

**ITONIS INC.**  
**NEVADA COMPANY**  
**QUARTERLY REPORT**

As of August 31, 2014

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

*The exact name of the Issuer is Itonis, Inc.*

*Name Change history:*

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

**Item 2: The address of its principal executive offices:**

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

*Email: [mark@itonisholdings.com](mailto:mark@itonisholdings.com) Website: [www.itonisholdings.com](http://www.itonisholdings.com)*

**Item 3: Security Information.**

**A. Par or Stated Value for each class of Securities**

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

NO CUSIP number for the preferred.

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

*Period end date: August 31, 2014*

*Authorized Shares: 1,000M Common Shares, 5M Preferred Shares*

*Outstanding Shares: 930,377,519 Common Shares, 0 Preferred Shares*

*Public Float: Approx 569,631,717*

*Number of Beneficial Shareholders: Approx 1*

*Total number of Shareholders: Approx 662*

*Period end date: November 30, 2013*

*Authorized Shares: 1,000M Common Shares, 5M Preferred Shares*

*Outstanding Shares: 902,044,186 Common Shares, 0 Preferred Shares*

*Public Float: 154,828,864*

*Number of Beneficial Shareholders: Approx 1*

*Total number of Shareholders: 662*

*Period end date: November 30, 2012*

*Authorized Shares: 1,000M Common Shares, 5M Preferred Shares*

*Outstanding Shares: 777,044,186 Common Shares, 0 Preferred Shares*

*Public Float: 74,201,087*

*Number of Beneficial Shareholders: Approx 2*

*Total number of Shareholders: 662*

**C. Transfer Agent**

*Justeene Blankenship*

*Action Stock Transfer Corp.*

*2469 E. Fort Union Blvd.*

*Suite 214*

*Salt Lake City, UT 84121*

*(801) 274-1088*

*This Transfer Agent is registered under the Exchange Act. The regulatory authority of the*

*Transfer Agent is the United States Securities and Exchange Commission.*

**Item 4: Issuance History**

The following shares were issued during the Six month period ending May 31, 2014 and the twelve month period ending November 30, 2013.

## **Common Stock**

### **2013:**

- The Company issued 75,000,000 shares in exchange for consulting services and a note payable and accrued interest with a value of \$20,107.
- The Company refunded \$21,000 in stock payments.

### **2014:**

- The Company issued 106,333,333 shares for \$31,500 in debt
- Executives of the Company returned 80,000,000 shares of stock with a value of \$177,200.
- One of the principals of Paramount Discoveries, Inc., returned 28,000,000 share of common stock for failure to meet certain development milestones.
- The Company issued 80,000,000 shares with a value of \$176,000 for consulting services.

## **Item 5: Financial Statements**

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

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

- Balance Sheet for August 31, 2014 and 2013
- Statement of Income for the three and nine months ended August 31, 2014 and 2013
- Statement of changes in stockholders' equity as of August 31, 2014
- Statement of cash flows for the nine months ended August 31, 2014
- Financial Notes as of August 31, 2014

### **Management's Discussion and Analysis of Plan of Operation**

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

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto included in this report. The statements contained in this report that are not purely historical are forward-looking statements which would include,

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

### **Plan of Operation:**

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

The Company had focused its acquisition efforts in the scientific technology sector with its Paramount Discoveries and AppRocket.com projects, but recently had transitioned into the homeopathic industry.

Later in the Summer of 2012, Itonis announced its formation of an Itonis Pharmaceuticals division headed by Dr. Charles Hensley, Ph.D., who created the Zicam® cold remedy. Dr. Hensley and his team has developed an anti-nausea remedy called Emesyl™. As of the filing of this report, the Emesyl™ product is in the final stages of filing an NDC number with the Food & Drug Administration to enable the final manufacturing production. The manufacturer has confirmed that it be able to fill a production batch upon the regulatory finalization.

The Company has also announced a signed agreement with MyECheck, Inc. to license a mobile app to facilitate point of purchase transactions in the medical marijuana, gambling and general retail sectors. MyECheck is developing the app for delivery to the Company.

## **Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The Company is presently focused on developing and launching its first homeopathic anti-nausea product under the guidance of Dr. Charles Hensley. The product is expected to be sold over-the-counter to alleviate mild to moderate nausea. The Company's goal is to manufacture and market its anti-nausea product during this fiscal year to generate sales revenues. Presently, the Company has placed a manufacturing order for the first batch of its Emesyl™ product line.

The Company is positioning itself to receive the final mobile app from MyECheck, Inc.

