ISSUER INFORMATION DISCLOSURE

HOLLUND INDUSTRIAL MARINE, INC.

(a Washington Corporation)

107-417 477 Peace Portal Drive
Blaine, WA 98230

2013 ANNUAL REPORT

For the period ended December 31, 2013

April 14, 2014

HOLLUND INDUSTRIAL MARINE, INC.

April 14, 2014

Information required for compliance with the provisions of the
OTC Markets Group Inc. (f/k/a Pink Sheets, LLC)
OTC Pink Basic Disclosure Guidelines
(Version 1.1 – April 25, 2013)

The following information specifies forward-looking statements of our management; this Issuer Information Statement contains certain "forward-looking statements" (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). These statements reflect our current expectations regarding our possible future results of operations, performance, and achievements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, regulation of the Securities and Exchange Commission, and common law.

Wherever possible, we have tried to identify these forward-looking statements by using words such as "anticipate," "believe," "estimate," "expect," "plan," "intend," and similar expressions. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements. These risks, uncertainties and contingencies include, without limitation, the factors set forth under "Item VI Describe the Issuer's Business, Products and Services." We have no obligation to update or revise any such forward-looking statements that may be made to reflect events or circumstances after the date of this Issuer Information Disclosure.

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenue and expenses in the statement of operations. Actual results could differ from those estimates. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein.

Item I **Name of the issuer and its predecessors (if any).**

The exact name of the Issuer is HOLLUND INDUSTRIAL MARINE, INC. (the "Issuer" or "Company").

Other than listed above, the Issuer has used the following names in the past five years:
Formerly = Hollund Industrial, Inc. until 8-2008
Formerly = Carver Corp. until 11-07

Item II **Address of the issuer's principal executive offices.**

Company Headquarters

107-417 477 Peace Portal Drive
Blaine, WA 98230
Phone: (707) 659-6631
Fax: (604) 534-8118

E-mail: info@hollundindustrial.com
Website: http://www. hollundindustrial.com

IR Contact

107-417 477 Peace Portal Drive
Blaine, WA 98230
Phone: (707) 659-6631
Fax: (604) 534-8118

E-mail: ir@hollundindustrial.com

Item III **Security Information.**

The Issuer has authorized four classes of securities: one class of common stock and three classes of preferred stock.

(1) Common Stock

Trading Symbol:		HIMR		
Exact title and class of securities outstanding:		Common Stock		
CUSIP:		435730304		
Par or Stated Value:		$0.000001		
Total shares authorized:		20,000,000,000	as of:	December 31, 2013
Total shares outstanding:		11,803,041,272	as of:	December 31, 2013

(2) Preferred A Stock

Trading Symbol:		-none-		
Exact title and class of securities outstanding:		Preferred A Stock		
CUSIP:		-none-		
Par or Stated Value:		$0.000001		
Total shares authorized:		2,000,000	as of:	December 31, 2013
Total shares outstanding:		2	as of:	December 31, 2013

(3) Preferred B Stock

Trading Symbol:		-none-		
Exact title and class of securities outstanding:		Preferred B Stock		
CUSIP:		-none-		
Par or Stated Value:		$0.001		
Total shares authorized:		10,000,000	as of:	December 31, 2013
Total shares outstanding:		0	as of:	December 31, 2013

(4) Preferred C Stock

Trading Symbol:		-none-		
Exact title and class of securities outstanding:		Preferred C Stock		
CUSIP:		-none-		
Par or Stated Value:		$0.000001		
Total shares authorized:		10,000,000	as of:	December 31, 2013
Total shares outstanding:		688,124	as of:	December 31, 2013

<u>Transfer Agent</u>
Transfer Online, Inc.
512 SE Salmon Street
Portland, OR 97214

Phone: (503) 227-2950
Facsimile: (503) 227-6874

Transfer Online, Inc. is registered under the Federal Exchange Act, and as such is regulated by the Securities and Exchange Commission, in conjunction with FINRA.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months

None

Item IV Issuance History.

1. During April 2011, the Company entered into an agreement to convert 700,000 shares of the former Series B Preferred Stock into Series C Preferred Stock. The Series B Preferred Stock was originally issued by the Company as partial payment on the debt owed for the HIRS acquisition. The number of shares issuable upon the conversion of the preferred is limited to 4.9 percent in beneficial ownership by the former shareholder of Series B Preferred Stock. The estimated value of the shares is $1,400,000.

    a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
    b. The transaction was unregistered;
    c. The transaction was executed via a private agreement and not a public offering;
    d. The agreement called for 700,000 shares of Series C Preferred Stock to be issued;
    e. The agreement called for the cancelation of the shareholder's Series B Preferred Stock in exchange for newly issued Series C Preferred Stock. The Issuer received no proceeds;
    f. The Series C Preferred Stock are not publicly traded however, convert into restricted common shares at a fixed conversion price of $0.000001 per share;
    g. The preferred shares issued under this agreement contain the appropriate restrictive legend.

2. During July 2012, the Company entered into a $32,500 Convertible Note Agreement with Vert Capital LLC, a Florida limited liability company. The convertible note agreement bears interest at 10 percent and has a July 23, 2013 maturity date. The note may be repaid in whole or in part any time prior to maturity. Any amount of principal or interest due under the note, which is not paid when due will bear interest at 12 percent per annum from the due date thereof until the amount is paid in full. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price. The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on their due dates.

    a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
    b. The transaction was unregistered;
    c. The transaction was executed via a private agreement and not a public offering;
    d. The agreement called for conversion, at the investors' sole discretion, into restricted common shares at a variable conversion price, which approximates a 50% discount to market price;
    e. The Issuer received proceeds of $32,500;
    f. The Note Agreement is not publicly traded however, can convert into restricted common shares;
    g. The Note Agreement and any converted shares issued under this agreement contain the appropriate restrictive legend.

3. During August 2012, the Company entered into a $50,000 Line of Credit Agreement with Ajene Watson, LLC, a New York limited liability company. The line of credit agreement bears interest at 10 percent and has a December 31, 2013 maturity date. Accrued interest is payable on a quarterly basis no later than the 5th business day following the end of such quarter. Any overdue principal or interest shall bear interest at 15 percent until paid in full.

    a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
    b. The transaction was unregistered;
    c. The transaction was executed via a private agreement and not a public offering;
    d. The agreement called for conversion into restricted common shares on any outstanding balance after the Maturity Date;
    e. As of December 31, 2013, advances under the line of credit and accrued interest were approximately $50,000 and $5,400, respectively;
    f. The Line of Credit Agreement is not publicly traded however, outstanding amounts owed can only convert into common shares after the Maturity Date;
    g. The Line of Credit Agreement and any shares issued under this agreement contain the appropriate restrictive legend.

4. During June 2013, the Company entered into a $350,000 Line of Credit Agreement with Vera Group, LLC, a New York limited liability company. The line of credit agreement bears interest at 12 percent and has a November 30, 2014 maturity date. Accrued interest is payable on a quarterly basis no later than the 5th business day following the end of such quarter. Any overdue principal or interest shall bear interest at 17 percent until paid in full. As of the date of this report, there have been two (2) drawdowns totaling $30,000 under this facility identified herein below as Item IV 6 and 7.

    a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
    b. The transaction was unregistered;
    c. The transaction was executed via a private agreement and not a public offering;
    d. The agreement called for conversion into restricted common shares on any outstanding balance after the Maturity Date;
    e. As of December 31, 2013, advances under the line of credit and accrued interest were approximately $30,000 and $1,900, respectively;
    f. The Line of Credit Agreement is not publicly traded however, outstanding amounts owed can only convert into common shares after the Maturity Date;
    g. The Line of Credit Agreement and any shares issued under this agreement contain the appropriate restrictive legend.

5. During July 2013, the Company entered into a $75,000 Line of Credit Agreement with Ajene Watson, LLC, a New York limited liability company. The line of credit agreement bears interest at 10 percent and has a December 31, 2014 maturity date. Accrued interest is payable on a

quarterly basis no later than the 5th business day following the end of such quarter. Any overdue principal or interest shall bear interest at 15 percent until paid in full.

a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
b. The transaction was unregistered;
c. The transaction was executed via a private agreement and not a public offering;
d. The agreement called for conversion into restricted common shares on any outstanding balance after the Maturity Date;
e. As of December 31, 2013, advances under the line of credit and accrued interest were approximately $67,500 and $3,400, respectively;
f. The Line of Credit Agreement is not publicly traded however, outstanding amounts owed can only convert into common shares after the Maturity Date;
g. The Line of Credit Agreement and any shares issued under this agreement contain the appropriate restrictive legend.

6. During July 2013, the Company entered into a $15,000 Convertible Note Agreement with Star City Capital LLC, a New York limited liability company, pursuant to the Line of Credit Agreement with Vera Group LLC dated June 25, 2013. The convertible note agreement bears interest at 12 percent and has no set maturity date. The note may be repaid in whole or in part any time. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50% discount to market. The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock.

   a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
   b. The transaction was unregistered;
   c. The transaction was executed via a private agreement and not a public offering;
   d. The agreement called for conversion, at the investors' sole discretion, into restricted common shares at a variable conversion price after the Maturity Date;
   e. The Issuer received proceeds of $15,000;
   f. The Note Agreement is not publicly traded however, can convert into restricted common shares;
   g. The Note Agreement and any converted shares issued under this agreement contain the appropriate restrictive legend.

7. During July 2013, the Company entered into a $15,000 Convertible Note Agreement with Vera Group LLC, a South Dakota limited liability company, pursuant to the Line of Credit Agreement with Vera Group LLC dated June 25, 2013. The convertible note agreement bears interest at 12 percent and has no set maturity date. The note may be repaid in whole or in part any time. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50% discount to market. The number of common shares issuable

upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock.

a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
b. The transaction was unregistered;
c. The transaction was executed via a private agreement and not a public offering;
d. The agreement called for conversion, at the investors' sole discretion, into restricted common shares at a variable conversion price after the Maturity Date;
e. The Issuer received proceeds of $15,000;
f. The Note Agreement is not publicly traded however, can convert into restricted common shares;
g. The Note Agreement and any converted shares issued under this agreement contain the appropriate restrictive legend.

8. During August 2013, the Company entered into a $10,500 Convertible Note Agreement with Antonio O. Santos, an individual. The convertible note agreement bears interest at 18 percent and has a maturity date of December 20, 2013. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50% discount to market. The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. As an inducement, the Company (i) pledge 625 Class C Preferred Shares as collateral for any monies due under the Note, (ii) pledge 0.0025 percent of the Company's gross profits to pay any interest payments due under the Note, (iii) pledge the Company's purchase orders as collateral for any monies due under the Note, (iv) promise to pay 0.0015 percent of the Company gross profit from the Bayano Concession after the maturity date of the Note through the completion of the work on the Bayano Concession and (v) issued 28,000,000 restricted shares of the Company's common stock.

   a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
   b. The transaction was unregistered;
   c. The transaction was executed via a private agreement and not a public offering;
   d. The agreement called for conversion, at the investors' sole discretion, into restricted common shares at a variable conversion price;
   e. The Issuer received proceeds of $10,500;
   f. The Note Agreement is not publicly traded however, can convert into restricted common shares;
   g. The Note Agreement and any converted shares issued under this agreement contain the appropriate restrictive legend.

9. During September 2013, the Company entered into a $25,000 Convertible Note Agreement with Vera Group LLC, a South Dakota limited liability company. The convertible note agreement bears interest at 12 percent and has no set maturity date. The note may be repaid in whole or in

part any time. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50% discount to market. The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. As an inducement, the Company (i) pledge 625 Class C Preferred Shares as collateral for any monies due under the Note, (ii) pledge 0.0625 percent of the Company's gross profits to pay any interest payments due under the Note, (iii) pledge the Company's purchase orders as collateral for any monies due under the Note, (iv) promise to pay 0.2755 percent of the Company gross profit from the Bayano Concession after the maturity date of the Note through the completion of the work on the Bayano Concession and (v) issued 62,500,000 restricted shares of the Company's common stock.

a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
b. The transaction was unregistered;
c. The transaction was executed via a private agreement and not a public offering;
d. The agreement called for conversion, at the investors' sole discretion, into restricted common shares at a variable conversion price after the Maturity Date;
e. The Issuer received proceeds of $25,000;
f. The Note Agreement is not publicly traded however, can convert into restricted common shares;
g. The Note Agreement and any converted shares issued under this agreement contain the appropriate restrictive legend.

