



**MediaTechnics Corporation**  
**Consolidated Balance Sheet**  
**Unaudited**  
**At June 30, 2014**

<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$	6,359
Accounts receivable		1,500
Inventory		1,250
Marketable securities held for sale		196,000
Unrealized gain on marketable securities		24,000
Total current assets		229,109
OTHER ASSETS:		
Note receivable		438,810
Accrued interest on note receivable		197,614
Furniture & equipment-net		11,667
Accumulated depreciation		
Intellectual property - net		338,958
Lease purchase option		
Total assets	\$	1,216,158
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>		
CURRENT LIABILITIES		
Accounts payable	\$	100,570
Total current liabilities		100,570
Contingencies		150,000
Convertible debenture		118,000
Total liabilities		368,570
STOCKHOLDERS' EQUITY		
Preferred stock		1,460
Common stock		1,094,704
Paid in capital		2,273,152
Unrealized gain on marketable securities		24,000
Accumulated (deficit)		(2,545,728)
Total stockholders' equity		847,588
Total liabilities and stockholders' equity	\$	1,216,158

See accompanying notes to these unaudited consolidated financial statements.



**MediaTechnics Corporation**  
**Consolidated Income Statement**  
**Unaudited**

	For the years ended June 30,	
	2014	2013
<b>REVENUES</b>		
Rental income	\$ 0	\$ 18,000
Consulting income	4,900	0
Total Revenue	4,900	18,000
Cost of Sales	1,824	0
Gross Profit	3,076	18,000
Interest income	50,291	45,979
Net Revenue	53,367	63,979
<b>OPERATING EXPENSES</b>		
General and administrative	2,519	3,076
Officer compensation	85,500	78,000
Marketing expenses	737	
Travel & entertainment	4,430	
Professional fees	17,186	12,862
Rent & utilities	597	53,826
Interest expense	29,972	28,274
Amortization and depreciation	9,992	33,333
Total Operating Expenses	150,933	209,371
(Loss) from operations	(97,566)	(145,392)
Gain on settlement	712,212	0
Abandoned acquisition costs	0	(1,296,667)
Net income (loss)	\$ 614,646	\$ (1,442,059)

See accompanying notes to these unaudited consolidated financial statements.



**MediaTechnics Corporation**  
**Consolidated Statements Of Changes In Stockholders' Equity**  
**Unaudited**

	Preferred Shares	Preferred Amount	Common Shares	Amount	Paid-In Capital	Unrealized Gains	Accumulated (Deficit)	Total
Balance at June 30, 2012	1,428,784	1,429	770,779,469	\$770,780	\$2,582,564	\$0	(\$1,863,706)	\$1,491,067
Preferred Class Z for interest	2,733	3			16,386			16,389
Conversion of Preferred Class J	(9,000)	(9)	45,000,000	45,000	(44,991)			0
Conversion of Preferred Class Z	(20,735)	(21)	260,924,000	260,924	(260,903)			(0)
Conversion of Preferred Class M	(18,000)	(18)	18,000,000	18,000	(17,982)			0
Net Loss for the year ended June 30, 2013							(1,296,667)	(1,296,667)
Balance at June 30, 2013	1,383,782	1,384	1,094,703,469	1,094,704	2,275,073	0	(3,160,373)	210,788
								0
Preferred Class Z for interest	2,071	2			12,412			12,414
Issuance of Preferred Class Z for debt	7,329	7			43,960			43,968
Cancellation of Preferred Class Y	(10,000)	(10)			(9,990)			(10,000)
Cancellation of Preferred Class H	(25,000)	(25)			(500,000)			(500,025)
Preferred Class M for ESI Acquisition	69,071	69			386,729			386,798
Preferred Class G for services	32,500	33			64,968			65,000
Unrealized holding gain on marketable securities						24,000		24,000
Net income for the year ended June 30, 2014							614,646	614,646
Balance at June 30, 2014	1,459,753	\$1,460	1,094,703,469	\$1,094,704	\$2,273,152	\$24,000	(\$2,545,727)	\$847,588

See accompanying notes to these unaudited consolidated financial statements.