### **Results of Operations:**

Itonis is a development stage company. The operating expenses occurred during the nine month period ended August 31, 2014 and 2013 were \$600,328 and \$590,990 respectively for a decrease of \$290,362. The decrease was mainly a decrease of \$291,355 in executive compensation.

In July 2012, the Company launched its internally-developed web portal for mobile and light computer applications under its [www.AppRocket.com](http://www.AppRocket.com) website.

In August 2012, the Company launched a new Itonis Pharmaceuticals division headed by Dr. Charles Hensley, Ph.D. to produce and market over the counter and prescription homeopathic preparations to treat both common ailments and chronic diseases. The Company has placed a manufacturing order for the first batch of its Emesyl™ product line.

In March 2014, the Company signed a licensing agreement with MyECheck, Inc. for the Company to implement a mobile app for point-of-purchase sales transactions in the medical marijuana, gambling, and general retail sectors.

### **Off-Balance Sheet Arrangements**

*There are no off balance sheet arrangements.*

### **Legal Proceedings**

First Capital filed a claim against Itonis in Miami Dade County, Florida on January 12, 2012 for breach of contract relating to an agreement entered into for shareholder relations. Itonis was not served and therefore did not respond. A default judgment was entered into against Itonis on March 6, 2012. Nothing has happened as of August 31, 2013. Itonis is reviewing its options in this matter.

**Item 6 Issuer's Business, Products and Services**

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

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

**B. Date and State of Incorporation;**

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

**C. the issuer's primary SIC code:**

*Primary* 6719

*Secondary* 6141

**D. the issuer's fiscal year end date;**

November 30

**E. principal products or services, and their markets;**

In August 2012, the Company launched a new Itonis Pharmaceuticals division headed by Dr. Charles Hensley, Ph.D. to produce and market over the counter and prescription homeopathic preparations to treat both common ailments and chronic diseases. The Company has placed a manufacturing order for the first batch of its Emesyl™ product line. The Company has identified the market for its Emesyl™ product line as the general public who suffers from nausea.

In March 2014, the Company signed a licensing agreement with MyECheck, Inc. for the Company to implement a mobile app for point-of-purchase sales transactions in the medical marijuana, gambling, and general retail sectors.

**Item 7 Issuer's Facilities**

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

**Item 8 Officers, Directors and Control Persons**

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

## **A. Officers and Directors**

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

### **Mark Cheung, CEO/President and Director.**

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

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

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

*Board Memberships/Affiliations:* Board Member, Consumer Credit Counseling Service of Orange County (2001 – present), which is a non-profit organization.

*Compensation:* In June 2012, the Company authorized the following compensation: For the 24 months from July 1, 2012 thru June 30, 2014: 61,000,000 shares of common stock restricted per SEC Rule 144, plus \$100,000.

### **Steve Pidliskey, Vice President/ Secretary**

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

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

*Compensation:* In June 2012, the Company authorized the following compensation: For the 24 months from September 1, 2012 thru August 30, 2014: 32,000,000 shares of common stock restricted per SEC Rule 144.

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

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

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

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

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

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

*Compensation:* In June 2012, the Company authorized the following compensation: For the 24 months from September 1, 2012 thru August 30, 2014: 20,000,000 shares of common stock restricted per SEC Rule 144.

**Sam Joudeh, Director**

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

*Employment History:*

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

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

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

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

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

*Compensation:* In June 2012, the Company authorized the following compensation: For the 24 months from July 1, 2012 thru June 30, 2014: 32,000,000 shares of common stock restricted per SEC Rule 144.

**B. Legal - Disclaimer History.**

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

*None.*

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

*None.*

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

*None.*

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

*None.*

**C. Beneficial Shareholders**

<u>Name of Beneficial Owner</u>	Shares of Common Stock <u>Owned</u>	<u>%</u>
Mark Cheung	89,000,000	10.4

**Item 9 Third Party Providers**

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

- 1. Investment Banker:**  
None.
- 2. Promoters:**  
None.
- 3. Counsel:**  
Owen Naccarato, Esq.  
Naccarato & Associates  
1100 Quail Street  
Suite 100  
Newport Beach, CA 92660  
(949) 851-9261  
Owen@owenn.com
- 4. Accountant or Auditor:**  
Michael Berg, CPA  
1562 Portola Drive  
San Francisco, CA 94127  
(415) 515-4090
- 5. Public Relations Consultant:**  
None
- 6. Investor Relations Consultant:**  
None
- 7. Advisory:**  
None

**Item 10      Issuer's Certificate**

**I, Mark Cheung, certify that:**

- 1, I have reviewed this quarterly disclosure statement of Itonis, Inc.
- 2, Based upon my knowledge, this disclosure statement does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and
- 3, Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement

