized tax benefits recorded as of November 30, 2012 and 2011.

NOTE 9. AGREEMENT TO ACQUIRE PARAMOUNT DISCOVERIES, INC.

The Company entered into an agreement to acquire 100% interest in Paramount Discoveries, Inc. for 32,000,000 shares of common stock on November 2, 2011. The agreement did not close as of November 30, 2011, and was subsequently amended on December 19, 2011. The Company completed the acquisition during 2012. Paramount Discoveries, Inc. is a scientific research company originally founded in 1995 that has developed a proprietary technology that can stimulate magnetism in several common natural elements and minerals. The Company evaluates impairment of the carrying value of this asset annually.