**MediaTechnics Corporation**  
**Consolidated Statement Of Cash Flows**  
**Unaudited**

	For the years ended June 30,	
	2014	2013
<b>OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ 616,646	\$ (1,442,059)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	9,992	
Preferred Shares issued for interest & debt	56,382	16,388
Preferred Shares issued for services	65,000	
Changes in assets and liabilities		
(Increase)/decrease in accrued interest receivable	(50,292)	(45,975)
(Increase)/decrease in accounts receivable	5,700	(7,200)
(Increase)/decrease in inventory	(1,250)	
Increase/(decrease) in accounts payable	(137,949)	110,043
Increase/(decrease) in loans from officers	(79,445)	79,445
Increase/(decrease) in convertible debentures	(118,000)	
Increase/(decrease) in contingencies		160
<b>Net cash (used in) provided by operating activities</b>	<b>366,784</b>	<b>(1,289,198)</b>
<b>INVESTING ACTIVITIES</b>		
Capitalized services for intellectual property	128,000	(30,000)
<b>Net cash (used in) provided by investing activities</b>	<b>128,000</b>	<b>(30,000)</b>
<b>FINANCING ACTIVITIES</b>		
Settlement retiring 25,000 Preferred H shares	(500,025)	
Settlement retiring 10,000 Preferred Y shares	(10,000)	
Abandonment of purchase option on building		1,200,000
Abandonment of furniture & equipment-net		129,998
<b>Net cash (used in) provided by financing activities</b>	<b>(510,025)</b>	<b>1,329,998</b>
<b>INCREASE IN CASH</b>	<b>(15,241)</b>	<b>10,800</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>21,600</b>	<b>10,800</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 6,359</b>	<b>\$ 21,600</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
69,071 Class M Preferred shares for ESI	\$ 386,798	0

See accompanying notes to these unaudited consolidated financial statements.



**MediaTechnics Corporation**  
**Notes to Consolidated Financial Statements**  
**For the years ended June 30, 2014 and June 30, 2013**  
**(Unaudited)**

**1) THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES**

The Company was originally incorporated in the state of Nevada on February 26, 1987 and has had different names and operations during its history. The Company is currently operating as a developer of advertising websites and applications for the marijuana industry, developing the BlazeNow website and mobile applications.

On June 13, 2011, the Board of Directors and persons having a majority of the voting power entitled to vote, voted to file Amended and Restated Articles of Incorporation reaffirming the actions of June 18, 2009, and reaffirming existing designations and removing obsolete designations of preferred.

The unaudited financial statements included herein were prepared from the records of the Company in accordance with Generally Accepted Accounting Principles. These financial statements reflect all adjustments, which are, in the opinion of management, necessary to provide a fair statement of the results of operations and financial position for the years ended June 30, 2014 and 2013, respectively. Significant adjustments may be required to conform the financial statements to Generally Accepted Accounting Principles (GAAP) should management choose to seek to have the statements audited.

**Acquisitions**

On September 19, 2013, the Company acquired all of the outstanding Common Stock shares of Evergreen Systems Incorporated, "ESI" from its shareholders resulting in ESI becoming a wholly owned subsidiary of the Company.

As consideration for the acquisition of ESI, ESI's shareholders were issued 69,071 shares of Class M Convertible Preferred Stock ("Class M Stock") valued at \$386,798 as consideration for 4,000,000 common shares of Praxsyn Corporation fka PAWS Pet Company, Inc. trading under the symbol "PAWS" on the OTC Markets valued at \$196,000 and intellectual property in the form of a business and marketing plan valued at \$190,798.