10. During October 2013, the Company entered into a $25,000 Convertible Note Agreement with Vera Group LLC, a South Dakota limited liability company. The convertible note agreement bears interest at 18 percent and has no set maturity date. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price.

    As additional inducement for the Lender to enter into the agreement, the Company will (i) pledge 625 Class C Preferred Shares as collateral for any monies due under the Note, (ii) pledge 0.625 percent of the Company's gross profits to pay any interest payments due under the Note, (iii) pledge the Company's purchase orders as collateral for any monies due under the Note, (iv) promise to pay 0.75 percent of the Company gross profit from the Bayano Concession after the maturity date of the Note through the completion of the work on the Bayano Concession, and (v) issue 62,500,000 restricted shares of the Company's common stock.

    The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on their due dates.

    a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;

b. The transaction was unregistered;
c. The transaction was executed via a private agreement and not a public offering;
d. The agreement called for conversion, at the investors' sole discretion, into restricted common shares at a variable conversion price after the Maturity Date;
e. The Issuer received proceeds of $25,000;
f. The Note Agreement is not publicly traded however, can convert into restricted common shares;
g. The Note Agreement and any converted shares issued under this agreement contain the appropriate restrictive legend.

11. During the years ended December 31, 2013 and 2012, the Company was advanced $235,700 and $112,700, respectively, from a shareholder of Hollund Industrial Robotics Inc. ("HIRS"). Effective July 1, 2013, the advances bear interest at 10 percent and have no set maturity date. As the Company anticipates repayment of such costs before after October 1, 2014, the note payable is classified as short term in the balance sheet.

    As of December 31, 2013 and 2012, the Company's unpaid advances were approximately $382,000 and $146,000, respectively, and accrued interest was $25,000 and $-0-, respectively.

12. During the June 2012, the Company and the shareholder of HIRS reached an agreement whereby, the Company agreed to reimburse the shareholder of HIRS for any corporate start-up costs he incurred ($720,859). The convertible note agreement has a set maturity date of April 23, 2015. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. Effective July 1, 2013, the advances bear interest at 10%.

13. During April 2012, the Company agreed to convert accrued officer compensation to a convertible note. The convertible note agreement does not bear interest and has no fixed maturity date. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 30 percent discount to the bid market price over the last 20 trading days.

    The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

14. During the quarter ended September 30, 2013, the Company purchased at $-0- cost, 1,328,300,000 shares of capital stock which the Company put in treasury and then cancelled as of September 30, 2013.

    a. The agreement was entered into pursuant to Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 promulgated thereunder;
    b. The transaction was unregistered;

c. The transaction was executed via a private agreement and not a public offering;
d. The agreement called for the return of the shares to treasury;
e. The Issuer received no proceeds;
f. The agreement is not publicly traded;
g. N/A.

Item V **Annual financial statements.**

The following documents are filed under "*Exhibit 1*" and are included as part of this Disclosure:

Financial Statements of the Company as of and for the yearly period ended December 31, 2013 and the for the period October 6, 2006 (date of inception) to December 31, 2013:

Balance Sheet
Statement of Operations and Accumulated Deficit
Statement of Cash Flows
Notes to Financial Statements

See Attached Exhibit 1

Item VI **Describe the Issuer's Business, Products and Services.**

A. Description of the Issuer's business operations;

The Company offers integrated project development services and solutions focused on underwater forest management. The Company has a worldwide exclusive license agreement to manage, operate, market and sell the patented articulated robot manipulator technology named "Tiger-Lynk." On August 5, 2012, the Company entered into that certain ten (10) year exclusive license agreement with the owner of the patented technology entitled "Tiger-Lynk Articulated Boom and Head" (the "Tiger-Lynk") evidenced by Canadian Patent 2,268,515 and US Patent 6,024,145 which includes all rights, title and interest to the Tiger-Lynk logo, in all formats and colors, as well as Tiger-Lynk trademarks and marketing rights. Tiger-Lynk is a machine technology designed to operate like traditional forest harvesting equipment. The robot arm is comprised of 5 booms connected by four rotary joints which is well suited for heavy construction and repair (bridges, dams, offshore platforms and rigs, pipelines, levees, etc.), forest recovery, mining, flood emergency response, diver assistance, cutting, drilling, grappling, welding, dredging, raking, heavy transport, and other remote services. The Company is not required or responsible for any ongoing development cost, build-out cost, transport cost, and/or any other cost related to the production of the Tiger-Lynk.

During August 2012, the Company signed a strategic distribution agreement with North Cal Woods Products, the nation's premiere reclaimed wood retailer and reclamation services providers for the on-site milling and distribution of wood that may be harvested by the Company.

On June 28, 2013, the Company entered into a Letter of Intent to acquire an interest in Bayano Lake Wood Products Corp., a company organized under the laws of Panama. Under the terms of the Letter of Intent the Company would be contracted by B & B Madera S.A. for the harvesting, extraction and processing of trees from Lake Bayano, Panama in the area of Parti, Nacruz Gandi y Tabardi with the approval of the General Congress of the Kuna of Madungandi (the "Concession"). On October 21, 2013, the Company finalized and executed a Contract Agreement with B&B Madera S.A. (the "Contract Agreement"), whereby the Company made its final payment of $60,030 and joint ventured with B&B Madera S.A. for the harvesting, extraction and processing of trees from Lake Bayano, Panama. The partnership called for B&B Madera S.A. to provide the funding required for the initial project and the Company has paid an aggregate of $157,500 (inclusive of deposits, professional fees, penalties and final concession/work-permit cost) as of the date of this report. Under the terms of the Contract Agreement the Company has acquired a 13.8% share in Bayano Lake Wood Products Corp and a profit share of 9%. The Company will also receive additional revenues from a wood recovery volume based royalty of 0.16 cents per board foot on heavy hardwoods and 0.10 cents per board foot on light hardwoods. As part of the Contract Agreement, the Company was also to have an option to purchase an additional 11.2% of the shares of Bayano Lake Products and 8% of the profit share by December 31, 2013. As of December 31, 2013, the Company paid an aggregate of $57,000 to execute this option for a total stake of 25% in Bayano Lake Wood Products Corp and a profit share of 17%.

Demand for our services will depend in large part on the demand for wood fiber. That demand will be largely fueled by global population growth and the need for infrastructure. At the same time deforestation is consuming millions of acres of wood fiber each year. We believe these factors will increase the demand for services, expertise and products necessary to the harvesting of submerged hardwood that can potentially have a greater value than ordinary timber.

Our current exploitation and development plans are described in this disclosure document. Whether we undertake an exploitation or development project will depend on the following factors:

- availability and cost of capital;
- receipt of additional geographical data or the reprocessing of existing data;
- current and projected lumbar gas prices;
- the costs and availability of equipment supplies and personnel necessary to conduct operations;
- success or failure of activities in similar areas;
- changes in the estimates of the costs to complete our projects;
- our ability to attract other industry partners to acquire a portion of the working interests, to reduce costs and exposure to risks;
- decisions of our joint working interest owners and partners;
- defects in title or loss of any potential concessions could limit our abilities or result in significant unanticipated costs;
- decreased availability or increased costs of key equipment, supplies or commodities could decrease our profitability;
- our operations may adversely impact the environment which could result in material liabilities to us;

- we may be required to obtain governmental permits and approvals for operations, which can be a costly and time-consuming process, can result in restrictions on our operations, and may delay or prevent us from obtaining necessary permits; and
- Union represented labor may result in an increased risk of work stoppages and increased labor costs.

We will continue to gather data about our projects, and it is possible that additional information will cause us to alter our schedule or determine that a project should not be pursued. You should understand that our plans regarding our projects might change.

The Company has determined that the Company is ***not now or any time in the past*** a “shell company” as that term is defined by the Commission as per Release 33-8869, footnote 172, whereby the Company is a fully operative ongoing operation with implemented business plan, Note payables, Bank accounts, rights, etc.

B. Date and State (or Jurisdiction) of Incorporation:

The Issuer was organized under the laws of the State of Washington in 1988.

C. The issuer’s primary and secondary SIC codes;

The Issuer's primary SIC Code is 3553 and its secondary SIC Code is 3559.

D. The Issuer’s fiscal year end date;

The issuer’s fiscal year end date is December 31.

E. Principal products or services, and their markets;

The Company offers integrated project development services and solutions for underwater natural resource industries. Our experience, services and solutions particularly focus on underwater forestry project management. These integrated project development services include resource and needs assessment, permitting, environmental and project planning, logging, milling, product branding, marketing and sales.

Estimates from 2006, places approximately 300 million trees worth in excess of $50 billion inundated by over 50,000 man-made lakes and large dam reservoirs covering over 80 million acres around the world. The company has focused in the tropical regions where a large percentage of the underwater forest contains exotic hardwood species. These trees are highly sought after in the marketplace due to their eco-friendly nature and high quality. As a result, underwater harvested wood can sell at a significant premium to comparable new wood. There is a proven market worldwide for underwater wood products including veneer, hardwood flooring, decking, siding and dimensional lumber.

The Company has a worldwide exclusive license agreement on a patented articulated robot manipulator technology named “Tiger-Lynk” which is designed to operate like traditional forest “feller buncher” equipment. The robot arm is comprised of 5 booms connected by four rotary joints. When fully extended, the arm provides a maximum reach of 120 feet and work envelope of 1,100 m3.

What we believe sets the Tiger-Lynk machine system apart is the fully articulated Robot Manipulator. Tiger-Lynk robot arms offer heavy-duty construction, 7-9 degrees of freedom, and up to 50 ton lift capacity. Tiger-Lynk arms can be mounted on vessels, barges or platforms, making it convenient to integrate into existing operations. And when paired with one of Tiger-Lynk’s industrial tools, you can perform a wide array of construction and recovery services- all on the same system. You can also integrate a variety of standard tool components via multi-hydraulic circuitry located at the wrist. Tiger-Lynk’s design enables scalable arm configurations, with models ranging in length from 50 to 200 feet. Powerful. Versatile. Innovative. Tiger-Lynk machine systems with heavy duty RM Technology are redefining the way contractors work underwater.

Tiger-Lynk is well suited for heavy construction and repair (bridges, dams, offshore platforms and rigs, pipelines, levees, etc.), forest recovery, mining, flood emergency response, diver assistance, cutting, drilling, grappling, welding, dredging, raking, heavy transport, and other remote services.

Item VII **<u>Describe the Issuer’s Facilities</u>.**

The Company owns no real estate. It currently maintains its corporate offices at 107-417 477 Peace Portal Drive, Blaine, Washington, 98230. In addition, the Company leases office space from North Cal Wood Products, Inc. located at 700 Kunzler Ranch Road, Ukiah, CA 95482. The lease has a one year term at $200 per month.

Item VIII **<u>Officers, Directors, and Control Persons</u>.**

<u>A – Officers and Directors</u>

(1) Peter Meier
President
107-417 477 Peace Portal Drive
Blaine, WA 98230

(2) Sheldon Romain
Vice-President
107-417 477 Peace Portal Drive
Blaine, WA 98230

<u>Directors</u>

Peter Meier
Sheldon Romain

<u>B - Legal/Disciplinary History</u> Identify whether any of the foregoing persons have in the last five years, been the subject of:

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

None of the foregoing persons have been the subject of a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding.

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 a person's involvement in any type of business, securities, commodities, or banking activities;

None of the foregoing persons have been the subject of any order, judgment, or decree, that permanently or temporarily enjoined, barred, suspended or otherwise limited such a person's involvement in any type of business, securities, commodities, or banking activities

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;

None of the foregoing persons have been the subject of any 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.

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 of the foregoing persons have been the subject of any 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.

