

The logo for TRANZBYTE features the word "TRANZBYTE" in a stylized, metallic, sans-serif font. The letters are arranged horizontally. A blue, three-dimensional arrow-like shape points from the right towards the letter 'Z', which is partially obscured by it. The entire logo is set against a white background with a subtle gradient.

**TRANZBYTE CORPORATION**  
**Fka**  
**(Altitude Organic Corporation)**

**INTERIM FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**For the Three Months Ended**

**September 30, 2013 and 2012**

**TRANZBYTE CORPORATION**  
**CONSOLIDATED BALANCE SHEET**  
**UNAUDITED**  
**AT SEPTEMBER 30, 2013**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$	2,600
Inventory		60,787
Total current assets		<u>63,387</u>

**OTHER ASSETS:**

Furniture, fixtures & equipment		15,000
Less accumulated depreciation		(2,500)
Investments		498,501
Intellectual property		1,276,131
Less accumulated amortization		(746,106)
Goodwill		3,353,303
Total assets	\$	<u><u>4,457,716</u></u>

**LIABILITIES**

**CURRENT**

Accounts payable and accrued expenses	\$	1,986,974
Loans from shareholders		1,807,536
Debentures payable and accrued interest		856,614
Total current liabilities		<u>4,651,124</u>

**LONG TERM**

Acquisition Debt		2,250,000
Total Liabilities		<u>6,901,124</u>

**STOCKHOLDERS' DEFICIT**

Preferred stock Series B		65,000
Preferred stock Series C		1
Common stock		2,854,334
Additional paid-in capital		12,565,790
Accumulated (deficit)		(17,928,533)
Total stockholders' deficit		<u>(2,443,408)</u>
Total liabilities and stockholders' deficit	\$	<u><u>4,457,716</u></u>

See accompanying notes to these unaudited consolidated financial statements.

**TRANZBYTE CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**UNAUDITED**

	For the three months ended September 30	
	2013	2012
<b>REVENUE</b>		
Revenue	\$ 61,037	\$ 0
Cost of sales	15,524	
Gross profit	45,513	0
<b>OPERATING EXPENSES</b>		
General and administrative	\$ 41,626	\$ 9,511
Sales & marketing	20,335	0
Consulting	150,309	60,000
Legal & accounting	33,242	45,575
Officer compensation	37,500	58,735
Travel	650	0
Shareholder communication	4,566	2,774
Rent & utilities	9,932	5,115
Interest expense	23,501	21,157
Depreciation & amortization	13,417	8,000
Total Operating Expenses	335,078	210,867
<b>OTHER (INCOME) EXPENSES</b>		
	0	
Net (loss)	\$ (289,565)	\$ (210,867)

See accompanying notes to these unaudited consolidated financial statements.

**TRANZBYTE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**UNAUDITED**

	Preferred Shares	Amount	Common Shares	Amount
Balance at June 30, 2012	13,000,000	65,001	909,829,319	\$909,830
Shares issued to loans from shareholder			43,538,244	43,538
Shares issued for debt			6,865,530	6,865
Shares issued for debentures prin & accrued intr			1,658,130,097	1,658,130
Shares issued for services			2,152,120	2,152
Net (loss) for the year ended Jun 30, 2013				
Balance at June 30, 2013	13,000,000	\$65,001	2,620,515,310	2,620,515
Shares issued to loans from shareholder			14,471,743	14,471
Shares issued for debt			2,832,552	2,833
Shares issued for debentures prin & accrued intr			216,514,545	216,515
Net (loss) for the three months ended Sep 30, 2013				
Balance at September 30, 2013	13,000,000	65,001	2,854,334,150	2,854,334

See accompanying notes to these unaudited consolidated financial statements.

