



TRANZBYTE CORPORATION
Fka
(Altitude Organic Corporation)

ANNUAL FINANCIAL STATEMENTS
(UNAUDITED)
For the Years Ended

June 30, 2012 and 2011

TRANZBYTE CORPORATION
fka (Altitude Organic Corporation)
CONSOLIDATED BALANCE SHEET
UNAUDITED
At June 30, 2012

ASSETS

CURRENT ASSETS:

Cash	\$ 1,761
Total current assets	<u>1,761</u>

OTHER ASSETS:

Investments	480,000
Intellectual property	1,276,131
Less accumulated amortization	<u>(701,939)</u>
Total assets	<u><u>\$ 1,055,953</u></u>

LIABILITIES

CURRENT

Accounts payable and accrued expenses	\$ 676,725
Loans from shareholders	1,999,489
Debentures payable and accrued interest	<u>990,382</u>
Total current liabilities	<u>3,666,596</u>

STOCKHOLDERS' DEFICIT

Preferred stock Series B	65,000
Preferred stock Series C	1
Common stock	909,830
Additional paid-in capital	13,287,911
Accumulated (deficit)	<u>(16,873,385)</u>
Total stockholders' deficit	<u>(2,610,643)</u>

Total liabilities and stockholders' deficit	<u><u>\$ 1,055,953</u></u>
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See accompanying notes to these unaudited consolidated financial statements.

TRANZBYTE CORPORATION
fka (Altitude Organic Corporation)
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	For the year ended <u>June 30, 2012</u>	For the year ended <u>June 30, 2011</u>
REVENUE		
Revenue - Altitude Organic	\$ 21,023	\$ 8,008
OPERATING EXPENSES		
General and administrative	\$ 43,945	\$ 36,224
Bad debt expense	40,066	0
Sales & marketing	13,156	26,439
Consulting	282,833	209,210
Legal & accounting	166,642	146,551
Officer compensation	184,705	176,763
Travel	4,783	10,071
Shareholder communication	13,851	12,618
Rent & utilities	21,494	28,023
Interest expense	131,816	116,076
Depreciation & amortization	24,000	0
Total Operating Expenses	<u>927,291</u>	<u>761,975</u>
OTHER (INCOME) EXPENSES		
Interest income	0	(5,800)
Settlement expense	232,000	0
Cost of acquisitions	0	435,805
Net (loss)	<u>\$ (1,138,268)</u>	<u>\$ (1,183,972)</u>

See accompanying notes to these unaudited consolidated financial statements.

TRANZBYTE CORPORATION
fka (Altitude Organic Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
UNAUDITED

	Preferred Shares	Amount	Common Shares	Amount
Balance at June 30, 2010	6,500,000	\$65,000	351,523,222	\$351,523
Shares issued for debt			45,870,510	45,871
Shares issued for principal & accr intr on debentures			69,105,263	69,105
Shares issued for consulting services			3,000,000	3,000
Investment in Altitude Organics			16,000,000	16,000
Dividend of Pan Pacific International common shares				
Net loss for the year ended June 30, 2011				
Balance at June 30, 2011	6,500,000	65,000	485,498,995	485,499
Shares issued for debentures principal & accrued interest			379,474,686	379,475
Shares issued for debt ended Mar 31, 2012			44,355,568	44,356
Shares issued for services ended Mar 31, 2012			500,000	500
Shares issued for acquisition of Proxima R-F	6,500,000	1		
Net loss for the year ended June 30, 2012				
Balance at June 30, 2012	13,000,000	\$65,001	909,829,249	\$909,830