October 20, 2014

/s/ Mark Cheung

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Mark Cheung  
President

**I, Donald Jolly, certify that:**

- 1, I have reviewed this quarterly disclosure statement of Itonis, Inc,
- 2, Based upon my knowledge, this disclosure statement does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement, and
- 3, Based upon my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement

October 20, 2014

/s/ Donald Jolly

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Donald Jolly  
Chief Financial Officer

**Itonis Inc.**  
**(formerly "Kenshou Inc.")**  
**Financial Statements and Footnotes**  
**For the Quarter Ended**  
**August 31, 2014**

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

	<u>August, 31 2014</u>	<u>November 30, 2013</u>
<b>Current assets</b>		
Cash	\$ 2,295	\$ 2,410
Prepaid expenses	-	246,283
Other Assets	-	30,000
Total current assets	<u>2,295</u>	<u>278,693</u>
Fixed Assets, net of depreciation of \$1,056	2,118	3,174
Inventory	18,000	
Capitalized License Fees	<u>50,000</u>	<u>640,000</u>
<b>Total assets</b>	<u>\$ 72,413</u>	<u>\$ 921,867</u>
<b>Liabilities and stockholders' deficit</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 141,747	\$ 145,189
Accounts payable - related parties	83,746	76,663
Derivative liability	13,560	3,240
Loan payable	202,687	114,454
Income taxes payable	3,200	3,200
Total current liabilities	<u>444,940</u>	<u>342,746</u>
<b>Total liabilities</b>	444,940	342,746
<b>Stockholders' deficit</b>		
Preferred stock; no par; \$.001 par; 5,000,000 authorized; and 0 and 0 issued and outstanding for the periods ended August 31, 2014 and November 31, 2013	-	-
Common stock; \$.001 par; 1,000,000,000 authorized; 930,377,519 and 852,044,186 issued and outstanding for the periods ended August 31, 2014 and November 30, 2013	930,377	852,044
Additional paid-in capital	13,020,353	13,130,986
Accumulated deficit	(8,155,232)	(7,235,884)
Accumulated deficit during the development stage	(6,168,025)	(6,168,025)
Total stockholders' deficit	<u>(372,527)</u>	<u>579,121</u>
<b>Total liabilities and stockholders' deficit</b>	<u>\$ 72,413</u>	<u>\$ 921,867</u>

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

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

**For the Quarter Ended August 31**

	<b>2014</b>	<b>2013</b>
<b>Revenues</b>	\$ -	\$ -
<b>OPERATING EXPENSES</b>		
Legal and professional fees	0	2,800
Executive compensation	0	173,175
General and administrative	9,128	17,568
Total operating expenses	9,128	193,543
<b>OTHER (INCOME) EXPENSE</b>		
Interest expense	-	-
Gain on Debt Forgiveness	-	-
Loss on Investment in Paramount	-	-
(Gain) loss on derivative liability	3,960	(850)
Total other (income) expense	3,960	(850)
<b>Net loss before taxes</b>	13,088	(192,693)
Income tax expense	0	0
<b>Net loss</b>	\$ 13,088	\$ (192,693)
<b>Basic loss per common share</b>	\$0.00	(\$0.00)
<b>Basic weighted average common shares</b>	930,377,519	852,044,186

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

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

	<b>For the Nine Months Ended</b>	
	<u>August 31, 2014</u>	<u>August 31, 2013</u>
<b>Revenues</b>	\$ -	\$ -
<b>OPERATING EXPENSES</b>		
Legal and professional fees	6,586	11,105
Executive compensation	245,083	536,438
General and administrative	48,960	43,447
Total operating expenses	<u>300,628</u>	<u>590,990</u>
<b>OTHER (INCOME) EXPENSE</b>		
Interest expense	-	-
Loss on Paramount	608,400	
(Gain) Loss on derivative liability	10,320	(56,420)
Total other (income) expense	<u>618,720</u>	<u>(56,420)</u>
<b>Net loss before taxes</b>	(919,348)	534,570
Income tax expense	0	0
<b>Net loss</b>	<u>\$ (919,348)</u>	<u>\$ 534,570</u>
<b>Basic loss per common share</b>	<u>(\$0.00)</u>	<u>\$0.00</u>
<b>Basic weighted average common shares</b>	<u>930,377,519</u>	<u>850,655,297</u>