	Accumulated (Deficit)	Total
Balance at June 30, 2012	(\$16,873,385)	(\$2,610,643)
Shares issued to loans from shareholder		82,583
Shares issued for debt		15,000
Shares issued for debentures prin & accrued intr		908,416
Shares issued for services		16,666
Net (loss) for the year ended Jun 30, 2013	(765,583)	(765,583)
Balance at June 30, 2013	-17,638,968	-2,353,561
Shares issued to loans from shareholder		70,635
Shares issued for debt		10,000
Shares issued for debentures prin & accrued intr		119,083
Net (loss) for the three months ended Sep 30, 2013	(289,565)	(289,565)
Balance at September 30, 2013	(17,928,533)	(2,443,408)

**TRANZBYTE ORGANIC CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**UNAUDITED**

	For the three months ended September 30	
	2013	2012
<b>OPERATING ACTIVITIES</b>		
Net (loss) for the period	\$ (289,565)	\$ (210,867)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Shares issued - debt and services	10,000	0
Shares issued - loans to shareholders	70,635	43,333
Shares issued - debentures & interest	119,083	115,553
Depreciation & amortization	13,417	8,000
Changes in assets and liabilities		
(Incr)/decr - accounts receivable		(5,997)
(Incr)/decr - Inventory	(35,266)	0
Incr/(decr) in accounts payable	178,979	0
Incr/(decr) in debentures payable	(107,500)	(95,481)
Incr/(decr) in accrued interest	19,899	1,085
Incr/(decr) - loans from shareholders	37,865	144,374
<b>Net cash (used in) provided by operating activities</b>	<b>17,547</b>	<b>0</b>
<b>INVESTING ACTIVITIES</b>		
Investment in Vending Machine design	(18,500)	
<b>Net cash (used in) provided by investing activities</b>	<b>(18,500)</b>	<b>0</b>
<b>FINANCING ACTIVITIES</b>		
<b>Net cash (used in) provided by financing activities</b>	<b>0</b>	<b>0</b>
<b>INCREASE (DECREASE) IN CASH</b>	(953)	0
<b>CASH, BEGINNING OF PERIOD</b>	3,553	1,761
<b>CASH, END OF PERIOD</b>	<b>\$ 2,600</b>	<b>\$ 1,761</b>

See accompanying notes to these unaudited consolidated financial statements.

**TRANZBYTE CORPORATION**  
**Notes to Unaudited Consolidated Financial Statements**  
**For the three months ended September 30, 2013 and 2012**  
**(Unaudited)**

**NOTE 1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES**

**The Company**

The Company was incorporated on November 12, 1998 in Nevada as Ti-Mail Inc. During the year 2000 it changed its name to Desert Winds Entertainment, Inc. and then during 2000 to SunnComm, Inc., during 2002 to SunnComm Technologies, Inc., and during 2004 to SunnComm International Inc. On June 14, 2007 the Company changed its name from SunnComm Technologies Inc. to The Amurgence Group, Inc. On March 8, 2011 the Company changed its name to Altitude Organic Corporation. On January 6, 2012, the Company changed its name to Tranzbyte Corporation.

Altitude Organic Corporation has a new multi-dispensary product marketing program called Zazzz. The Zazzz program is designed to acquire and utilize counter display space in medical cannabis dispensaries located in the US.

The Company, in association with its previous spin-out subsidiary, PanPacific International and Vending Design Concepts, are engaged in developing an advanced automated dispensary (Project 21) designed for use by adult customers around the world. Beta testing and preliminary rollout of the machines are being planned to occur before the end of this calendar year. Once rolled out, the automated dispensaries will be part of company's proprietary Zazzz Network.

On January 5, 2012, the Company acquired all of the outstanding shares of Proxima-RF Technology Holding Company Ltd. "Proxima" for 6,500,000 shares of Preferred Series C stock of the Company. The Company agreed with Proxima to use its best efforts to repurchase and retire the Preferred Series C shares during 2012. Proxima produces a versatile and leading-edge portfolio of RFID readers, tags, sensor tags, sensor probes, and RFID-enabled data logging tags based on the ISO 15693 standard of high frequency (13.56 Mhz) RFID. HF RFID is ideally suited for applications requiring a secure 1-to-1 device write and read.