<u>C – Beneficial Shareholders</u>

There is one registered shareholder with 5% or more of the Company's issued and outstanding common shares not including our board of directors listed below:

Name	Number of Shares Beneficially Owned	Percent of Class (1)
Peter Meier President 107-417 477 Peace Portal Drive Blaine, WA 98230	210,040,000	2.22%

Sheldon Romain Vice-President 107-417 477 Peace Portal Drive Blaine, WA 98230	25,000,003	0.12%

*

(1) Based on 11,833,041,272 shares of common stock outstanding as of December 31, 2013.

Item IX **<u>Third Party Providers</u>.**

1. Legal Counsel

   Stephen Roberts, Esq.
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2. Accountant or Auditor

   Accountant:

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   Murrieta, California 92562-8805
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   PCAOB Auditor:

   None

3. Investor Relations Consultant

   None

4. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement

   None

Item X **<u>Issuer's Certifications.</u>**

CERTIFICATIONS

I, Peter Meier, President of Hollund Industrial Marine, Inc., hereby certify that:

1. I have reviewed this "Annual Company Information and Disclosure Statement" of Hollund Industrial Marine, Inc. for the period through December 31, 2013; and

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

3. Based on 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, and for, the periods presenting this disclosure statement.

Date: April 14, 2014

/s/ *Peter Meier*___________
By: Peter Meier
President

Exhibit 1

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

HOLLUND INDUSTRIAL MARINE, INC.
(Unaudited)
BALANCE SHEET

	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash	$ 373	711
Prepaid expenses	279,000	$ 34,600
Total current assets	279,373	35,311
Long-term assets		
Office equipment	1,553	2,440
Total assets	$ 280,926	$ 37,751
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Lines of credit with related parties	$ 170,314	$ 70,480
Convertible notes payable	182,597	77,687
Note payable - related parties	436,860	196,158
Derivative liability	4,743,217	619,509
Accrued officer compensation	379,000	307,000
Accrued interest	88,081	22,368
Other accrued liabilities	108,913	125,026
Total current liabilities	6,108,982	1,418,228
Long-term liabilities		
Notes payable - related parties - net of current portion	712,054	705,650
Notes payable - other	69,124	-
Total long-term liabilities	781,178	705,650
Total liabilities	6,890,160	2,123,878
Shareholders' deficit		
Common stock	11,803	4,189
Class A Preferred stock	-	-
Class B Preferred stock	-	-
Class C Preferred stock	1,375,988	1,393,682
Additional paid-in capital	1,311,137	1,288,417
Stock receivable	(200)	-
Accumulated deficit	(9,306,962)	(4,772,415)
Total shareholders' deficit	(6,609,234)	(2,086,127)
Total liabilities and shareholders' deficit	$ 280,926	$ 37,751

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

HOLLUND INDUSTRIAL MARINE, INC.

(Unaudited)

STATEMENT OF OPERATIONS

	Year ended December, 31		For the period 9-Oct-06 (date of inception) to
	2013	2012	31-Dec-13
Revenues	$ -	$ -	$ -
Operating expenses			
Officer compensation	84,800	90,200	862,694
Compensation to Founders	-	-	253,689
Compensation to former Officers	-	-	330,000
Corporate expenses	-	720,859	720,859
Advertising and promotion	-	-	25,375
Bank charges	196	199	1,128
Depreciation	887	222	1,109
Miscellaneous	12,864	5,880	47,839
Office expenses	1,678	3,029	56,923
Postage and delivery	-	124	1,510
Professional fees	175,185	100,691	722,110
Rent	1,400	-	2,168
Strategic planning conference	-	32,000	32,000
Telephone	1,830	1,697	6,830
Travel	30,172	10,362	42,544
Licenses and permits	-	330	1,139
Total operating expenses	309,012	965,594	3,107,917
	(309,012)	(965,594)	(3,107,917)
Interest expense	(4,225,535)	(642,313)	(240,350,921)
Interest income		6,308	234,151,876
Net income (loss)	$ (4,534,547)	$ (1,601,599)	$ (9,306,962)

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

HOLLUND INDUSTRIAL MARINE, INC.
(Unaudited)
STATEMENT OF CASH FLOWS

	Year ended December, 31 2013	2012	For the period 9-Oct-06 (date of inception) to 31-Dec-13
Cash flows from operating activities:			
Net (loss) income	$ (4,534,547)	$ (1,601,599)	$ (9,306,962)
Adjustments to reconcile to net (loss) income to net cash used by operating activities:			
Derivative liability	4,123,708	619,509	4,743,217
Depreciation	887	222	1,109
Unamortized debt discount	(166,106)	(186,922)	(166,106)
Estimated value of corporate start up expenses paid by former shareholder	-	720,859	720,859
Estimated value of common stock issued to Founders	-	-	253,689
Estimated value of common stock issued to former officers	-	-	330,000
Estimated value of common stock issued to consultants	-	55,988	466,660
Estimated value of common stock issued for interest	12,500	-	337,363
Estimated value of common stock issued to officers	-	25,000	191,694
Estimated value of stock issued for partial debt settlement	-	-	56,280
Estimated value of shares returned by former officer	-	(20,000)	(20,000)
Estimated value of preferred class B issued for interest	-	-	85,038
Estimated value of preferred class B cancelled	-	-	(420,000)
Estimated value of preferred class C issued for interest	-	233,291	233,291
Increase (decrease) in operating assets and liabilities			
Prepaid expenses and other current assets	(244,400)	(96,038)	334
Accrued officer compensation	72,000	66,500	378,600
Accrued interest	79,604	7,619	938,981
Other accrued liabilities	204,516	12,044	382,919
Net cash used by operating activities	(451,838)	(163,527)	(793,034)
Cash flows from investing activities:			
Purchase of office equipment	-	(2,662)	(2,662)
Net cash used by investing activities	-	(2,662)	(2,662)
Cash flows from financing activities:			
Procceds from lines of credit with related parties	105,300	17,700	158,080
Repayment of lines of credit with related parties	(5,000)	-	(5,000)
Proceeds from lines of credit with unrelated parties	-	3,000	20,700
Proceeds from notes payable with related parties	235,700	115,988	456,577
Repayment of notes payable with related parties	-	(2,288)	(2,288)
Proceeds from convertible notes payable with unrelated partie	115,500	32,500	148,000
Proceeds from notes payable from Founders	-	-	20,000
Net cash provided by financing activities	451,500	166,900	796,069
Net (decrease) increase in cash	(338)	711	373
Cash at beginning of period	711	-	-
Cash at end of period	$ 373	$ 711	$ 373

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

HOLLUND INDUSTRIAL MARINE, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS
December 31, 2013

NOTE –1 ORGANIZATION

Hollund Industrial Marine Inc. (the "Company") is currently a development stage company under the provisions of Statement of Financial Accounting Standards No. 7 and was incorporated under the laws of the State of Washington as Carver Corporation on July 5, 1978. On July 29, 1998 the Company restated their articles of incorporation. The Company filed for bankruptcy protection on May 12, 1999, under chapter 11 reorganization plans, then on June 12, 2003, converted to a liquidation plan, which concluded on December 29, 2005. The Company was reinstated with the State of Washington on October 9, 2006.

Effective November 20, 2007, Hollund Industrial, Inc. completed its reverse merger with Carver Corp. As a result of this transaction, the Company changed its name to Hollund Industrial Inc. During July 2008, the Company changed its name from Hollund Industrial, Inc. to Hollund Industrial Marine Inc.

The Company adopted fresh start reporting because holders of existing voting shares immediately before filing and confirmation of the plan received less than 50 percent of the voting shares of the emerging entity.

During February 2008, the Company finalized a $3,000,000 Stock Purchase Agreement between the Company and Hollund Industrial Robotics Systems Inc. (HIRS), whose principal asset is all rights, patents and physical components of the Tiger-Lynk underwater manipulator system (Note 3). Prior to January 1, 2012, Hollund Robotics was a wholly owned subsidiary of the Company. The acquisition debt was secured with first priority interest in the technology in an event of default.

During May 2008, the Company entered into an agreement to exchange $2,000,000 of HIRS acquisition debt into convertible debentures (Notes 5 and 7).

In late 2011, the Company began a re-valuation of its business plan in the recognition that it was in default under the Stock Purchase Agreement and related acquisition debt pursuant to which it had acquired HIRS and its Tiger-Lynk technology. The Company decided that it did not expect to be able to cure that default in a reasonable period of time. As a result of that re-valuation and pursuant to discussions with the holders of the acquisition debt, the Company and former owners of HIRS reached an agreement under which HIRS, including the Tiger-Lynk technology, would be returned to the former owners in exchange for release of the acquisition debt. In addition, the Company has entered into a ten year exclusive license agreement with the owners of HIRS to manage, market, and operate the Tiger-Lynk underwater manipulator system. With this exclusive license agreement the Company is now positioned to focus on securing an underwater logging concession in which the technology will be operated on a commercial scale.

A summary of the asset and liabilities to be returned or to the owners of HIRS as of December 31, 2011 is as follows-

Intangible asset – Tiger-Lynk mechanical arm patents	$3,000,000
Convertible notes payable – HIRS	(1,968,250)
Convertible notes payable – others	(10,690)
Note payable – HIRS	(329,863)
Class C Preferred Stock	(690,343)
Accrued interest	(854)
Net book value	$ - 0 - ‘

Nature of Business

The Company offers integrated project development services and solutions focused on underwater forest management. The Company has a worldwide exclusive license agreement to manage, operate, market

NOTE –1 ORGANIZATION (continued)

and sell the patented articulated robot manipulator technology named "Tiger-Lynk." On August 5, 2012, the Company entered into that certain 10 year exclusive license agreement with the owner of the patented technology entitled "Tiger-Lynk Articulated Boom and Head" (the "Tiger-Lynk") evidenced by Canadian Patent 2,268,515 and US Patent 6,024,145 which includes all rights, title and interest to the Tiger-Lynk logo, in all formats and colors, as well as Tiger-Lynk trademarks and marketing rights. Tiger-Lynk is a machine technology designed to operate like traditional forest harvesting equipment. The robot arm is comprised of 5 booms connected by four rotary joints which is well suited for heavy construction and repair (bridges, dams, offshore platforms and rigs, pipelines, levees, etc.), forest recovery, mining, flood emergency response, diver assistance, cutting, drilling, grappling, welding, dredging, raking, heavy transport, and other remote services.

During August 2012, the Company signed a strategic distribution agreement with North Cal Woods Products, the nation's premiere reclaimed wood retailer and reclamation services providers for the distribution of wood that may be harvested by the Company.

During June 2013, the Company entered into a Letter of Intent to acquire an interest in Bayano Lake Wood Products Corp, a company organized under the laws of Panama. Under the terms of the Letter of Intent, the Company would be contracted by B & B Madera S.A. for the harvesting, extraction and processing of trees from Lake Bayano, Panama in the areas of Parti, Nacruz Gandi y Tabardi (the "Concession"). On October 21, 2013, the Company finalized and executed a Contract Agreement with B&B Madera S.A. (the "Contract Agreement"), whereby the Company made its final payment of $60,030 and joint ventured with B&B Madera S.A. for the harvesting, extraction and processing of trees from Lake Bayano, Panama. The agreement called for B&B Madera S.A. to provide the funding required for the initial project and the Company has paid an aggregate of $157,500 (inclusive of all deposits, professional fees, penalties and final concession/work-permit cost) as of the date of this report. Under the terms of the Contract Agreement the Company has acquired a 13.8% share in Bayano Lake Wood Products Corp and a profit share of 9%. The Company will also receive additional revenues from a wood recovery volume based royalty of 0.16 cents per board foot on heavy hardwoods and 0.10 cents per board foot on light hardwoods. As part of the Contract Agreement, the Company was also to have an option to purchase an additional 11.2% of the shares of Bayano Lake Products and 8% of the profit share by December 31, 2013. As of December 31, 2013, the Company paid an aggregate of $57,000 to execute this option for a total stake of 25% in Bayano Lake Wood Products Corp and a profit share of 17%.