**Principles of Consolidation**

The Company's consolidated financial statements include the assets, liabilities and operating results of its wholly owned subsidiary since formation of these entities. All significant inter-company accounts and transactions have been eliminated in consolidation.

**Use of Estimates**

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

**Cash & Cash Equivalents**

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

**Financial Instruments**

Financial instruments consist primarily of cash, security deposits and obligations under accounts payable and accrued expenses. The carrying amounts of cash, accounts receivable, security deposits,

accounts payable and accrued expenses approximate fair value because of the short-term maturity of those instruments.

### Income Taxes

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

## **2) INVESTMENT IN MARKETABLE SECURITIES AVAILABLE-FOR-SALE**

### Marketable Securities

In accordance with FASB 115, the Company is required to report the equity securities held as investments as marketable securities available-for-sale because they can be sold. The Company intends to utilize any proceeds realized from any future sale of equity securities held as investments for payment of expenses related to its operations. Marketable securities available-for-sale are reported at cost and adjusted on the Company's balance sheet for unrealized gains or losses in those securities during reporting periods. Marketable securities held for sale at June 30, 2014 were 4,000,000 Common shares of The PAWS Pet Company, Inc. ("PAWS") with a Cost Basis of \$196,000 and an Unrealized Available-For-Sale Holding Gain of \$24,000. There were no Marketable securities held for sale at June 30, 2013.

## **3) NOTES RECEIVABLE**

On November 30, 2009, the Company sold all of its interest in MTS/MMC, and issued 100,000 shares of Class M Convertible Preferred Stock (Class M Stock"), to its former president, Richard Wilson and cancelled all shares of all other classes and series of stock held by Mr. Wilson. As part of this transaction the Company received a \$388,800 personal note from Mr. Wilson accruing interest at 9% per annum due December 1, 2012 and subsequently extended until December 31, 2015. The Company also retains an additional receivable from Mr. Wilson in the amount of \$50,010. During the fiscal years 2013 and 2012, the Company earned interest on the note in the amounts of \$50,291.94 and \$45,978.81, respectively. At June 30, 2014 and 2013, notes receivable were 438,810 and accrued interest on the notes was \$197,614 and \$147,322, respectively.

## **4) INTELLECTUAL PROPERTY – NET**

The Company has three types of intellectual property described as follows:

### Business & Marketing Plans

Acquired in the Evergreen Systems Inc. acquisition on September 19, 2013 as part of the allocated purchase price. The Company began generating revenue from these plans during the quarter ended June 30, 2014. The Plans are being amortized over five years starting April 1, 2014 in the amount of \$9,840 per quarter.

### Lighting Development

Research and Development costs incurred to develop and bring proprietary growing lights to market that emit a spectrum of light customized for optimal photosynthesis without generating high levels of heat.

### Website/Mobile Application Development

Research and Development costs to develop the BlazeNow website and mobile applications which are intended to provide product and location specific advertising as well as a mutually beneficial consumer review system for dispensaries and other Cannabis related businesses.

Net Intellectual Property is comprised of the following:

	Cost	Accumulated Amortization	Net
ESI Business & Marketing Plans	190,798	(9,840)	180,958
Lighting Development	93,000	0	93,000
Website development	65,000	0	65,000
	<b>348,798</b>	<b>(9,840)</b>	<b>338,958</b>

## 5) CONTINGENT LIABILITIES AND LITIGATION

Management has set aside \$50,000 as a Contingency for payment of certain claims related to the Company's defunct mortgage operations in Arizona.

Management has set aside \$100,000 as a Contingency for legal fees or other expenses that may become necessary in order to defend against any claims related to the Company's defunct mortgage operations in California.