Effective April 1, 2013 the Company acquired OneBode Holdings and Yo Corporation. Focusing on plant-based nutrients and enzymes, OneBode created an assortment of products that enable the everyday person interested in improving their health to access the kind of nutritional supplements previously enjoyed by professional athletes, entertainers, and those with the time to devote their entire lives to the pursuit of such diets. Yo Corporation owns the rights to a debit card that is currently available to those signing up for it online at [www.yomastercard.com](http://www.yomastercard.com). Currently, the YO! Card is accepted worldwide anywhere Mastercard is accepted. Customers can add money to their cards through 1000's of outlets nationwide. See Acquisitions for more detail.

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments that are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the periods presented. Significant adjustments may be required upon the financial statements being audited to be in conformity with Generally Accepted Accounting Principles.

**Acquisitions**

**OneBode Holdings, LLC**

The Company acquired OneBode Holdings for \$2,000,000 payable in common stock over 18 months based upon the average bid and ask price of Tranzbyte common shares for the previous 30 day period as listed on OTC Markets. The acquisition of OneBode Holdings was valued at \$43,606 in current assets and \$3,103,303 in Proprietary Formulations and Goodwill.

## OneBode Ventures, LLC

The Company acquired OneBode Holdings for \$500,000 payable in common stock over 18 months based upon the average bid and ask price of Tranzbyte common shares for the previous 30 day period as listed on OTC Markets.

## Yo Corporation

The Company acquired Yo Corporation for \$250,000 payable in 10,000,000 shares of common stock valued at \$40,000 on May 13, 2013 and \$15,000 of common stock a month over 14 months based upon the average bid and ask price of Tranzbyte common shares for the previous 30 day period as listed on OTC Markets. The intellectual property of the Company was valued at \$250,000 because all of the logistics to have a working debit card anywhere Mastercard is accepted was acquired.

## Principles of Consolidation

The Company's consolidated financial statements include the assets, liabilities and operating results of the Company and its wholly owned subsidiaries Altitude Organic Licensing Corporation, Proxima RF Technology Holding Company Ltd., OneBode Holdings and Yo Corporation.

## Use of Estimates

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments that are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position.

## Cash & Cash Equivalents

The company's policy is to consider cash and cash equivalents to consist of checking accounts, money market accounts or certificates of deposit having maturity dates of 180 days or less.

## Inventory

Inventory is valued on an average cost basis and reviewed quarterly for impairment.

## Financial Instruments

Financial instruments consist primarily of cash, security deposits and obligations under accounts payable and accrued expenses. The carrying amounts of cash, accounts receivable, security deposits, accounts payable and accrued expenses approximate fair value because of the short-term maturity of those instruments.

## Income Taxes

The Company records its federal and state income tax liability as it is incurred.

## NOTE 2: INTELLECTUAL PROPERTY

The Company's 10-year-old Tranzbyte division continues to focus on the development and marketing of its innovative group of optical media enhancement technologies worldwide such as FLASHAlbum, a technology which enables distributors of optic disc media (CDs and DVDs) to combine the best features of both mediums on one content-protected USB flash drive.

CDMX is a multi-media CD enhancement technology is housed entirely on the CD itself and does not require the loading of any software components in order to access the music and bonus content. It also provides an enabling technology that is designed to offer companies an innovative alternative to traditional marketing media. Housed on a digitally-enhanced CD, providing branding, viral marketing, advertising and revenue-generating opportunities.

DVCD provides an environment and interface to include additional digital content on a Video DVD. The most common application might be a movie soundtrack or other audio content included on the same DVD as a movie.

All•Play allows the use of electronic, optical and digital content across multiple applications, and more specifically, allows both content owners and end users to control how and where they can access content. For example, the delivery of music from an online music store to multiple destinations in multiple formats.

DVD copy management, content protection and enhancement technology. This legacy technology provides an alternative, authorized process to play, move and share content from Video-based (Movie) DVDs in a legally approved and controlled process. It provides a compromise solution that delivers limited rights and enhanced features to DVD buyers without allowing freedom to steal content from the producer, or studio.

Collectively, the above described technologies are valued at \$1,196,131 less accumulated amortization of \$677,939 resulting in a net value of \$518,192.