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

**Itonis Inc.(formerly "Kenshou Inc.")**  
**Statement of Stockholders' Deficit**  
**(unaudited)**

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Deficit During the Development Stage	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
<b>Balance as of November 30, 2012</b>	-	\$ -	777,044,186	\$ 777,044	\$ 13,154,747	\$ (6,462,733)	\$ (6,168,025)	\$ 1,301,033
Net loss for the period							(773,151)	(773,151)
Shares issued for debt and accrued interest			75,000,000	75,000	(2,761)			72,239
Stock Refund					\$ (21,000)			(21,000)
<b>Balance as of November 30, 2013</b>	-	\$ -	852,044,186	\$ 852,044	\$ 13,130,986	\$ (6,462,733)	\$ (6,941,176)	\$ 579,121
Net loss for the period							(919,348)	(919,348)
Shares issued for debt			106,333,333	106,333	(75,833)			30,500
Return of Paramount shares			(28,000,000)	(28,000)	(33,600)			(61,600)
Return of executive shares			(80,000,000)	(80,000)	(97,200)			(177,200)
Shares issued for consulting services			80,000,000	80,000	96,000			176,000
<b>Balance as of August 31, 2014</b>	-	\$ -	930,377,519	\$ 930,377	\$ 13,020,353	\$ (6,462,733)	\$ (7,860,524)	\$ (372,527)

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

**Itonis Inc.**  
**(Formerly “Kenshou Inc.”)**  
**Cash Flow Statements**  
**(unaudited)**

	<b>For the Quarter Ended August 31, 2014</b>	<b>For the Year Ended November 30, 2013</b>
Cash flows from operating activities:		
Net loss	\$ (919,348)	\$ (773,151)
Depreciation	1,056	1,056
Derivative Liability	10,320	
Adjustments to reconcile net loss to net cash in operating activities:		
Stock issued for executive compensation		
Stock issued for legal and professional fees		
Stock issued for general and administrative expenses		
Increase (decrease) in derivative liability		(56,760)
Changes in operating assets and liabilities		
Current Assets	(18,000)	(27,588)
Prepaid Expenses	246,283	823,738
Other Assets	30,000	
Intangible Assets	590,000	
Accounts Payable	(3,443)	(140,767)
Accounts Payable Retated Party	7,063	13,515
Income Taxes Payable		800
Net cash used in operating activities	<u>(56,069)</u>	<u>(159,157)</u>
Cash flows from investing activities:		
Purchase of Fixed Assets		<u>(4,230)</u>
Cash flows from financing activities:		
Loans	88,254	114,454
Stock Refund		(21,000)
Stock for Debt	30,500	
Executive Stock returned to Treasury	(177,200)	
Stock Returned by Paramount	(61,600)	
Shares Issued for Consulting Services	176,000	
Sale of stock	-	72,239
Net cash provided by financing activities	<u>55,954</u>	<u>165,693</u>
Net change in cash	(115)	2,306
Cash, beginning of period	<u>2,410</u>	<u>104</u>
Cash, end of period	<u>\$ 2,295</u>	<u>\$ 2,410</u>

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

**Itonis Inc.**  
**(Formerly “Kenshou Inc.”)**  
**Financial Statements**  
**(unaudited)**

**NOTE 1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES**

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

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

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

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

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

During fiscal years ended 2010 and 2011, Company’s management changed the name of the Company to Itonis and management began the process of raising capital and pursuing new businesses for the Company. Because the Company had no significant business operations during this period, it was determined that the Company had re-entered the development stage and resumed reporting as a development stage enterprise. Operations prior to December 1, 2010 are reported on a fully operating basis and results are included as accumulated deficit through that date on the balance sheet. Activities subsequent to December 1, 2010 are reported as development stage activities and prior activities have been reported as historical operating activity. These activities are included in “Accumulated deficit” and “Deficit accumulated during development stage” on the balance sheet.

**Itonis Inc.**  
**(Formerly “Kenshou Inc.”)**  
**Financial Statements**  
**(unaudited)**

**NOTE 1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES-  
CONTINUED**

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

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

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

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

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

Derivative liabilities – The Company is contractually obligated to issue 1,200,000 more shares than it currently has issued. The values of these shares were originally recorded at their fair market value to determine the cost basis of the underlying transaction. The share liabilities are revalued at the end of each reporting period and the liabilities are adjusted to reflect current market value. The change in fair value is reflected separately in the Company’s Statements of Operations. As of August 31, 2014 the fair value of the obligated shares was \$13,560.