There is a default judgment on file against the Company in Alameda County, California of approximately \$114,336 plus interest with an approximate total of \$150,000. The Company is not domiciled in California, has made no appearance in California regarding this matter and intends to vigorously fight any attempt to domesticate the default judgment in Nevada. The Company believes that it is not a proper party to the action and that the courts of the State of California do not have personal jurisdiction over the Company and intends to aggressively fight any attempt to subject it to the jurisdiction of the California court system and intends to file any motions that may become necessary to quash service for lack of personal jurisdiction. As of the date of these Notes to Consolidated Financial Statements, the Company has engaged an attorney to fight this matter and may also seek to vacate the default judgment for lack of personal jurisdiction.

The Company is currently defending a lawsuit in the Superior Court for the City and County of San Francisco arising from the claim of the estate of a former investment advisor to the Company and former customer of our previously held subsidiary, Silverado Mortgage. The estate claims that the Company is responsible for the alleged promises of its former president, John E Hartman and one of that subsidiaries employees, Dawn Stafford to wit, that they would guarantee, in a verbal agreement, to which the only witness asserting the existence of any such verbal agreement is dead, that the deceased had homeowners' insurance (though our subsidiary was not in the insurance business), that our subsidiary, and consequently the Company, would guarantee that he had homeowners' insurance, forever, regardless of payment. The case has been dismissed as to Dawn Stafford and the plaintiff has filed notice that it intends to appeal that judgment. The Company is awaiting the filing of an appeal at this time, as we believe that the severing of the chain that begins with Dawn Stafford severs the chain and destroys the plaintiff's case.

## 6) CONVERTIBLE DEBENTURES

On March 31, 2014, the Company converted \$40,000 in Short Term Notes for Accrued Officer Compensation into a convertible debenture. This debenture bears no interest and is convertible into Common Stock at a 5% discount to the average closing price of the five trading days preceding a conversion demand.

Also on March 31, 2014, the Company converted \$78,000 in Accounts Payable for intellectual property development costs associated with the development of LED lighting systems currently in testing into a convertible debenture. This debenture bears no interest and is convertible into Common Stock at a 5% discount to the average closing price of the five trading days preceding a conversion demand.

## 7) COMMON AND PREFERRED STOCK

### Common Stock

On April 16, 2008 the Company amended its Articles of Incorporation with the state of Nevada, changing its name to MediaTechnics Corporation, and increasing its authorized Common Stock shares from 200,000,000 to 470,000,000 and its authorized Preferred Stock from 5,000,000 to 20,000,000 shares.

On June 18, 2009, the Board of Directors, and persons having a majority of the voting power entitled to vote, voted to amend the Articles of Incorporation increasing the number of authorized Common Stock shares from 470,000,000 to 980,000,000.

On May 20, 2013, the Board of Directors, and persons having a majority of the voting power entitled to vote, voted to amend the Articles of Incorporation increasing the number of authorized Common Stock shares from 980,000,000 to 1,479,000,000.

The Company has an authorized capitalization of 1,479,000,000 shares of Common Stock with a par value of \$.001. There were 1,094,703,469 and 1,094,703,469 Common Stock shares issued and outstanding on June 30, 2014, and June 30, 2013, respectively.

There were no issuances of Common Stock during the last three fiscal years issued on the basis of an offering for cash. All Common Stock issued during the last three fiscal years was issued in consideration of the conversion of preexisting Preferred Stock as exempt transactions under Section 4(2) of the Securities act of 1933. The following table summarizes the all of the issuances of Common Stock in consideration of the conversion of preexisting Preferred Stock during the fiscal years ended 2012, 2013 and 2014.

Fiscal Year	Quarter	Common Shares Issued	Class J Preferred Shares Converted	Free Trading	Restrictive Legend
2012	Q1	15,000,000	15,000	Yes	No
2013	Q2	45,000,000	9,000	Yes	No

Fiscal Year	Quarter	Common Shares Issued	Class M Preferred Shares Converted	Free Trading	Restrictive Legend
2011	Q4	57,000,000	57,000	Yes	No
2013	Q2	18,000,000	18,000	Yes	No

Fiscal Year	Quarter	Common Shares Issued	Class Z Preferred Shares Converted	Free Trading	Restrictive Legend
2011	Q3	26,676,000	2,223	Yes	No
2011	Q4	127,516,784	10,624	Yes	No
2012	Q1	40,008,000	3,334	Yes	No
2012	Q2	70,020,000	5,835	Yes	No
2013	Q1	109,032,000	9,086	Yes	No
2013	Q2	151,892,000	11,649	Yes	No

### Preferred Stock

The Company has an authorized capitalization of 20,000,000 shares of Preferred Stock with a par value of \$.001.