	Paid-In Capital	Accumulated (Deficit)	Total
Balance at June 30, 2010	\$14,463,546	(\$14,551,145)	\$328,924
Shares issued for debt	91,280		137,151
Shares issued for principal & accr intr on debentures	416,705		485,810
Shares issued for consulting services	12,000		15,000
Investment in Altitude Organics	64,000		80,000
Dividend of Pan Pacific International common shares	(1,920,000)		(1,920,000)
Net loss for the year ended June 30, 2011		(1,183,972)	(1,183,972)
Balance at June 30, 2011	13,127,531	(15,735,117)	(2,057,087)
Shares issued for debentures principal & accrued interest	69,919		449,394
Shares issued for debt ended Mar 31, 2012	89,561		133,917
Shares issued for services ended Mar 31, 2012	900		1,400
Shares issued for acquisition of Proxima R-F			1
Net loss for the year ended June 30, 2012		(1,138,268)	(1,138,268)
Balance at June 30, 2012	\$13,287,911	(\$16,873,385)	(\$2,610,643)

See accompanying notes to these unaudited consolidated financial statements.

TRANZBYTE ORGANIC CORPORATION
fka (Altitude Organic Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	For the year ended June 30, 2012	For the year ended June 30, 2011
OPERATING ACTIVITIES		
Net (loss) for the period	\$ (1,138,268)	\$ (1,183,972)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Shares issued for debt for services	584,712	637,961
Shares issued for debentures & interest		
Depreciation & amortization	24,000	
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable	19,066	(19,066)
Increase/(decrease) in accounts payable	(274,735)	(93,036)
Increase/(decrease) in debentures payable	518,264	20,925
Increase/(decrease) in accrued interest	(133,794)	0
Increase/(decrease) in loans from shareholders	397,008	166,669
Net cash (used in) provided by operating activities	<u>(3,747)</u>	<u>(470,519)</u>
INVESTING ACTIVITIES		
Payment for joint venture with Panpacific Business Ltd.	<u>0</u>	<u>0</u>
Net cash (used in) provided by investing activities	<u>0</u>	<u>0</u>
FINANCING ACTIVITIES		
Debt to Altitude Organics for acquisition	<u></u>	<u>475,000</u>
Net cash (used in) provided by financing activities	<u>0</u>	<u>475,000</u>
INCREASE IN CASH	(3,747)	4,481
CASH, BEGINNING OF PERIOD	<u>5,508</u>	<u>1,027</u>
CASH, END OF PERIOD	\$ <u><u>1,761</u></u>	\$ <u><u>5,508</u></u>

See accompanying notes to these unaudited consolidated financial statements.

TRANZBYTE CORPORATION
Fka (Altitude Organic Corporation)
Notes to Unaudited Consolidated Financial Statements
For the years ended June 30, 2012 and 2011
(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 Amergence Group, Inc. and 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 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 is currently undergoing a re-vamping of its new medical marijuana management company business model in the state of Arizona. The company has launched its 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.

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.

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.

Principles of Consolidation

The Company's consolidated financial statements include the assets, liabilities and operating results of the Company and its wholly owned subsidiary Altitude Organic Licensing 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.

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 8-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.

Perfect Placement is a product / service offering available through a graphic user interface. It is a centrally-served direct response marketing environment which provides a mechanism for the record labels, artists and movie studios to advertise their back catalogs, merchandise, web sites and take advantage of cross-promotional opportunities. Perfect Placement also allows record labels and Movie studios to generate third-party ad revenue based on targeted advertising and sponsorships available through the user interface.

MusicMail is a software product that allows the owner of a SunnComm enhanced CD or DVD to legally share available music with a friend by providing the recipient with a song that can be downloaded and listened to for a limited number of days, a limited number of plays or with a specific expiration date or no expiration at all.

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 June 30, 2012 was \$24,000.

NOTE 3. INVESTMENTS

At May 24, 2010, the company entered into a Joint Venture Production Agreement with Panpacific Business 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 for concert promotions along with future joint ventures to be identified in the future 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 for the dividend.

At June 30, 2012 the company owned 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. During the year ended June 30, 2012, the Company issued 136,000,070 common shares valued at \$193,500 reducing the principal by \$143,235 and accrued interest \$50,265. At June 30, 2012, the Company owed the Holder \$7,707 in principal and \$28,529 in accrued interest.