During January 2014, the Company announced that it had reached an amicable agreement with its largest Preferred C shareholder to irrevocably eliminate 99.5 percent of his holdings. In order to reach this agreement and have the Shareholder cancel 99.5% of his Shares, the Company agreed in exchange to cancel the MOU between the parties relinquishing the Worldwide Exclusive license agreement. Subsequently, the Shareholder then granted the Company the First Right of Refusal or First Rights to market, sell, make, have made, use, maintain, manage and operate the Tiger-Lynk solely where it applies to the recovery of timber from underwater environments whether man-made or otherwise.

The Company is currently working to secure a number of underwater logging concession opportunities in which the Tiger-Lynk technology will be employed to harvest inundated forests on a commercial scale in a safe, environmentally friendly and cost effective manner.

NOTE –2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has not yet established a stable ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary financing to sustain operations and the attainment of profitable operations. The Company incurred a net loss of approximately $4,535,000 for the year ended December 31, 2013 and has an accumulated deficit during the development stage of approximately $9,307,000 since October 9, 2006 (date of inception) to December 31, 2013. The Company had working capital deficit of approximately $5,830,000 as of December 31, 2013. In addition, the Company has total shareholders' deficit of approximately $6,609,000 as of December 31, 2013. These factors, among others, raise substantial doubt as to its ability to continue as a going concern.

In order to continue as a going concern, the Company needs to develop a reliable source of revenues, and achieve a profitable level of operations. During 2013 and 2012, the Company has been involved primarily with acquiring concessions for the extraction and harvesting of underwater forestry utilizing the Company's exclusive license agreement on the Tiger-Lynk technology. The Company has continued to organize and restructure the Company to meet the needs of shareholders and attract suitable financing.

To fund operations for the next twelve months, the Company projects a need for $720,000 that will have to be raised through debt or equity. The Company has already identified a manufacturer with facilities designed and capable of producing the Tiger-Lynk AR120 and providing worldwide warranty and service.

If the Company is unable to obtain adequate capital, it could be forced to cease operations. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or other adjustments that might be necessary should be Company be unable to continue as a going concern.

Long-Lived Assets

In accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets,* long-lived assets, such as property and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

Fair Value of Financial Instruments

In accordance with Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement and Disclosure*, the Company uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures.

Company bases fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When observable market prices and data are not readily available, significant management judgment often is necessary to estimate fair value. In those cases, different assumptions could result in significant changes in valuation and may not be realize in an actual sale. Additionally, there may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates, and expected cash flows could significantly affect the results of current or future values.

For certain financial instruments, including accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their relatively short maturities. In the case of the notes payable, the interest rate on the notes approximates the market rate of interest for similar borrowings. Consequently the carrying value of the notes payable also approximates the fair value. It is not practicable to estimate the fair value of the related party notes payable due to the relationship of the counter party.

All assets of the Company are considered Level 1 type assets.

Variable Interest Entities

In June 2009, the FASB issued guidance to revise the approach to determine when a variable interest entity (VIE) should be consolidated. The new consolidation model for VIEs considers whether an entity has the power to direct the activities that most significantly impact a VIE's economic performance and shares in the significant risks and rewards of the VIE. The guidance on VIEs required companies to continually reassess VIEs to determine if consolidation is appropriate and provide additional disclosures. The Company has reviewed the provisions of the guidance and does not believe that there is an impact on the Company's financial statements.

Share-Based Payment

The Company follows ASC 718, *Share Based Payment,* which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on accounting for transactions where an entity obtains services in share based payment transactions. ASC 718 requires entities to measure the cost of services received in exchange equity instruments, including stock options and warrants, based on the grant date fair value of the award and to recognize it as compensation expense over the period services are to be provided, usually the vesting period.

The fair value of options is calculated using the Black-Scholes option-pricing model. This model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions. As such, the values derived from using that model can differ significantly from other methods of valuing the Company's share based payment arrangements. The Black-Scholes model also requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. These factors could change in the future, affecting the determination of share based payment expense in future periods.

The assumptions used in the Black Scholes models referred to above are based upon the following data: (1) The expected life of the warrant is estimated by considering the contractual term of the warrant, the vesting period and the expected exercise price. (2) The expected stock price volatility of the underlying shares over the expected term is based upon historical share price data. (3) The risk free interest rate is based on published U.S. Treasury Department interest rates for the expected terms. (4) Expected dividends are based on historical dividend data and expected future dividend activity.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. The asset and liability method requires that the current or deferred tax consequences of all events recognized in the financial statements are measured by applying the provisions of enacted tax laws to determine the amount of taxes payable or refundable currently or in future years. Deferred tax assets are reviewed for recoverability and the Company records a valuation allowance to reduce its deferred tax assets when it is more likely than not that all or some portion of the deferred tax assets will not be recovered.

In July 2006, the FASB issued guidance that clarified the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The guidance is effective for the Company's 2011 year.

The Company had no material uncertain tax positions at December 31, 2013 or 2012.

NOTE –2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of the financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and judgments that affect the amounts reported in our financial statements and the accompanying notes. The accounting estimates that require our significant, difficult, and subjective judgments include:

- the assessment of recoverability of long lived assets;
- the recognition and measurement of deferred income tax assets and liabilities; and
- the valuation and recognition of share-based compensation.

The actual results that we experience may differ materially from our estimates.

Statement of Cash Flows

Supplemental cash flows and non-cash investing and financing activities for the years ended December 31, 2013 and 2012 and for the period October 6, 2006 (date of inception) through December 31, 2013 are as follows:

	2013	2012	Inception to date
Supplemental cash flow information:			
Income taxes paid	$ -	$ -	$ -
Interest expense paid	-	-	-
Non-cash investing and financing activities:			
Common stock issued to consultants	-	112,500	477,827
Cancellation of common stock due to nonperformance of services	-	(56,512)	(172,274)
Common stock issued to officers	-	20,000	40,000
Common stock issued for partial debt settlement	-	-	35,000
Common stock issued for interest	12,500	-	12,500
Preferred Class B issued to consultants	-	-	420,000
Cancellation of Class B stock due to nonperformance of services	-	-	(420,000)
Conversion of Class B shares to note payable	-	-	(10,000)
Preferred Class B issued for accrued interest		-	415,000
Issuance of Preferred Class C for accrued interest	-	690,435	690,435
Preferred Class A issued for settlement of accrued compensation	-	-	185,400
Cancellation of Class A shares	-	-	(185,400)
Convertible note payable issued for settlement of accrued compensation	216,900	-	216,900
Partial conversion of Preferred Class C into common stock		5,370	8,970
Debt issued for acquisition of Hollund Industrial Robotics Inc.	-	-	3,000,000
Preferred Class B issued for partial payment on acquisition debt	-	-	670,137
Conversion of Class B shares to Class C	-	-	1,400,000
Exchange note payable for convertible debt	-	-	2,000,000
Return of mechanical arm and cancellation of related acquisition debt	-	-	(3,000,000)
Conversion of note payable to Preferred Class C shares	-	50,000	50,000
Conversion of accrued liability to note payable	69,124		69,124
Repurchase of common stock at $-0-	(1,328)	-	(1,328)

NOTE –2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

Management is in the process of reviewing the new accounting pronouncements issued or effective during the year and has not yet determined, if any, is expected to have a material impact on the financial statements.

NOTE – 3 PURCHASE OF HOLLUND INDUSTRIL ROBOTICS SYSTEMS INC.

During February 2008, the Company finalized a Stock Purchase Agreement between the Company and Hollund Industrial Robotics Systems Inc., Lonnie Hayward and Troy Micielli relating to the purchase and sale of 100 percent of the common stock of Hollund Industrial Robotics Systems Inc. (HIRS). The terms of the purchase and sale agreement require the Company to remit $3,000,000 ("Purchase Price") for 100 percent sole of HIRS outstanding common shares. The purchase price is payable no later than February 2011 and accrues interest at a rate of 4 percent per annum. Cash payments can be made on a periodic basis by the Company. If, at maturity, the Company is unable to remit payment of the outstanding balance of the Note, including accrued interest, the Company can request a 180-day extension period ("Extension Period"). If the Company is still unable to remit payment after the extension period, the note holders have the option to either (1) grant the Company an additional 180 days in which to pay the balance of the Note, including any accrued interest ("New Extension Period") or (2) receive an amount of the Company's common stock equal to the balance of the Note, including any accrued interest. If the Company is unable to pay the Purchase Price within the extension period or the new extension period using the Company's authorized common stock, the Company agrees to restructure by increasing the authorization of common stock and / or executing a reverse split, at the sole option of the note holders. The note payable is secured with a first priority interest in the technology in an event of default.

Previously, during January 2008, HIRS had entered into an agreement to acquire all rights, title and interest in the Tiger-Lynk underwater manipulator system from Aquatic Cellulose International Corp. (AQCI). The agreement with AQCI included acquiring a mechanical arm assembly stored at AQCI's facility in Kamloops, British Columbia. Terms of the purchase were finalized on February 20, 2008. Those terms include the purchase price being $314,000 payable as follows: (1) $50,000 down payment; (2) $14,000 cash payment; and, (3) $250,100 note payable in 10 payments of $25,000 installments with the first payment beginning on March 1, 2008 and the final payment due on December 1, 2008.

In connection to acquiring the Tiger-Lynk technology, the Company entered into the following commitments with Gary Ackles, former CEO of AQCI: (1) a 50/50 (percent) profit share agreement on the first 5 Tiger-Lynk machines sold; (2) a 7.5 percent royalty assignment on the first 5 machines, reducing to 5 percent on each successive machine; and (3) the Company to issue common stock with a value of $330,000 (Canadian dollars). The exact number of Hollund common shares shall be determined by the closing price and dollar exchange rate on the date prior to the date of transfer by Hollund, subject to Hollund's completion of a reverse merger.

During March 2008, the Company entered into an addendum to its agreement with AQCI, whereby it was agreed that the Company would issue 750,000 shares of Hollund Industrial Inc. common stock to the Legacy Investment Club in consideration for the March 1, 2008 payment.

During May 2008, the Company entered into an agreement to exchange $2,000,000 of HIRS acquisition debt into convertible debentures (see Note 5).

During November 2009, the Company issued 700,000 shares of Series B Preferred Stock as partial payment on the debt owed for the HIRS acquisition (approximately $670,000) and previously recorded accrued interest (approximately $405,000). Since the value of the shares was estimated to be $1,400,000, the Company recorded additional interest expense of approximately $325,000.

During February 2012, the Company and former owners of HIRS agreed that the Stock Purchase Agreement of February 2008 is in default and that the patents and properties under that agreement would be returned to the former owners of HIRS (Note 1).

NOTE – 4 LINES OF CREDIT– related parties

Line of Credit 1

During December 2007, the Company entered into a $500,000 Line of Credit Agreement with Jasmine Investments LLC, a Wyoming corporation. The line of credit agreement bears interest at 6 percent and has no set maturity date. Accrued interest is payable in the common stock of the Company, at a 40 percent discount to market, based upon the average of the 5 lowest trading prices calculated after 20 trading days post restructuring.

Additionally, the lender shall be granted a 2-year option to purchase 50,000 common shares of the Company at the same price determined in calculating the Company's discount to market described above. The lender has the right to terminate the agreement for any reason at any time at their discretion. Upon notification, full reimbursement of the principal and interest borrowed up to the time of termination shall be due within 30 days from the time of the notification. The line of credit agreement does not include any limitations on borrowings or any restrictive debt covenants.

As of December 31, 2013 and 2012, advances under the line of credit were approximately $37,400 and $37,400, respectively, and accrued interest was approximately $12,900 and $10,600, respectively.

Line of Credit 2

During January 2008, the Company entered into a $500,000 Line of Credit Agreement with Network International Credit & Collections LTD, a Washington corporation. The line of credit agreement has terms similar to those outlined in the preceding paragraph.

As of December 31, 2013 and 2012, advances under the line of credit were approximately $15,400 and $15,400, respectively, and accrued interest was approximately $5,100 and $4,100, respectively.