### Class D Convertible Preferred Stock

At June 30, 2014 and June 30, 2013, respectively, there were 1,000,000 shares of Class D Convertible Preferred Stock ("Class D Stock") authorized and none issued and outstanding.

On September 1, 2011 the Company cancelled all 1,000,000 shares of Class D Convertible Preferred Stock in exchange for 50,000 shares of Class G Convertible Preferred Stock. No further shares of Class D Stock may be issued without the express written consent of a majority of the holders of Class I



Convertible Preferred Stock ("Class I Stock") and the amendment of the Certificate of Designation of Class I Stock, specifically allowing for the issuance of additional shares of Class D Stock.

Holders of Class D Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

There were no issuances of Class D Stock during the fiscal years ended June 30, 2014 and 2013.

#### **Class G Convertible Preferred Stock**

At June 30, 2014 and June 30, 2013, respectively, there were 100,000 shares of Class G Convertible Preferred Stock ("Class G Stock") authorized and 82,500 and 50,000 shares issued and outstanding.

Holders of Class G Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders. Holders of Class G Stock may only vote on matters concerning the alteration of the specific rights of Class G Stock itself.

Holders of Class G Stock have the right to convert to Common Stock at a ratio of two thousand (2,000) shares of Common Stock per every one (1) share of Class G Stock irrespective of the trading price of the Common Stock.

Holders of Class G Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

On April 7, 2014 the Company issued 32,500 shares of Class G Stock in payment for services rendered in the development of its BlazeNow™ website with a face value of \$65,000.

There were no issuances of Class G Stock during the fiscal year ended June 30, 2013.

#### **Class H Convertible Preferred Stock**

At June 30, 2014 and June 30, 2013, respectively, there were 100,000 shares of Class H Convertible Preferred Stock ("Class H Stock") authorized and 57,500 and 82,500 issued and outstanding.

On October 1, 2010, the Company authorized 100,000 shares of Class H Stock and issued 82,500 shares as consideration in a Lease-Purchase Agreement, Land Acquisition and Furniture, Fixtures and Equipment Purchase Agreement.

On February 17, 2014, the Company and Henri D. Atamian agreed to settle all liabilities and return any and all property interests held by the Company as well as any past wages, the cancellation of Mr. Atamian's back wages, expenses and any and all other claims against the Company. Pursuant to this settlement, Mr. Atamian returned of 25,000 shares of Class H Stock, which the Company subsequently cancelled.

Holders of Class H Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders. Holders of Class H Stock may only vote on matters concerning the alteration of the specific rights of Class H Stock itself.

On September 19, 2013 and again on April 29, 2014, the Board of Directors voted to increase the Class H Stock conversion ratio to two thousand (2,000) shares of Common Stock per every one (1) share of Class H Stock irrespective of the trading price of the Common Stock.

Holders of Class H Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

There were no issuances of Class H Stock during the fiscal years ended June 30, 2014 and 2013.

### Class I Convertible Preferred Stock

At June 30, 2014 and June 30, 2013, respectively, there were 1,000,000 shares of Class I Convertible Preferred Stock ("Class I Stock") authorized and 1,000,000 issued and outstanding.

On September 19, 2013 and again on April 29, 2014, the Board of Directors voted to amend the number of votes of each Class I Convertible Preferred Stock ("Class I Stock") from one thousand (1,000) to three thousand (3,000). There are currently 1,000,000 Class I Shares outstanding.