On February 15, 2011, the Company acquired Altitude Organic Licensing Corporation and its subsidiaries. The value of the business, industry contacts and know-how was valued at \$80,000 and will be amortized over 5 years. Accumulated amortization at September 30, 2013 was \$64,000.

On May 13, 2013 the Company acquired the Yo Debit card that is accepted anywhere Mastercard is accepted for \$250,000. The intangible asset will be amortized on a straight-line basis over 15 years starting July 1, 2013. Accumulated amortization at September 30, 2013 was \$4,167.

### **NOTE 3. INVESTMENTS**

At May 24, 2010, the company entered into a Joint Venture Production Agreement with PanPacific International Limited, "PanPacific", whereby it would receive 50% of the profits in three scheduled concerts with internationally known artists to be performed in Hong Kong, and other agreed-upon joint enterprises, for 60 million restricted common shares valued at \$2,400,000. On August 9, 2010, PanPacific and the company formed a Nevada corporation and named it PanPacific International, Inc., "Pan International". PanPacific contributed its business operation allowing Tranzbyte to establish a presence and capabilities in Hong Kong, Macao, and China mainland enabling the company to consider future joint ventures to be identified and its advertising network for 75% ownership and the company received 25% for its prior capital investment of 60 million common shares. During December 2010, the company issued a restricted stock dividend to its shareholders comprised of 80% of its holdings, which was 20% of Pan International's total outstanding common shares. The company reduced its investment in Pan International by 80% to 480,000 shares for the dividend.

The company owns 10 million shares of Pan International representing 5% of Pan International's total outstanding common shares with a cost basis of \$480,000.

### **NOTE 4. DEBENTURES PAYABLE**

On December 15, 2006, the Company originally issued a debenture payable to a Holder for \$150,942 in cash advances. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012, the Company owed \$7,707 in principal and \$28,529 in accrued interest. During the year quarter ended September 30, 2012, the Company issued 45,000,000 common shares valued at \$11,486 paying off the principal and reducing the accrued interest by \$3,779. During the quarter ended December 31, 2012, the Company issued 45,000,000 common shares valued at \$24,925 that paid off all the accrued interest on the debenture resulting in the debenture being paid off and retired by the Company.

On December 31, 2010, the Company issued a debenture payable for \$162,706 for cash advances during the 2010 calendar year. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ended September 30, 2012, the Company issued 6,666,667 common shares valued at \$6,667 reducing the principal by \$1,092 and accrued interest \$5,575. At September 30, 2012, the Company owed the Holder \$4,324 in principal and \$7,816 in accrued interest. During the quarter ended June 30, 2013, the

Holder converted \$590 of principal and \$2,848 of accrued interest for 6,250,000 common shares of the Company. Also, during the quarter ended September 30, 2013 the debenture accrued \$108 in accrued interest resulting in the Company owing \$4,324 in principal and \$8,353 in accrued interest.

On March 31, 2008, the company originally issued a debenture payable to a creditor for \$205,000 of unpaid compensation. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012 the Company owed \$11,015 in principal and \$2,022 in accrued interest. During the quarter ended September 30, 2012 the debenture accrued \$275 in interest. During the quarter ended March 31, 2013 the debenture accrued \$276 in interest. At March 31, 2013, the Company owed the Holder \$11,015 in principal and \$2,848 in accrued interest. During the quarter ended September 30, 2013 the debenture accrued \$261 in interest. At September 30, 2013 the Company owed the Holder \$10,425 in principal and \$521 in accrued interest.

On December 31, 2009, the company originally issued a debenture payable to a creditor for \$278,184 of unpaid compensation. The debenture accrues interest at 10% per annum and can convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. At June 30, 2012, the Company owed the Holder \$73,184 in principal and \$23,511 in accrued interest. During the quarter ended September 30, 2012, the Company issued 45,000,000 common shares valued at \$24,750 reducing the principal by \$14,032 and accrued interest \$10,718. During the quarter ended December 31, 2012 the Company issued a total of 120,000,000 common shares under two separate demands notices valued at a total of \$66,000. During the quarter ended March 31, 2013 the debenture accrued \$189 in interest. During the quarter ended September 30, 2013, the debenture accrued \$189 of interest. At September 30, 2013 the Company owed the debenture holder \$7,570 of principal and \$755 of accrued interest.