Line of Credit 3

During August 2012, the Company entered into a $50,000 Line of Credit Agreement with Ajene Watson, LLC, a New York limited liability company. The line of credit agreement bears interest at 10 percent and has a December 31, 2013 maturity date. Accrued interest is payable on a quarterly basis no later than the 5th business day following the end of such quarter. Any overdue principal or interest shall bear interest at 15 percent until paid in full.

The Company can borrow, repay and re-borrow at any time during the commitment period as long as repayments take the form of cash. Payment of the advances can be made, at the Company's sole discretion, through the issuance of a new class of preferred shares, $0.001 par value, with the following rights and preferences: 1) convertible into the Company's common shares at a rate of 5 shares of common stock for every share of preferred stock, adjusted for common stock splits, stock dividends or rights offerings by the Company, if any; 2) convertible into common stock for a period of 10 years from the date of issuance; and, 3) preferred stock will bear interest at a rate equal to the interest on the advances, which interest will accrue until such time as the preferred stock is retired or converted into the Company's common share.

Upon the occurrence of an event of default, as defined, the lender has the right to terminate the agreement. The line of credit agreement does not include any limitations on borrowings or restrictive debt covenants.

During the years ended December 31, 2013 and 2012, the Company was advanced $37,800 and $17,700, respectively, under the line of credit agreement. During the same period, the Company repaid $5,000 of such advances.

As of December 31, 2013 and 2012, advances under the line of credit were approximately $50,000 and $17,700, respectively, and accrued interest was approximately $5,400 and $400, respectively

NOTE – 4 LINES OF CREDIT – related parties (Continued)

Line of Credit 4

During July 2013, the Company entered into another Line of Credit Agreement with Ajene Watson, LLC, a New York limited liability company and totaling $75,000. The line of credit agreement has terms similar to those outlined in the preceding paragraphs except for a maturity date of December 31, 2014.

As of December 31, 2013, advances under the line of credit and accrued interest were approximately $67,500 and $3,400, respectively.

Line of Credit 5

During June 2013, the Company entered into a $350,000 Line of Credit Agreement with Vera Group LLC, a South Dakota limited liability company. The line of credit agreement bears interest at 12 percent and has a November 30, 2014 maturity date. Advances under the line of credit may be repaid in whole or in part any time prior to maturity. Accrued interest is payable on a quarterly basis no later than the 5th business day following the end of such quarter. Any overdue principal or interest shall bear interest at 17 percent until paid in full. The line of credit is convertible after the Maturity Date at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price over the last 50 trading days.

The number of common shares issuable upon the conversion of the note is limited to 9.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The line of credit does not automatically convert to common shares on the due date.

As of December 31, 2013, advances under the line of credit and accrued interest were approximately $30,000 and $1,900, respectively.

The Company has memorialized the Line of Credit Agreement dated June 25, 2013 with two convertible notes listed as Convertible Note 3 and Convertible Note 4 under Note 5 herein below.

NOTE 5 - CONVERTIBLE NOTES

Convertible Note 1

During April 2012, the Company agrred to convert accrued officer compensation to a convertible note. The convertible note agreement does not bear interest and has no fixed maturity date. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 30 percent discount to the bid market price over the last 20 trading days.

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

The note does not automatically convert to common shares on their due dates. As of December 31, 2013 and 2012, advances under the convertible note were approximately $117,500 and $45,200, respectively, net of $99,500 and $171,700 unamortized discount, respectively.

Convertible Note 2

During July 2012, the Company entered into a $32,500 Convertible Note Agreement with Vert Capital LLC, a Florida limited liability company. The convertible note agreement bears interest at 10 percent and has a July 23, 2013 maturity date. The note may be repaid in whole or in part any time prior to maturity. Any amount of principal or interest which is not repaid when due shall bear interest at 12 percent until paid in full. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price over the last 50 trading days.

NOTE 5 - CONVERTIBLE NOTES (continued)

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on their due dates. As of December 31, 2013 and 2012, advances under the convertible note were approximately $32,500 and $32,500, respectively, and accrued interest was $4,900 and $1,600, respectively.

Convertible Note 3

During July 2013, the Company entered into a $15,000 Convertible Note Agreement with Star City Capital LLC, a New York limited liability company, pursuant to the Line of Credit Agreement with Vera Group LLC dated June 25, 2013. The convertible note agreement bears interest at 12 percent and has a no set maturity date. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price.

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on its due date.

As of December 31, 2013, advances under the convertible note and accrued interest were approximately $7,900, net of $7,100 unamortized discount, and $900, respectively.

Convertible Note 4

During July 2013, the Company entered into a $15,000 Convertible Note Agreement with Vera Group LLC, a South Dakota limited liability company, pursuant to the Line of Credit Agreement with Vera Group LLC dated June 25, 2013. The convertible note agreement bears interest at 12 percent and has no set maturity date. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price.

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on its due date.

As of December 31, 2013, advances under the convertible note and accrued interest were approximately $7,900, net of $7,100 unamortized discount, and $900, respectively.

Convertible Note 5

During August 2013, the Company entered into a $10,500 Convertible Note Agreement with Antonio O. Santos, an individual. The convertible note agreement bears interest at 18 percent and has a maturity date of December 20, 2013. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price.

NOTE – 5 CONVERTIBLE NOTES (Continued)

As additional inducement for the Lender to enter into the agreement, the Company will (i) pledge 625 Class C Preferred Shares as collateral for any monies due under the Note, (ii) pledge 0.0025 percent of the Company's gross profits to pay any interest payments due under the Note, (iii) pledge the Company's purchase orders as collateral for any monies due under the Note, (iv) promise to pay 0.0015 percent of the Company gross profit from the Bayano Concession after the maturity date of the Note through the completion of the work on the Bayano Concession and (v) issue 28,000,000 restricted shares of the Company's common stock (Note 7).

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on its due date.

As of December 31, 2013, advances under the convertible note and accrued interest were approximately $3,500, net of $7,000 unamortized discount, and $600, respectively.

Convertible Note 6

During August 2013, the Company entered into a $25,000 Convertible Note Agreement with Vera Group LLC, a South Dakota limited liability company. The convertible note agreement bears interest at 12 percent and has a November 30, 2014 maturity date. Accrued interest is payable on a quarterly basis no later than the 5th business day following the end of such quarter. Any overdue principal or interest shall bear interest at 17 percent until paid in full. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price.

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

The number of common shares issuable upon the conversion of the note is limited to 9.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The line of credit does not automatically convert to common shares on the due date.

As of December 31, 2013, advances under the convertible note and accrued interest were approximately $8,000, net of $17,000 unamortized discount, and $1,100, respectively.

Convertible Note 7

During September 2013, the Company entered into a $25,000 Convertible Note Agreement with Vera Group LLC, a South Dakota limited liability company. The convertible note agreement bears interest at 18 percent and has no set maturity date. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price.

As additional inducement for the Lender to enter into the agreement, the Company will (i) pledge 625 Class C Preferred Shares as collateral for any monies due under the Note, (ii) pledge 0.625 percent of the Company's gross profits to pay any interest payments due under the Note, (iii) pledge the Company's purchase orders as collateral for any monies due under the Note, (iv) promise to pay 0.275 percent of the Company gross profit from the Bayano Concession after the maturity date of the Note through the completion of the work on the Bayano Concession, and (v) issue 62,500,000 restricted shares of the Company's common stock (Note 7).

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

NOTE – 5 CONVERTIBLE NOTES (Continued)

The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on their due dates.

As of December 31, 2013, advances under the convertible note and accrued interest were approximately $7,000, net of $18,000 unamortized discount, and $1,200, respectively.

Convertible Note 8

During October 2013, the Company entered into a $25,000 Convertible Note Agreement with Vera Group LLC, a South Dakota limited liability company. The convertible note agreement bears interest at 18 percent and has no set maturity date. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price.

As additional inducement for the Lender to enter into the agreement, the Company will (i) pledge 625 Class C Preferred Shares as collateral for any monies due under the Note, (ii) pledge 0.625 percent of the Company's gross profits to pay any interest payments due under the Note, (iii) pledge the Company's purchase orders as collateral for any monies due under the Note, (iv) promise to pay 0.75 percent of the Company gross profit from the Bayano Concession after the maturity date of the Note through the completion of the work on the Bayano Concession, and (v) issue 62,500,000 restricted shares of the Company's common stock (Note 7).

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on their due dates.

As of December 31, 2013, advances under the convertible note and accrued interest were approximately $6,000, net of $19,000 unamortized discount, and $1,100, respectively.

Convertible Note 9

During the June 2012, the Company and the shareholder of HIRS reached an agreement whereby, the Company agreed to reimburse the shareholder of HIRS for any corporate start-up costs he incurred ($720,859). The convertible note agreement has a set maturity date of April 23, 2015. The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at a variable conversion price, which approximates a 50 percent discount to market price. Effective July 1, 2013, the advances bear interest at 10%.

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on their due dates.

As of December 31, 2013 and 2012, advances under the convertible note were approximately $712,100 and $705,700, respectively, net of $8,800 and $15,200 unamortized discount, and accrued interest was $35,000 and $-0-, respectively.

Convertible Note 10

During May 2008, the Company entered into an agreement to exchange $2,000,000 of Hollund Robotics'

NOTE – 5 CONVERTIBLE NOTES (Continued)

acquisition debt (Note 3) into convertible debentures, which are payable and bear interest at 10 percent, due on a quarterly basis, and are secured by a first priority interest in the Company's assets. Any amount of principal or interest due under the debentures, which is not paid when due will bear interest at 10 percent per annum from the due date thereof until the amount is paid. These debentures are convertible, at the investors' sole option, into common shares at $0.000001 per share (fixed conversion price).

The conversion price of the convertible note is considered to be a derivative instrument and is accounted for as such (see Note 6).

If, at any time, the Company issues or sells any shares of common stock for no or below market consideration (dilutive issuance), then immediately upon the dilutive issuance, the fixed conversion price would be reduced to the amount of the consideration per share received by the Company in such dilutive issuance. The number of common shares issuable upon the conversion of the debentures is limited to 4.9 percent in beneficial ownership by the debenture holders of the outstanding shares of common stock. The debentures do not automatically convert to common shares on their due dates.

NOTE – 6 DERIVATIVE LIABILITIES

The Company applies the accounting standard that provides guidance for determining whether an equity-linked financial feature, or embedded feature, is indexed to an entity's own stock. The standard applies to any freestanding financial instrument or embedded feature that have the characteristics of a derivative, and to any freestanding financial instruments that are potentially settled in an entity's own common stock.

During the years ended 2008 and 2013, the Company issued convertible notes with embedded conversion features to purchase common stock. Certain of the embedded conversion features result in these instruments being treated as derivatives. The estimated fair value of the debt features was determined using the probability weighted averaged expected cash flows Black Scholes Model with the closing price on original date of issuance, a conversion price based on the terms of the note, a period based on the terms of the note, risk free interest rate based on published U.S. Treasury Department interest rates for the expected terms and a volatility factor on the date of issuance are as follows:

	2013	Inception to date
Expected life in years	2-3	2-3
Stock price volatility	100%	100%
Risk free interest rate	0.64-0.79%	0.28-0.79%
Expected dividends	None	None

The recorded value of the debt features related to the notes can fluctuate significantly based on fluctuations in the fair value of the Company's common stock, as well as in the volatility of the stock price during the term used for observation and the term remaining for the debt features.

In subsequent periods, if the price of the security changes, the embedded derivative financial instrument related to the debt features will be adjusted to the fair value with the corresponding charge or credit to Other Expense or Income. The estimated fair value of the debt features was determined using the probability weighted averaged expected cash flows Black Scholes Model with the closing price on original date of issuance, a conversion price based on the terms of the note, a period based on the terms of the note, and a volatility factor on the date of issuance.

The recorded value of the debt features related to the notes can fluctuate significantly based on fluctuations in the fair value of the Company's common stock, as well as in the volatility of the stock price during the term used for observation and the term remaining for the warrants.

The significant fluctuations can create significant income and expense items on the financial statements of the Company.