Holders of Class I Stock have no dividend rights. Holders of Class I Stock have three thousand (3000) votes relative to Common Stock on any matters put before the Common Stock holders.

Holders of Class I Stock have the right to convert to Common Stock at a ratio of fifty (50) shares of Common Stock per every one (1) share of Class I Stock irrespective of the trading price of the Common Stock.

Holders of Class I Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

There were no issuances of Class I Stock during the fiscal years ended June 30, 2014 and 2013.

On February 17, 2014, Mr. Atamian and Evergreen Investment Firm LLC (a Nevada limited liability company controlled by Jeremy E. Carr) reached an agreement whereby Evergreen Investment Firm LLC exchanged 5,000 shares of Class M Stock for all 1,000,000 shares of Mr. Atamian's Class I Stock.

The following table summarizes Mr. Atamian's relative voting rights pursuant to his Class I Shares at the dates listed therein.

Date	Voting Percentage
06/30/2013	55.9%
09/19/2013	73.3%
02/18/2014	00.0%

The following table summarizes Evergreen Investment Firm LLC's (and Mr. Carr's, through his control of Evergreen Investment Firm LLC) relative voting rights pursuant to his Class I Shares at the dates listed therein.

Date	Voting Percentage
06/30/2013	00.0%
02/18/2014	73.3%
06/30/2014	73.3%

### Class J Convertible Preferred Stock

At June 30, 2014 and June 30, 2013, respectively, there were 500,000 shares of Class J Convertible Preferred Stock ("Class J Stock") authorized and 112,095 and 112,095 shares issued and outstanding.

Holders of Class J Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders. Holders of Class J Stock may only vote on matters concerning the alteration of the specific rights of Class J Stock itself.

Prior to June 1, 2013, holders of Class J Stock had the right to convert to Common Stock at a ratio of one thousand (1,000) shares of Common Stock per every one (1) share of Class J Stock irrespective of the trading price of the Common Stock.

On June 1, 2013 the Board and holders of all of the outstanding shares of Class J stock voted to allow nine thousand (9,000) shares of Class J Stock to be converted at a ratio of five thousand (5,000) shares of Common Stock in settlement of certain claims against the Company and to increase the conversion ratio for the remaining outstanding shares to two thousand five hundred (2,500) shares of Common Stock per every one (1) share of Class J Stock irrespective of the trading price of the Common Stock thereafter.

Holders of Class J Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

In the event that the Company should subdivide the outstanding shares of Common Stock, the ratio under which holders of Class J Stock may convert their Class J Stock into Common Stock shall be increased by an amount equal to that which the Common Stock is so subdivided. In the event that the Company should combine the outstanding shares of Common Stock, the ratio under which holders of Class J Stock may convert their Class J Stock into Common Stock shall be decreased by an amount equal eighty-five percent (85%) of the amount by that which the Common Stock is so combined.

There were no issuances of Class J Stock during the fiscal years ended June 30, 2014 and 2013.

The following table summarizes all of the conversions of Class J Stock into Common Stock during the fiscal years ended June 30, 2014 and 2013.

Fiscal Year	Quarter	Class J Preferred Shares Converted	Common Shares Issued	Free Trading	Restrictive Legend
2012	Q1	15,000,000	15,000	Yes	No
2013	Q2	45,000,000	9,000	Yes	No

### Class M Convertible Preferred Stock

At June 30, 2014, there were 100,000 shares of Class M Convertible Preferred Stock ("Class M Stock") authorized and 69,071 issued and outstanding. At June 30, 2013 there were 100,000 shares of Class M Stock authorized and no shares issued and outstanding.

On December 1, 2009 the Company authorized 100,000 shares of Class M Convertible Preferred Stock ("Class M Stock") and issued 75,000 shares as part of the sale of MTS/MMC to Mr. Wilson.

During 2011, 57,000 shares of Class M Stock were converted in exchange for 57,000,000 shares of Common Stock.