During the quarter ended September 30, 2011 a lender advanced the company \$7,500 that was converted into a debenture at December 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarters ended September 30, 2012 and December 31, 2012, interest accrued on the debenture was \$188 and \$188, respectively. During the quarter ended March 31, 2013 the debenture accrued \$187 in interest and \$188 for the quarter ended June 30, 2013. At June 30, 2013 the Holder was owed \$7,500 in principal and \$1,489 in accrued interest. During the quarter ended September 30, 2013, the Company issued 16,514,816 common shares to the Holder resulting in the entire principal and accrued interest being paid off.

On September 30, 2011, the company reduced its accounts payable by \$270,000 by issuing a debenture to the company's former president for the same amount for unpaid compensation from July 1, 2008 through December 31 2009. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ended September 30, 2012, the Company issued 120,213,500 common shares valued at \$78,275 reducing the principal by \$72,650 and accrued interest \$5,625. During the quarter ended December 31, 2012 the Company issued 85,000,000 shares reducing the principal by \$46,750 and accrued interest expense during the quarter was \$3713. During the quarter ended March 31, 2013 the Company issued 150,000,000 shares to the Holder reducing the principal by \$53,450 and accrued interest by \$29,050. During the same quarter \$3,000 of interest accrued on the debenture. During the quarter ended September 30, 2013, the debenture accrued \$2,254 of interest. At September 30, 2013 the Company owed the Holder \$90,150 in principal and \$7,507 in accrued interest.

On December 31, 2011 the Company issued a debenture to a Holder for \$26,444 for cash advances to the Company during the quarter ended December 31, 2011. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. The debenture will accrue interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. During the quarter ended September 30, 2013, interest accrued on the debenture of \$661. At September 30, 2013, the principal balance was \$26,444 and the accrued interest was \$4,627.

On June 29, 2012, the Company issued a \$500,000 convertible debenture to a former president of the Company in exchange for his release of a \$268,000 secured note that had a lien on the Company's inventory and any and all of its' assets of any kind or nature including assets held by its subsidiaries as of February 11, 2011. The value of the

Debenture was determined based upon a discount to the book value of the Company's intellectual property and assets. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. During the quarter ended March 31, 2012 the Company issued a total of 475,000,000 common shares under four separate demand notices reducing the principal by \$261,250. Accrued interest expense during the quarter ended March 31, 2013 was \$2,662. During the quarter ended September 30, 2013, the debenture accrued \$675 of accrued interest. At September 30, 2013, the principal balance was \$27,000 and the accrued interest was \$28,361.

On November 30, 2012, the Company reduced its loans from shareholders by \$210,000 by issuing a debenture to a consulting corporation for its services for the same amount from January 1, 2011 through December 31 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended March 31, 2013 was \$5,250. During the quarter ended June 30, 2013, the Holder converted \$84,820 of principal and \$11,430 of accrued interest for 175,000,000 resulting in the outstanding principal being \$125,180 at the end June 30, 2013. During the quarter ended September 30, 2013, the Holder converted \$110,000 of principal for 210,379,957 common shares resulting in the outstanding principal being \$15,180 at September 30, 2013.

On November 30, 2012, the Company reduced its loans from shareholders by \$165,000 by issuing a \$165,000 convertible debenture to a former president of the Company for his services from January 1, 2010 thru January 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended March 31, 2013 was \$4,125 and \$4,125 for the quarter ended June 30, 2013 resulting in the Company owing \$165,000 in principal and \$9,625 in accrued interest at June 30, 2013. During the quarter ended September 30, 2013, the debenture accrued \$4,125 in interest resulting in the Company owing 165,000 in principal and \$13,750 in accrued interest.