NOTE – 6 DERIVATIVE LIABILITIES (continued)

Because the terms of the 2008 and 2013 convertible note require such classification, the accounting rules required additional convertible notes and non-employee warrants to also be classified as liabilities, regardless of the terms of the new notes and / or warrants. This presumption has been made due to the Company no longer having the control to physical or net share settle subsequent convertible instruments because it is tainted by the terms of the notes. Were the notes to not have contained those terms or even if the transactions were not entered into, it could have altered the treatment of the other notes and the conversion features of the latter agreement may have resulted in a different accounting treatment from the liability classification. The current note, as well as any subsequent convertible notes or warrants, will be treated as derivative liabilities until all such provisions are settled.

For the years ended December 31, 2013 and 2012, the Company recorded Other Income (expense) of approximately $4,123,700 and $619,500, respectively, related to the derivative features of the convertible debt.

The balance of the carrying value of the derivative liability as of December 31, 2013 is as follows:

$	619,509	December 31, 2012 value of derivative liability
	4,123,708	Increase in value of derivative liability
$	4,743,217	December 31, 2013 value of derivative liability

The balance of the carrying value of the derivative liability as of December 31, 2012 is as follows:

$	-0-	December 31, 2011 value of derivative liability
	619,509	Increase in value of derivative liability
$	619,509	December 31, 2012 value of derivative liability

During February 2012, the Company and former owners of HIRS agreed that the Stock Purchase Agreement of February 2008 is in default and that the patents and properties under that agreement would be returned to the former owners of HIRS in exchange for release of the acquisition debt (Note 1).

All convertible notes are issued to the same group, thus no conflict exists with security in the first priority interest in the Company's assets.

NOTE 7 – NOTES PAYABLE

Hollund Robitics' Acquisition Debt

During February 2008, the Company finalized a Stock Purchase Agreement between the Company; Hollund Robotics and its shareholders relating to the purchase and sale of 100 percent of the common stock of Hollund Industrial Robotics Systems Inc. (Notes 1 and 3)

During May 2008, the Company entered into an agreement to exchange $2,000,000 of Hollund Robotics acquisition debt into convertible debentures (Note 5).

During November 2009, the Company issued 700,000 shares of Series B Preferred Stock as partial payment on the debt owed for the HIRS acquisition and previously recorded accrued interest. Since the value of the shares was estimated to be $1,400,000, the Company recorded additional interest expense (Note 3).

The remaining balance of the acquisition debt of approximately $330,000 at December 31, 2010 is payable no later than February 2011 and accrues interest at a rate of 4 percent per annum. During 2011, the maturity of the note was changed to February 2012.

During February 2012, the Company and former owners of HIRS agreed that the Stock Purchase Agreement of February 2008 is in default and that the patents and properties under that agreement would

NOTE 7 – NOTES PAYABLE (continued)

be returned to the former owners of HIRS in exchange for release of the acquisition debt (Note 1).

Notes Payable- Related Parties

Shareholder of Hollund Industrial Robotics Inc.

During the years ended December 31, 2013 and 2012, the Company was advanced $235,700 and $112,700, respectively, from a shareholder of Hollund Industrial Robotics Inc. ("HIRS"). Effective July 1, 2013, the advances bear interest at 10 percent and have no set maturity date. As the Company anticipates repayment of such costs before after October 1, 2014, the note payable is classified as short term in the balance sheet.

As of December 31, 2013 and 2012, the Company's unpaid advances were approximately $382,000 and $146,000, respectively, and accrued interest was $25,000 and $-0-, respectively.

Former Company Officer

On August 19, 2013, the Company entered into a Loan Agreement with a former Company officer, totaling $5,000. The loan agreement bears interest at 20 percent and is due on August 27, 2013. As of December 31, 2013, the Company's unpaid note payable and accrued interest balances were approximately $5,000 and $1,000, respectively.

Company Shareholders

During September 2013, the Company was loaned $5,000 by a shareholder. As of December 31, 2013, the terms of the loan had not been finalized.

During May 2011, the Company entered into agreement to repurchase 5,000 of the former Class B shares for $50,000 and the cancellation of a $25,000 note payable. Payment terms to repurchase the shares and cancel the note payable are as follows: non-interest bearing notes, $15,000 payable within the first 120 days following the execution of the agreements with the unpaid balance due before May 5, 2012. In addition, the former Class B shareholder received 1,000,000 restricted common shares from the Company. At the sole discretion of the former Class B shareholder, the shareholder may request the restriction be removed for up to ten percent (10% or 200,000) of the common shares every 90 days following the execution of the agreement or from the date of the previous restriction removal.

During May 2011, the Company entered into two separate other agreements to repurchase an aggregate of 5,000 of the former Class B shares for a total of $50,000. Payment terms to repurchase the shares are as follows: non-interest bearing notes, $20,000 payable within the first 120 days following the execution of the agreements with the unpaid balance due before May 5, 2012.

During the quarter ended September 30, 2012, a former shareholder of HIRS agreed to exchange 250 shares of Class C Preferred Stock in full settlement of a $50,000 note payable

Notes Payable- Other

During November 2013, the Company entered into a Settlement Agreement with a consultant, totaling $84,124. The Agreement requires the Company to remit $15,000, payable in six installments of $2,500 with the first payment due on December 31, 2013 and five subsequent monthly installments payable on the first day of each month. The balance of the amount owed shall be paid by the consultant receiving 699.86 Preferred Class C shares.

The consultant agreed that for a period of 24 months from the date of the Agreement, the consultant

would make available the shares to repurchase by the Company at a purchase price of $100 per share, so long as the Company is not in default of the Agreement.

NOTE 7 – NOTES PAYABLE (continued)

After 24 months from the date of the Agreement, the shares will become free trading.

NOTE – 8 STOCKHOLDERS EQUITY

Share Based Payments

As previously noted in Note 2, the Company adopted SFAS No. 123 which establishes standards for the accounting of transactions in which an entity exchanges its equity instruments for goods or services, primarily focusing on accounting for transactions where an entity obtains services in share based payment transactions. SFAS No. 123(R) requires a public entity to measure the cost of services received in exchange for an award of equity instruments, including stock warrants, based on the grant date fair value of the award and to recognize it as compensation expense over the period required to provide service in exchange for the award, usually the vesting period.

Stock based compensation expense recognized during the years ended December 31, 2013 and 2012 are based on the value of the portion of share based payment awards that are ultimately expected to vest during the period. As stock based compensation expense recognized in the statement of operations for 2013 and 2012 has been based on awards currently vested, it was not necessary to reduce compensation expense for estimated forfeitures. SFAS No. 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

SFAS No. 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those warrants to be classified as financing cash flows. Due to the Company's loss position, there were no such tax benefits during the years ended December 31, 2013 and 2012. The fair value of stock based awards is calculated using the Black Scholes option pricing model, even though this model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Company's stock awards. The Black Scholes model also requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The risk free rate selected to value any particular grant is based on the United States Treasury's T-bill rate (6.5%). The expected volatility is based on the historical volatility of the Company's stock price. These factors could change in the future, affecting the determination of stock based compensation expense in future periods.

The weighted average fair value of stock based compensation is based on the single option valuation approach. Forfeitures are estimated and it is assumed no dividends will be declared. The estimated fair value of stock based compensation awards are amortized using the straight-line method over the vesting period of the restricted common shares; as such method is consistent with the consultant's contractual obligation.

The Company's fair value calculations for stock based compensation awards for the years ended December 31, 2013 and 2012 were based on the following assumptions:

	2013	2012
Expected life in years	1 - 2	1 – 2
Stock price volatility	1095-1175%	1095-1175%
Risk free interest rate	6.5%	6.5%
Expected dividends	None	None

The following table summarizes stock based compensation, consulting and interest costs related to common shares under SFAS No. 123(R) for the years ended December 31, 2013 and 2012 and for the period October 6, 2006 (date of inception) through December 31, 2013 is allocated as follows:

NOTE – 8 STOCKHOLDERS EQUITY (continued)

	2013	2012	Inception to date
Officer compensation	$ -	$ 120,000	$ 286,694
Compensation to Founders	-	-	253,689
Compensation to former officers	-	-	330,000
Professional fees	2,200	(138,445)	445,860
Interest	12,500	(65,038)	655,701
Total stock based compensation	$ 14,700	$ (103,483)	$ 1,971,944

Common Shares

The holders of Common Stock have one vote per share on all matters (including election of Directors) without provisions for cumulative voting. The Common Stock is not redeemable and has no conversion or preemptive rights.

In the event of liquidation of the Company, the holders of Common Stock will share equally in any balance of the Company's assets available for distribution to them after satisfaction of creditors and the holders of the Company's preferred securities. The Company may pay dividends, in cash or in securities or other property, when and as declared by the Board of Directors from assets legally available. To date, the Company has not declared or paid dividends on its Common Stock.

Stock Issued

During July 2007, the Company issued to its founders an aggregate total of 10,300,000 shares of common stock with an approximate value of $273,700. As the common stock was issued at below the Company's market price at the date of grant ($0.029 cost per share), the Company recorded compensation expense relating to the estimated value of these shares of approximately $254,000.

During July 2007, the Company issued to its former officers an aggregate total of 180,000,000 shares of common stock with an approximate value of $330,000. As the common stock was issued at below the Company's market price at the date of grant (nil per share), the Company recorded compensation expense relating to the estimated value of these shares.

During March 2008, the Company issued 750,000 shares of Hollund Industrial Inc. common stock with and approximate value of $25,000 to the Legacy Investment Club (Note 3).

During October 2008, the Company issued its two officer's an aggregate of 3,000,000 shares with an approximate total value of $60,000 for previously unpaid compensation. As the common stock was issued at below the Company's market price at the date of grant ($0.09 cost per share), the Company recorded compensation expense relating to the estimated value of these shares of approximately $222,000.

During July 2010, the Company issued to a consultant an aggregate total of 5,300,000,000 shares of common stock with an approximate value of $77,327. As the common stock was issued at below the Company's market price at the date of grant (nil cost per share), the Company recorded compensation expense relating to the estimated value of these shares.

During February 2011, the Company committed to issue its two officers an aggregate of 4,000,000 shares with an approximate value of $82,000 as a signing bonus. During April 2011, the Company issued to its officers an aggregate of 2,000,000 shares and recorded a stock liability for the balance of common shares

NOTE – 8 STOCKHOLDERS EQUITY (continued)

due. During July 2011, the Company issued to one of its officers the remaining 1,000,000 shares due from his signing bonus. As the common shares were granted at below the Company's market price (nil cost per share), the Company recorded compensation expense relating to the estimated value of these shares.

Also during February 2011, the Company entered into an agreement whereby it issued 410,000,000 with an approximate value of $246,000 to a consultant. As the common shares were granted at below the Company's market price (nil cost per share), the Company recorded compensation expense relating to the estimated value of these shares. During November 2011, the Company and consultant decided to cancel the agreement due to nonperformance of services and the consultant surrendered 200,000,000 shares back to the Company.

During the quarter ended March 2012, the holders of the Class C preferred shares converted 45.8 shares into 45,800,000 common shares.

During June 2012, the Company entered into consulting agreements to provide advice relating to the international marketing of the company's underwater wood harvester and marketing its products in the Asian market, as well as, introductions to investor relation firms who specialize in creating customer awareness for a public company. The consulting agreements are for one year and require the Company to issue 5,873,000,000 common shares, with an approximate value of approximately $112,500 to the consultants upon execution of the agreement. As the common stock was issued at below the Company's market price at the date of grant (nil cost per share), the Company will record compensation expense relating to the estimated value of these shares.

During the year ended June 2012, the Company entered into consulting agreements to provide advice relating to the international marketing of the company's underwater wood harvester and marketing its products in the Asian market, as well as, introductions to investor relation firms who specialize in creating customer awareness for a public company. The consulting agreements are for one year and require the Company to issue 5,500,000,000 common shares, with an approximate value of approximately $55,000 to the consultants upon execution of the agreement. As the common stock was issued at below the Company's market price at the date of grant (nil cost per share), the Company recorded compensation expense relating to the estimated value of these shares.