On December 31, 2009, the Company issued a debenture payable for cash advances for \$60,660. The debenture accrued interest at 10% per annum and could convert into the company's common stock at 50% of the lowest closing bid price 360 trading days before the conversion date. On August 29, 2011, the Holder converted \$27,883 of principal and \$5,867 of accrued interest for the issuance of 9,000,000 common shares. On October 7, 2011, the Holder converted \$32,777 of principal and \$700 of accrued interest for 10,085,231 common shares 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 year ended June 30, 2012, the Company issued 146,695,385 common shares valued at \$160,598 reducing the principal by \$157,290 and accrued interest \$3,308. At June 30, 2012, the Company owed the Holder \$5,416 in principal and \$13,283 in accrued interest.

On March 31, 2008, the company originally issued a debenture payable to a creditor for \$205,000 of unpaid compensation. The unpaid balance of the debenture at June 30, 2011 was \$98,216. 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 year ended June 30, 2012, the Company issued 108,000,000 common shares valued at \$94,750 reducing the principal by \$87,201 and accrued interest \$7,549. At June 30, 2012, the Company owed the Holder \$11,015 in principal and \$2,022 in accrued interest.

On December 31, 2009, the company originally issued a debenture payable to a creditor for \$278,184 of unpaid compensation. The unpaid balance of the debenture at June 30, 2011 was \$73,184. 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 principal balance was \$73,184 and the accrued interest was \$23,511.

During the quarter ended September 30, 2011 a lender advanced the company \$7,500 that will be converted into a debenture at December 31, 2011 along with any other cash advances made by that creditor. 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. At June 30, 2012, the principal balance was \$7,500 and the accrued interest was \$738.

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. At June 30, 2012, the Company owed the Holder \$270,000 in principal and \$19,711 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. At June 30, 2012, the principal balance was \$26,444 and the accrued interest was \$1,322.

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.

NOTE 5: LOANS FROM SHAREHOLDERS

On June 29, 2012, the Company reduced its loans from shareholders by \$268,000 in a settlement with a former president of the Company by issuing a convertible debenture for \$500,000 as described in the above footnote.

At June 30, 2012 loans from shareholders was \$1,999,489. The Company may agree to settle such debt with shareholders by issuing a convertible debenture from time to time.

NOTE 6. STOCKHOLDERS EQUITY

Preferred Stock

At March 31, 2012 the Company had authorized 30,000,000 preferred shares at \$.01 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.

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. The shares have voting control of the Company with 100 votes for each preferred share held.

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. At March 31, 2012 there were 6,500,000 Preferred Series C Shares outstanding.

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 and 677,416 common shares outstanding that was also the same at June 30, 2007.

On May 22, 2008, the Company increased is authorized common shares to 125,000,000 at a par value of \$.001.

On June 9, 2010, the Company increased is authorized common shares to 750,000,000 at a par value of \$.001.

At June 30, 2010 the Company had authorized 750,000,000 common shares at par value \$.001 and had 351,523,292 common shares issued and outstanding. Each common share has one vote for each share held.

During the quarter ended September 30, 2010, the Company issued 12,105,263 common shares for debt, thereby reducing its debt by \$46,000. Also during the quarter, 3,000,000 shares were issued to two individuals valued at \$15,000 for consulting services.

During the quarter ended December 31, 2010, the Company issued 78,213,510 common shares for debt, thereby reducing its debt by \$486,361.

During the quarter ended March 31, 2011, the Company issued 12,000,000 under a debenture reducing the principal by \$38,116 and paying accrued interest expense of \$7,484. Also, the Company issued 16,000,000 common shares to acquire Altitude Organic Licensing Corporation and its subsidiaries valued at \$80,000.

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.

At June 30, 2012, the Company had 1,350,000,000 authorized common shares and 909,829,249 common shares issued and outstanding.

NOTE 7. SUBSEQUENT EVENTS

Subsequent to June 30, 2012 the Company issued 216,880,167 to four debenture holders in payment of \$95,481 of principal and \$20,072 of accrued interest. The Company also issued 9,156,078 common shares for past consulting and legal services valued at \$96,000.

At October 17, 2012, the Company had 1,135,865,494 common shares outstanding.