During 2012, 18,000 shares of Class M Stock were converted in exchange for 18,000,000 shares of Common Stock.

On September 19 2013 the Company issued 69,071 shares of Class M Stock to in exchange for all of the outstanding shares of Evergreen Systems Incorporated.

Holders of Class M Stock have no dividend rights or any right to vote on matters put forward for the approval of Common Stock shareholders. Holders of Class M Stock may only vote on matters concerning the alteration of the specific rights of Class M Stock itself.

On September 19, 2013 and again on April 29, 2014, the Board of Directors voted to increase the Class M Stock conversion ratio to ten thousand (10,000) shares of Common Stock per every one (1) share of Class M Stock irrespective of the trading price of the Common Stock. As of June 30, 2014 Holders of Class M Stock have the right to convert to Common Stock at a ratio of ten thousand (10,000) shares of Common Stock per every one (1) share of Class M Stock irrespective of the trading price of the Common Stock.

Holders of Class M Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

In the event that the Company should subdivide the outstanding shares of Common Stock, the ratio under which holders of Class M Stock may convert their Class M Stock into Common Stock shall be increased by an amount equal to that which the Common Stock is so subdivided. In the event that the Company should combine the outstanding shares of Common Stock, the ratio under which holders of Class M Stock may convert their Class M Stock into Common Stock shall be decreased by an amount equal fifty percent (50%) of the amount by that which the Common Stock is so combined.

### Class X Convertible Preferred Stock

At June 30, 2014 and June 30, 2013, respectively, there were 100,000 shares of Class X Convertible Preferred Stock ("Class X Stock") authorized and 100,000 shares issued and outstanding.

On July 16, 2010, the Company authorized 100,000 shares of Class X Stock and the Company issued 100,000 shares of Class X Stock in conjunction with a transaction involving Class Z Stock (see below).

Each share of Class X Stock has a face value of \$0.50 (the "Face Value") and pays a 9% cash dividend. In the event that the Company fails to pay dividends owed in a timely manner after June 30, 2011, the cash dividend rate will increase to 12%. Class X Stock has a liquidation preference over all other classes of stock other than Class Z.

Holders of Class X Stock have no right to vote on any matters put forward for the approval of Common Stock shareholders. Holders of Class X Stock may only vote on matters concerning the alteration of the specific rights of Class X Stock itself. No other class, classes or series of stock may be granted any rights or security interests preferential in nature to Class X Stock without the express written consent of a majority of all Class X Stock outstanding.

Holders of Class X Stock may convert their Class X Stock into shares of Common Stock on demand, which may not be denied for any reason. The conversion right is based upon a variable ratio based upon the following calculation: Total Outstanding Common Shares at Conversion Date x 0.00000125 x Class X shares being converted. In no event may the conversion ratio be less than 500 Common shares per Class X Share converted. In the event of a reverse stock split, the minimum conversion ratio will be increased by a similar amount.

Holders of Class X Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

### Class Y Convertible Preferred Stock

At June 30, 2014 there were no shares of Class Y Convertible Preferred Stock ("Class Y Stock") authorized and none outstanding. At June 30, 2013 there were 500,000 shares of Class Y Stock Authorized and 10,000 shares issued and outstanding.

On July 25, 2011 the Company authorized 500,000 shares of Class Y Stock with a face value of \$1.00 per share.

On August 30, 2011 the Company issued 10,000 shares of Class Y Stock to its President, Henri Atamian, in exchange for \$10,000.

On September 19, 2013 the Company canceled all of the shares of Class Y Stock issued and outstanding and canceled the entire series.

### Class Z Secured Convertible Preferred Stock

At June 30, 2014 and June 30, 2013, respectively, there were 200,000 Preferred Shares Class Z Secured Convertible Preferred Stock ("Class Z Stock") authorized and 38,587 and 29,187 issued and outstanding.