During the quarter ended September 30, 2012, the Company and the consultant decided to cancel a portion of the agreement due to nonperformance of services and the consultant surrendered 4,312,000,000 shares back to the Company. The estimated value of the surrendered shares of approximately $42,100 was recorded as a reduction in consulting expense.

During the quarter ended June 2012, the holders of the Class C preferred shares converted 1,565 shares into 1,565,000,000 common shares.

During September 2012, the Company issued to one of its officers an aggregate total of 25,000,000 shares of common stock with an approximate value of $20,000. As the common stock was issued at below the Company's market price at the date of grant (nil per share), the Company recorded compensation expense relating to the estimated value of these shares.

During the quarter ended September 2012, the holders of the Class C preferred shares converted 874 shares into 874,000,000 common shares.

Also during the quarter ended September 2012, an investor purchased 300 Class C preferred shares which required the Company to hold in reserve 300,000,000 common shares.

During the quarter ended December 31, 2012, the Company and the consultant decided to cancel a portion of the agreement due to nonperformance of services and the consultant surrendered 700,000,000 shares back to the Company. The estimated value of the surrendered shares of approximately $13,400 was recorded as a reduction in consulting expense.

NOTE – 8 STOCKHOLDERS EQUITY (continued)

During the quarter ended December 2012, the holders of the Class C preferred shares converted 200 shares into 200,000,000 common shares.

During the quarter ended March 2013, the holders of the Class C preferred shares converted 1,109 shares into 1,109,000,000 common shares.

During the quarter ended June 2013, the Company and the consultant decided to cancel a portion of the agreement due to nonperformance of services and the consultant surrendered 400,000,000 shares back to the Company. The estimated value of the surrendered shares of approximately $800 was recorded as a reduction in consulting expense.

During the quarter ended June 2013, the holders of the Class C preferred shares converted 3,921 shares into 3,921,000,000 common shares.

On September 24, 2013, the Company's Board of Directors voted to increase the number of shares of authorized common stock from 10,000,000,000 to 20,000,000,000.

During the quarter ended September 2013, the Company authorized to issue 125,000,000 common shares for additional interest on certain convertible notes valued at approximately $12,500 (Note 5). All shares of stock are fully vested upon issuance. The values recorded were based on the estimated fair value of the stock on the date of grant.

During the quarter ended September 2013, the holders of the Class C preferred shares converted 1,867 shares into 1,867,000,000 common shares.

Also during the quarter ended September 2013, the Company purchased at $-0- cost, 1,328,300,000 shares of capital stock which the Company put in treasury and then cancelled as of September 30, 2013.

During the quarter ended December 2013, the holders of the Class C preferred shares converted 2,320 shares into 2,320,000,000 common shares.

As of December 31, 2013 and 2012, there were 11,803,041,272 and 4,189,341,772 shares issued and outstanding, respectively.

Preferred Shares

Class A

The Company has authorized 2,000,000 preferred shares at a par value of $0.001 per share.

If at least one share of Series A Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series A Preferred Stock at any given time, regardless of their number, shall be convertible into the number of shares of Common Stock which equals 75% of the total number of shares of Common Stock which are issued and outstanding at the time of conversion.

Shares of Preferred Stock may only be issued in exchange for the partial or full retirement of debt held by Management, employees, consultants, or those creditors that are designated, as voted upon by a majority of the Board of Directors, to receive Series A Preferred Stock. The number of Shares of Preferred Stock to be issued to each qualified person (number of Management, employee, consultant or creditor of the company) holding a Note shall be determined by the following formula: number of U.S. dollars = number of shares of Series A of debt retired Preferred Stock to be issued (E.g.: US$1 of debt retired = l share of Series A Preferred Stock) lf at least one share of Series A Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series A Preferred Stock at any given time, regardless of their number, shall have voting rights equal to 75% of the total number of shares of Common Stock issued and outstanding at the time of any vote of shareholders, divided by the number of shares of Series A Preferred Shares, which are issued and outstanding at the time of the vote.

NOTE – 8 STOCKHOLDERS EQUITY (continued)

During November 2009, the Company issued an officer of the Company one share of Series A Preferred Stock to retire previously accrued compensation of $92,700.

During November 2009, the Company issued another officer of the Company one share of Series A Preferred Stock to retire previously accrued compensation of $92,700.

During January 2011, the Company's Board of Directors decided to cancel all Series A Preferred Stock and record accrued officer compensation of $185,400.

During September 2013, the Company authorized to issue one share of Series A Preferred Stock to each of its officers for $100 per share payable in 120 days after issuance of the stock

As of December 31, 2013 and 2012, there were 2 and -0- shares issued and outstanding, respectively.

Class B

The Company has authorized 10,000,000 preferred shares at a par value of $0.001 per share. .

The holders of Series B Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. As of December 31, 2013, no dividends have been declared.

Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series B Preferred Stock, the holders of the Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation an amount equal to $1.00 per share (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) (the "Preference Value"), plus all declared but unpaid dividends, for each share of Series B Preferred Stock held by them. After the payment of the full applicable Preference Value of each share of the Series B Preferred Stock, as set forth herein, the remaining assets of the Corporation legally available for distribution, if any, shall be distributed ratably to the holders of the Corporation's Common Stock.

Each share of Series B Preferred Stock shall be convertible, at any time, and/or from time to time, into the number of shares of the Corporation's common stock, par value $0.000001 per share (the "Common Stock") equal to the price of the Series B Preferred Stock as stated, divided by the par value of the Common Stock, subject to adjustment as may be determined by the Board of Directors from time to time (the "Conversion Rate"). For example, assuming a $2 price per share of Series B Preferred Stock, and a par value of $0.000001 per share for Common Stock, each share of Series B Preferred Stock would be convertible into 2,000,000 shares of Common Stock. Such conversion shall be deemed to be effective on the business day (the "Conversion Date") following the receipt by the Corporation of written notice from the holder of the Series B Preferred Stock of the holders intention to convert the shares of Series B Stock, together with the holders stock certificate or certificates evidencing the Series B Preferred Stock to be converted.

Promptly after the Conversion Date, the Corporation shall issue and deliver to such holder a certificate or certificates for the number of full shares of Common Stock issuable to the holder pursuant to the holder's conversion of Series B Preferred Shares in accordance with the provisions of this Section. The stock certificate(s) evidencing the Common Stock shall be issued with a restrictive legend indicating that it was issued in a transaction exempt from registration under the Securities Act of 1933, as amended {the "Securities Act"), and that it cannot be transferred unless it is so registered, or an exemption from registration is available, in the opinion of counsel to the Corporation. The Common Stock shall be issued in the same name as the person who is the holder of the Series B Preferred Stock unless, in the opinion of counsel to the Corporation, such transfer can be made in compliance with applicable securities laws. The person in whose name the certificate(s) of Common Stock are so registered shall be treated as a holder of shares of Common Stock of the Corporation on the date the Common Stock certificate(s) are so issued.

NOTE – 8 STOCKHOLDERS EQUITY (continued)

All shares of Common Stock delivered upon conversion of the Series B Preferred Shares as provided herein shall be duly and validly issued and fully paid and non-assessable. Effective as of the Conversion Date, such converted Series B Preferred Shares shall no longer be deemed to be outstanding and all rights of the holder with respect to such shares shall immediately terminate except the right to receive the shares of Common Stock issuable upon such conversion.

The Corporation covenants that it will at all times reserve and keep available out of its authorized but unissued shares of' Common Stock, for the purpose of effecting conversions of the Series B Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding shares of the Series B Preferred Stock not converted. For purposes of this Section, the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of the Series B Preferred Stock shall be computed as if at the time of computation a single holder held all the outstanding shares.

Shares of Series B Preferred Stock are anti-dilutive to reverse splits, and therefore in the case of a reverse split, are convertible to the number of Common Shares after the reverse split as would have been equal to the ratio established prior to the reverse split. Shares of Series B Preferred Stock, however, would participate in forward splits, and may not be diluted by a reverse split following a forward split

Each share of Series B Preferred Stock shall have one vote for any election or other vote placed before the shareholders of the Company.

The initial price of each share of Series B Preferred Stock shall be $2.00.

The price of each share of Series B Preferred Stock may be changed either through a majority vote of the Board of Directors through a resolution at a meeting of the Board, or through a resolution passed at an Action Without Meeting of the unanimous Board, until such time as a listed secondary and/or listed public market develops for the Shares.

Shares of Series B Preferred Stock may not be converted into shares of Common Stock for a period of a) six (6) months after purchase, if the Company voluntarily or involuntarily files public reports pursuant to Section 12 or 15 of the Securities Exchange Act of 1934; or b) twelve (12) months if the Company does not file such public reports.

During October 2009, the Company issued to a consultant 40,000 shares of Series B Preferred Stock for services to be rendered. The value of the shares was estimated to be $80,000.

During November 2009, the Company issued to various consultants 170,000 shares of Series B Preferred Stock for services to be rendered. The value of the shares was estimated to be $340,000.

Also during November 2009, the Company issued 700,000 shares of Series B Preferred Stock as partial payment on the debt owed for the HIRS acquisition (Note 3). The value of the shares was estimated to be $1,400,000.

During November 2010, the Company issued to various consultants 10,000 shares of Series B Preferred Stock for services to be rendered. The value of the shares was estimated to be $20,000.

During February 2011, the Company's Board of Directors decided to cancel all Series B Preferred Stock and issue certain Class B shareholders a new class called Series C Preferred Stock.

During April 2011, the Company entered into an agreement to convert 700,000 shares of the former

Series B Preferred Stock into Series C Preferred Stock.

Additionally, during April 2011, five consultants surrendered to the Company 210,000 shares of the former Series B Preferred Stock due to their failure to perform certain contractual obligations.

NOTE – 8 STOCKHOLDERS EQUITY (continued)

During August 2011, the Company changed the authorized Class B Preferred shares from 10,000,000 to 700,000 Class B Preferred shares at a par value of $0.001 per share.

As of December 31, 2013 and 2012, there were -0- and -0- shares issued and outstanding, respectively.

Class C

During April 2011, the Company authorized 10,000,000 preferred shares at a par value of $0.000001 per share.

The holders of Series C Preferred Stock shall be entitled to receive dividends when, as and if declared by the Board of Directors, in its sole discretion. As of December 31, 2013, no dividends have been declared.

Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any stock ranking junior to the Series B Preferred Stock, the holders of the Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation an amount equal to $1.00 per share (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) (the "Preference Value"), plus all declared but unpaid dividends, for each share of Series B Preferred Stock held by them. After the payment of the full applicable Preference Value of each share of the Series B Preferred Stock, as set forth herein, the remaining assets of the Corporation legally available for distribution, if any, shall be distributed ratably to the holders of the Corporation's Common Stock.

Each share of Series C Preferred Stock shall be convertible, at any time, and/or from time to time, into the number of shares of the Corporation's common stock, par value $0.000001 per share (the "Common Stock") equal to the price of the Series C Preferred Stock as stated, divided by the par value of the Common Stock, subject to adjustment as may be determined by the Board of Directors from time to time (the "Conversion Rate"). For example, assuming a $2 price per share of Series C Preferred Stock, and a par value of $0.000001 per share for Common Stock, each share of Series C Preferred Stock would be convertible into 2,000,000 shares of Common Stock. Such conversion shall be deemed to be effective on the business day (the "Conversion Date") following the receipt by the Corporation of written notice from the holder of the Series B Preferred Stock of the holder's intention to convert the shares of Series C Stock, together with the holder's stock certificate or certificates evidencing the Series C Preferred Stock to be converted.

Promptly after the Conversion Date, the Corporation shall issue and deliver to such holder a certificate or certificates for the number of full shares of Common Stock issuable to the holder pursuant to the holder's conversion of Series C Preferred Shares in accordance with the provisions of this Section. The stock cer1ificate(s) evidencing the Common Stock shall be issued with a restrictive legend indicating that it was issued in a transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and that it cannot be transferred unless it is so registered, or an exemption from registration is available, in the opinion of counsel to the Corporation. The Common Stock shall be issued in the same name as the person who is the holder of the Series C Preferred Stock unless, in the opinion of counsel to the Corporation, such transfer can be made in compliance with applicable securities laws. The person in whose name the certificate(s) of Common Stock are so registered shall be treated as a holder of shares of Common Stock of the Corporation on the date the Common Stock certificate(s) are so issued.