On November 30, 2012, the Company reduced its loans from shareholders by \$120,000 by issuing a \$120,000 convertible debenture to a financial consultant of the Company for his services from January 1, 2011 thru December 31, 2011. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. Accrued interest expense during the quarter ended September 30, 2013 resulted in the Company owing \$120,000 in principal and \$10,000 in accrued interest.

On June 30, 2013, the Company reduced its loans from shareholders by \$240,000 by issuing a \$240,000 convertible debenture to a financial consultant of the Company for his services from July 1, 2012 thru June 30, 2013. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The terms of the conversion are the same as the consultant's terms of conversion for the shares earned during each quarter in which the services were rendered. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ended September 30, 2013, the debenture accrued \$6,000 in interest. At September 30, 2013, the debenture had \$240,000 of principal and \$6,000 of accrued interest outstanding.

On June 30, 2013, the Company reduced its loans from shareholders by \$59,167 by issuing a \$59,167 convertible debenture to a financial consultant of the Company for expenses paid from January 1, 2012 thru June 30, 2012. The debenture accrues interest at 10% per annum and will convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. The terms of the conversion are the same as the terms of conversion in the grid note for each advance. The Holder is restricted from any conversions that would result in the Holder owning over 9.9% of the outstanding common shares of the Company after the conversion. During the quarter ended September 30, 2013, the debenture accrued \$1,479 in interest. At September 30, 2013, the debenture had \$59,167 of principal and \$1,479 of accrued interest outstanding.

## **NOTE 5: LOANS FROM SHAREHOLDERS**

During the quarter ended March 31, 2013, the Company paid down loans from shareholders by \$54,250 but unpaid cash advances of \$36,950 and unpaid services during the quarter from existing shareholders valued at \$116,500 resulted in the ending balance at March 31, 2013 being \$1,897,139. During the quarter ended June 30, 2013 the Company reduced loans from shareholders by \$299,167 through the issuance of two debentures but unpaid cash advances of \$61,999 and unpaid services of \$110,000 during the quarter from existing shareholders resulted in an ending balance of \$1,769,671 at June 30, 2013. During the quarter ended September 30, 2013 the Company reduced loans from shareholders by \$80,635 through the issuance of common shares but unpaid services of \$118,500 during the quarter from shareholders resulted in an ending balance of \$1,807,536 at September 30, 2013.

## **NOTE 6. STOCKHOLDERS EQUITY**

### **Preferred Stock**

On January 3, 2012, the Company designated 6,500,000 preferred shares to be authorized in Series C Preferred Stock at a face value of \$1 per share. The Class C Preferred shares are non-voting, have no dividend rights and rank junior to all other Preferred Classes of Stock. The Class C Stock is secured by 100% of its right, title and interest in all of the outstanding and issued capital stock of Proxima-RF Technology Holding Company Ltd. "Proxima R-F". The ownership percentage in Proxima-RF is held as collateral by the Series C Preferred stockholders and will be reduced as the Company may from time to time purchase and retire any number of Class C Preferred Stock for cash. The value of the Preferred Series C will be carried at \$1 on the Company's financial statements and will be adjusted as the Company may repurchase the Preferred Stock and increase its ownership interest in Proxima R-F.

On June 29, 2012, the Company issued the 6,500,000 Preferred Series B shares to David Gwyther as consideration for signing a three-year employment agreement with the Company. On November 18, 2012 a majority of the common shareholders approved in writing to change the voting rights of the Preferred Series B shares from 100 votes per common share to 1,000 votes per common share. The Preferred Series B shares held by the Company's president, David Gwyther have voting control of the Company with 1,000 votes for each preferred share held.

At September 30, 2013 the Company had authorized 30,000,000 preferred shares with 13,000,000 preferred shares outstanding at \$.01 par and can issue shares of preferred stock in such classes and with such preferences as may be determined by the board of directors or the bylaws of the Company.

### **Common Stock**

On June 14, 2007 the Company consolidated its authorized and outstanding common shares at a 1 for 1,000 ratio. After the stock consolidation the Company had authorized 870,000 common shares at a par value of \$.001.