Income Taxes - The Company accounts for its income taxes in accordance with FASB Codification Topic ASC 740-10, “*Income Taxes*”, which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

**Itonis Inc.**  
**(Formerly “Kenshou Inc.”)**  
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**NOTE 1. DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES-  
CONTINUED**

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

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

Recent Accounting Pronouncements - The Company has evaluated recent pronouncements through Accounting Standards Updates “ASU” 2014-05 and believes that none of them will have a material impact on the Company’s financial position, results of operations or cash flows.

**NOTE 2. GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of August 31, 2014 the Company has incurred cumulative net losses of almost \$14,300,000. Under current operations, the Company requires capital for its operational and marketing activities to take place. The Company’s ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company’s contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. The ability to successfully resolve these factors raise

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substantial doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the company cannot continue in existence.

**NOTE 3. RELATED PARTY TRANSACTIONS**

Management of the Company has made non-interest bearing, unsecured, due on demand cash advances to the Company and has accrued amounts due an officer for services totaling \$84,496 as of May 31, 2014. The Company issued 145,000,000 common shares to officers under a 2012 share compensation agreement with a value of \$942,441, which is earned over periods that range from 12-24 months. During the prior Quarter, officers returned 80,000,000 of these shares with a value of \$177,200 to the Treasury. The final \$45,875 of deferred compensation was expensed during the prior quarter. The Company also has accrued \$130,000 due an officer for services.

**NOTE 4. PRIOR ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

During 2012, acting under the advice of legal counsel, the Company reversed amounts due various parties for contractual and accrued obligations. It was determined that \$760,000 due several parties in China was voidable because the underlying contracts were never completed. Additionally, \$214,546 in prior accounts payable due to the Company’s prior management was forgiven. Of the \$1,176,943 in prior payables only \$202,397 remained on the Company’s books as of November 30, 2012. This amount was written off during 2013.

**NOTE 5. LOAN PAYABLE**

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

During 2013 the company received \$114,454 in short-term loans from related parties. These loans are due on demand and are interest free. During the Quarter, the company paid off \$31,500 in these loans through the issuance of 106,333,333 shares of common stock. The Company received an additional \$88,233 in loans during 2014.

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**NOTE 6. STOCKHOLDERS’ DEFICIT**

**Preferred Stock:**

The Company has authorized 5,000,000 shares of preferred stock none of which are issued and outstanding as of August 31, 2014 and November 30, 2013.

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

**Common Stock:**

On May 25, 2012, shareholders of record holding over 50% of the issued and outstanding shares of the Company approved the increase in authorized shares from 300,000,000 to 1,000,000,000 shares. There were 930,377,519 shares of common stock outstanding as of August 31, 2014.

**Share Transactions (Common Stock):**

**2013:**

- The Company issued 75,000,000 shares in exchange for a note payable and accrued interest with a value of \$20,107.
- The Company refunded 21,000 in stock payments.

**2014:**

- The Company issued 106,333,333 shares for \$31,500 in debt
- Executives of the Company returned 80,000,000 shares of stock with a value of \$177,200.
- One of the principals of Paramount Discoveries Inc, returned 28,000,000 share of common stock for failure to meet certain development milestones.
- The Company issued 80,000,000 shares with a value of \$176,000 for consulting services.

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**NOTE 7. INCOME TAXES**

The provision for income taxes consists of approximately \$800 in State taxes for each of the years ended November 30, 2013 and 2012, respectively.

Deferred tax assets are comprised of the benefits of loss carry forwards for the years ended the November 30, 2013 and 2012 of approximately \$107,000 and \$84,200, respectively. Losses prior to December 1, 2009 were incurred in different industries and in foreign jurisdictions and their use would be limited to offset federal and state income taxes. These losses would also be limited by the change of control provisions in Section 382 and 383 of the Internal Revenue Code.

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

Deferred taxes arise from temporary differences in the recognition of certain expenses for tax and financial reporting purposes. As of November 30, 2011, the company had significant timing differences for tax reporting purposes for the non-cash recognition of liabilities due for committed shares in excess of authorized shares amounting to \$1,319,710, shares issued for services of \$123,095, and shares issued for compensation of \$966,738 during 2013 and \$213,780 during 2012. The expenses related to these liabilities are treated as permanent differences between financial and tax reporting.

At November 30, 2013 and 2012, management determined that realization of these loss carryforward benefits is not assured and has provided a valuation allowance for the entire amount of such benefits,

ASC 740 clarifies the accounting for uncertainty in income taxes and prescribes a recognition threshold, measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. Under ASC 740, we are required to recognize in the financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure. Our policy is to record interest and penalties related to unrecognized tax benefits in income tax expense. There were no unrecognized tax benefits recorded as of November 30, 2013 and 2012.