All shares of Common Stock delivered upon conversion of the Series C Preferred Shares as provided herein shall be duly and validly issued and fully paid and non-assessable. Effective as of the Conversion Date, such converted Series C Preferred Shares shall no longer be deemed to be outstanding and all rights of the holder with respect to such shares shall immediately terminate except the right to receive the shares of Common Stock issuable upon such conversion.

The Corporation covenants that it will at all times reserve and keep available out of its authorized but unissued shares of' Common Stock, for the purpose of effecting conversions of the Series C Preferred

NOTE – 8 STOCKHOLDERS EQUITY (continued)

Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding shares of the Series C Preferred Stock not converted. For purposes of this Section, the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of the Series C Preferred Stock shall be computed as if at the time of computation a single holder held all the outstanding shares.

Shares of Series C Preferred Stock are anti-dilutive to reverse splits, and therefore in the case of a reverse split, are convertible to the number of Common Shares after the reverse split as would have been equal to the ratio established in Section ll.4(a) prior to the reverse split. Shares of Series B Preferred Stock, however, would participate in forward splits, and may not be diluted by a reverse split following a forward split

Each share of Series C Preferred Stock shall have one vote for any election or other vote placed before the shareholders of the Company.

The initial price of each share of Series C Preferred Stock shall be $2.00.

The price of each share of Series C Preferred Stock may be changed either through a majority vote of the Board of Directors through a resolution at a meeting of the Board, or through a resolution passed at an Action Without Meeting of the unanimous Board, until such time as a listed secondary and/or listed public market develops for the Shares.

Shares of Series C Preferred Stock may not be converted into shares of Common Stock for a period of a) six (6) months after purchase, if the Company voluntarily or involuntarily files public reports pursuant to Section 12 or 15 of the Securities Exchange Act of 1934; or b) twelve (12) months if the Company does not file such public reports.

During April 2011, the Company entered into an agreement to convert 700,000 shares of the former Series B Preferred Stock into Series C Preferred Stock. The Series B Preferred Stock was originally issued by the Company as partial payment on the debt owed for the HIRS acquisition. The estimated value of the shares is $1,400,000.

During August 2011, the Company changed the authorized Class C Preferred shares from 10,000,000 to 700,000 Class B Preferred shares at a par value of $0.000001 per share.

During February 2012, the Company and former owners of HIRS agreed that the Stock Purchase Agreement of February 2008 is in default and that the patents and properties under that agreement would be returned to the former owners of HIRS in exchange for release of the acquisition debt (Note 1).

During the quarter ended March 31, 2012, the holder of the Class C preferred shares converted 45.8 shares into 45,800,000 common shares.

During April 2012, the Company entered into an agreement to issue 345,217 shares with an approximate total value of $690,300 for previously unpaid interest. As the shares will be issued at below the Company's estimated market value at the date of grant ($2 per share), the Company will record additional interest expense of approximately $233,300 relating to the estimated value of these shares.

During the quarter ended June 30, 2012, the holder of the Class C preferred shares converted 1,565 shares into 1,565,000,000 common shares.

During the quarter ended September 30, 2012, the holders of the Class C preferred shares converted 874 shares into 874,000,000 common shares.

Additionally, a former shareholder of HIRS agreed to exchange 250 shares of Class C Preferred Stock in full settlement of a $50,000 note payable.

NOTE – 8 STOCKHOLDERS EQUITY (continued)

Finally, during the quarter ended September 30, 2012, an investor purchased 300 Class C preferred shares which required the Company to hold in reserve 300,000,000 common shares.

During the quarter ended December 31, 2012, the holders of the Class C preferred shares converted 200 shares into 200,000,000 common shares.

During the quarter ended March 2013, the holders of the Class C preferred shares converted 1,909 shares into 1,909,000,000 common shares.

During the quarter ended June 2013, the holders of the Class C preferred shares converted 3,521 shares into 3,521,000,000 common shares.

During the quarter ended September 2013, the holders of the Class C preferred shares converted 1,867 shares into 1,867,000,000 common shares.

During the quarter ended December 2013, the holders of the Class C preferred shares converted 2,320 shares into 2,320,000,000 common shares.

As of December 31, 2013 and 2012, there were 687,994 and 697,341 shares issued and outstanding, respectively.

During January 2014, the Company announced that it had reached an amicable agreement with its largest Preferred C shareholder to irrevocably eliminate 99.5 percent of his holdings. In order to reach this agreement and have the Shareholder cancel 99.5% of his Shares, the Company agreed in exchange to cancel the MOU between the parties relinquishing the Worldwide Exclusive license agreement. Subsequently, the Shareholder then granted the Company the First Right of Refusal or First Rights to market, sell, make, have made, use, maintain, manage and operate the Tiger-Lynk solely where it applies to the recovery of timber from underwater environments whether man-made or otherwise.

NOTE 9 – RELATED PARTY TRANSACTIONS

During September 2006, the Company's Founder paid certain administrative costs on behalf of the Company. The Company reimbursed the Founder for these costs, along with unpaid compensation, through the issuance of 10,300,000 shares of common stock.

During July 2007, the Company issued to its former officers an aggregate total of 180,000,000 shares of common stock with an approximate value of $330,000 for previously unpaid compensation.

During October 2007, the Company entered into an employment agreement with an officer containing the following terms: duration from October 30, 2007 through October 30, 2008; annual salary of $60,000 (net of applicable income taxes); stock signing bonus of 1,000,000 free trading common shares; either party can terminate the agreement with one month advance written notification; and, the contract is governed by the laws of the State of Missouri. During October 2008; 2009 and 2010, the Company extended the period of the employment agreement at similar terms (excluding signing bonus). During April 2012, the amount owed was convertied to a note agreement (Note 5).

During October 2008, the Company issued its officers an aggregate of 3,000,000 shares of common stock with an approximate total value of $60,000 for previously unpaid compensation.

During October 2007, the Company entered into an employment agreement with another officer containing the following terms: duration from October 30, 2007 through October 30, 2008; annual salary of $60,000 (net of applicable income taxes); stock signing bonus of 1,000,000 free trading common shares; either party can terminate the agreement with one month advance written notification; and, the contract is governed by the laws of the State of Florida. During October 2008; 2009 and 2010, the Company extended the period of the employment agreement at similar terms (excluding signing bonus).

NOTE – 9 RELATED PARTY TRANSACTIONS (continued)

During 2008 through 2013, the Company received advances from a shareholder of Hollund Robotics to support the Company's continuing operations. As of December 31, 2013 and 2012, the Company's unpaid advances were approximately $382,000 and $146,000 respectively.

During December 2007 and January 2008, the Company entered into Line of Credit Agreements with Jasmine Investments LLC and Network International Credit & Collections LTD, both shareholders of the Company. As of December 31, 2013 and 2012, the advances under the lines of credit were approximately $53,000.

During May 2011, the Company issued to its convertible note holder and owner of HIRS an aggregate total of 400,000,000 shares of common stock with an approximate value of $40,000. During July 2011, the note holder cancelled the conversion of 400,000,000 shares of common stock and surrendered the shares back to the Company.

During December 2011, the Company issued to its convertible note holder and owner of HIRS an aggregate total of 80,000,000 shares of common stock with an approximate value of $64,000.

During February 2012, the Company and owners of HIRS agreed that the Stock Purchase Agreement of February 2008 is in default and that the patents and properties under that agreement would be returned to the owners of HIRS in exchange for release of the acquisition debt.

During the quarter ended June 30, 2012, the Company and the former owner of HIRS reached an agreement whereby, the Company agreed to reimburse the former owner of HIRS for any corporate start-up costs he incurred ($720,859). As of December 31, 2013, the Company had not yet repaid such costs.

During the quarter ended September 2012, the shareholder of HIRS agreed to exchange 250 shares of Class C Preferred Stock in full settlement of a $50,000 note payable to a former shareholder of HIMR.

During the quarter ended December 31, 2012, the Company entered into employment agreements for past and future services with its officers / directors containing the following terms: duration from December 15, 2012 through December 15, 2014 with the term of the agreement automatically renewing for an additional one year unless either party notifies the other of its desire not to renew; annual salary of $36,000, $48,000 and $60,000 for the first, second and third years, respectively, however, such payments shall be deferred until the Company receives sufficient financing in the Board's sole discretion after the effective date of the agreement; stock signing bonus of 25,000,000 restricted common shares with 9,000,000 restricted shares upon the execution of the agreement and the remaining shares vesting in eight equal quarterly installments of 2,000,000 shares each.

Currently, the Company operates out of space offered without charge by the directors of the Company, and therefore does not currently pay any lease for office space. In addition, the Company leases office space from North Cal Wood Products. The lease is for one year at $200 per month.

NOTE – 10 INCOME TAXES

The Company determines whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, the Company measures the tax position to determine the amount to recognize in the financial statements. The Company performed a review of its material tax positions at December 31, 2013 and 2012. The Company determined that non-cash compensation costs and interest expense were deducted in error in arriving at the determination of historical cumulative net operating losses. The Company intends to file amended tax returns for the years affected and determined that the overall cumulative impact to be an immaterial reduction of the net operating loss carryforwards. The Company does not expect to incur any penalties or interest related to the amendments.

The income tax provision differs from the amount of income tax determined by applying the U.S. federal and state income tax rates of 39% to pretax income from continuing operations for the years ended

NOTE – 10 INCOME TAXES (continued)

December 31, 2013 and 2012.

Due to the uncertainty of the utilization of net operating loss carry forwards, a valuation allowance has been made to the extent of any tax benefit that net-operating losses may generate. A provision for income taxes has not been made due to net operating loss carry-forwards of $9,307,000 as of December 31, 2013, which may be offset against future taxable income through 2030. No tax benefit has been reported in the financial statements.

NOTE - 11 CONTINGENCIES

In the opinion of management, there are no legal proceedings pending or threatened, or judgments entered against the Company or any of our directors or officers in their capacity as such requiring recognition or disclosure as a loss contingency.

NOTE 12 – SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred from the balance sheet date of December 31, 2013 through the financial statements issue date. During this period, except as noted below, there were no events or transactions occurring which require recognition or disclosure in the financial statements.

During January 2014, the Company announced that it had reached an amicable agreement with its largest Preferred C shareholder to irrevocably eliminate 99.5 percent of his holdings. Company management believes that by eliminating the largest majority of its preferred shares, there will be substantially less dilution of its common stock. In order to reach this agreement and have the Shareholder cancel 99.5% of his Shares, the Company agreed in exchange to cancel the MOU between the parties relinquishing the Worldwide Exclusive license agreement. Subsequently, the Shareholder then granted the Company the First Right of Refusal or First Rights to market, sell, make, have made, use, maintain, manage and operate the Tiger-Lynk solely where it applies to the recovery of timber from underwater environments whether man-made or otherwise.

Also, during January 2014, the Company announced that subject to final board approval, the Company plans to initiate a two-phase stock buyback program to reacquire up to 5 billion shares of its common stock.

During March 2014, the Company entered a $50,000 Promissory Note Agreement with Lonnie Hayward, a natural person. The convertible note agreement bears interest at 10 percent and has no set maturity date.

The note may be repaid in whole or in part any time prior to maturity. The note is convertible, at the investors' sole discretion, into common shares at $0.001. As additional inducement for the Lender to enter into the agreement, the Company will (i) pledge 0.625 percent of the Company's gross profits to pay any interest payments due under the Note, (ii) promise to pay 0.75 percent of the Company gross profit from the Bayano Concession after the maturity date of the Note through the completion of the work on the Bayano Concession. The number of common shares issuable upon the conversion of the note is limited to 4.9 percent in beneficial ownership by the lender of the outstanding shares of common stock. The note does not automatically convert to common shares on its due date.