On May 29, 2012, the Company increased its authorized common shares to 1,350,000,000 at a par value of \$.001.

On December 14, 2012, the Company increased its authorized common shares to 1,995,000,000 at a par value of \$.001.

On January 17, 2013, the Company increased its authorized common shares to 2,750,000,000 at a par value of \$.001.

On August 30, 2013, the Company increased its authorized common shares to 3,750,000,000 at a par value of \$.001.

On July 21, 2011, the company issued 5,000,000 common shares under a debenture that converted \$9,436 of principal and \$2,314 of accrued interest. On August 29, 2011, the Holder of a debenture converted \$27,883 of principal and \$5,867 of accrued interest for 9,000,000 common shares of the company.

On October 7, 2011, the Holder of two debentures was issued 20,844,616 common shares valued at \$68,445 resulting in one of the debentures being paid in full and the other debenture being reduced by \$32,362 of principal and \$2,606 of accrued interest.

During the quarter ended December 31, 2011 the Holder of a debenture was issued 53,215,384 shares of common stock resulting from three separate conversions valued at \$60,666 of principal and \$59,534 of accrued interest.

On January 20, 2012, the Company issued 36,627,648 to the Company's president for services rendered from February 1, 2011 thru January 20, 2012 valued at \$85,277 and then resigned as the president. In addition 500,000 shares were issued to a consultant valued at \$1,400.

On February 1, 2012, the Holder of a debenture was issued 25,000,000 common shares valued at \$25,000 resulting in the debenture being reduced by \$20,071 of principal and \$4,929 of accrued interest. In addition 1,000,000 shares were issued to an individual valued at \$15,000 for accrued legal fees.

During the quarter ended June 30, 2012, a total of 206,414,686 common shares were issued in settlement of \$265,191 of principal and \$1,008 of accrued interest on three outstanding debentures of the Company.

During the quarter ended September 30, 2012, a total of 220,238,267 common shares were issued in settlement of \$115,553 of principal and accrued interest on four debentures of the Company. The Company also issued 5,797,978 common shares valued at \$43,333 to reduce loans from shareholders.

During the quarter ended December 31, 2012, a total of 635,000,000 common shares were issued in settlement of \$310,082 of principal and \$39,343 of accrued interest on four outstanding debentures of the Company resulting in one of the debentures being paid in full.

During the quarter ended March 31, 2013, the Company reduced loans from shareholders by \$39,250 by issuing 14,034,333 common shares for \$15,000 of accrued debt for past legal services and 20,347,833 common shares to the Company's President for unpaid services of \$24,250. The number of common shares that were earned by the Company's President from October 2011 through January 2012 were 8,633,818 and the common shares earned from October 2012 through December 2012 were 11,714,015.

During the quarter ended March 31, 2013 the Company paid down \$314,700 of debentures payable along with accrued interest on the debentures of \$29,050 under five separate conversion notices with the issuance of 625,000,000 common shares.

Also during the quarter ended March 31, 2013, the Company paid down \$15,000 of accrued debt to two consultants with the issuance of 6,865,530 common shares and paid the same two consultants \$16,666 for services with 2,152,120 common shares.

During the quarter ended June 30, 2013 the Company paid down \$85,410 of debentures payable along with accrued interest on the debentures of \$14,278 under three separate conversion notices totaling the issuance of 181,250,000 common shares.

During the quarter ended September 30, 2013, the Company issued 14,471,743 restricted common shares to its directors for services valued at \$70,635, 216,514,545 common shares to retire \$117,500 in outstanding debenture debt and accrued interest and 2,832,552 restricted common shares valued at \$10,000 for consulting services.

At September 30, 2013, the Company had 3,750,000,000 authorized common shares and 2,854,334,150 common shares issued and outstanding.

#### **NOTE 7. SUBSEQUENT EVENTS**

On November 19, 2013, the Company had 3,400,676,996 common shares issued and outstanding. The increase since September 30, 2013 was primarily from debenture conversions and the first tranch of share issuances for the OneBode acquisitions.