On December 28, 2009, the Board of Directors voted to increase the number of authorized shares of Class Z Stock to 200,000. Each share of Class Z Stock has a face value of \$6.00 (the "Face Value") and carries a 6% cumulative dividend. Class Z Stock has a liquidation preference over all other classes of stock.

Holders of Class Z Stock have no right to vote on any matters put forward for the approval of Common Stock shareholders. Holders of Class Z Stock may only vote on matters concerning the alteration of the specific rights of Class Z Stock itself. No other class, classes or series of stock may be granted any rights or security interests preferential in nature to Class Z Stock without the express written consent of a majority of all Class Z Stock outstanding.

Holders of Class Z Stock may convert their Class Z Stock into shares of Common Stock on demand. The conversion right is based upon a variable ratio wherein the Face Value is divided by the greater of, fifty percent (50%) of the low bid price of the Common Stock during the one (1) year period preceding any demand for conversion, or \$0.0005, however, in no event shall the number by which the Face Value is divided be greater than \$0.004

In the event that the Company should subdivide the outstanding shares of Common Stock, the ratio under which holders of Class Z Stock may convert their Class Z Stock into Common Stock shall be increased by an amount equal to that which the Common Stock is so subdivided. In the event that the Company should combine the outstanding shares of Common Stock, the ratio under which holders of Class Z Stock may convert their Class Z Stock into Common Stock shall remain unchanged.

Holders of Class Z Preferred Stock are prohibited from converting into any number of Common Stock shares that would result in the Holder owning an aggregate number of shares of the Common Stock of the Company such that the holder would own more than 4.9% of the total outstanding Common Stock shares of the Company at the time of conversion.

The following table lists all of the shares of Class Z Stock that were converted to Common Stock during the respective period listed therein for the fiscal years ended June 30, 2014, 2013 and 2012.

Fiscal Year	Quarter	Class Z Preferred Shares Converted	Common Shares Issued	Free Trading	Restrictive Legend
2011	Q3	2,223	26,676,000	Yes	No
2011	Q4	10,624	127,488,784	Yes	No
2012	Q2	3,334	40,008,000	Yes	No
2012	Q4	5,835	70,020,000	Yes	No
2013	Q1	9,086	109,032,000	Yes	No
2013	Q2	11,649	151,892,000	Yes	No

The following table lists all of the shares of Class Z Stock that were issued as a dividend during the respective period listed therein for the fiscal years ended June 30, 2014, 2013, 2012 and 2011.

Fiscal Year	Quarter	Class Z Shares Issued	Price	Exemption	Free Trading	Restrictive Legend
2011	Q1	859	\$6.00	4(2)	No	Yes
2011	Q2	871	\$6.00	4(2)	No	Yes
2011	Q3	959	\$6.00	4(2)	No	Yes
2011	Q4	968	\$6.00	4(2)	No	Yes
2012	Q1	789	\$6.00	4(2)	No	Yes
2012	Q2	726	\$6.00	4(2)	No	Yes
2012	Q3	724	\$6.00	4(2)	No	Yes
2012	Q4	735	\$6.00	4(2)	No	Yes
2013	Q1	661	\$6.00	4(2)	No	Yes
2013	Q2	613	\$6.00	4(2)	No	Yes
2013	Q3	456	\$6.00	4(2)	No	Yes
2013	Q4	523	\$6.00	4(2)	No	Yes
2014	Q1	519	\$6.00	4(2)	No	Yes
2014	Q2	573	\$6.00	4(2)	No	Yes

The following table lists all of the shares of Class Z Stock that were issued for cash or settlement of debt during the respective period listed therein for the fiscal years ended June 30, 2014, 2013, 2012 and 2011.

Fiscal Year	Quarter	Class Z Shares Issued	Price	Exemption	Free Trading	Restrictive Legend
2011	Q2	3,844	\$6.00	4(2)	No	Yes
2011	Q3	2,352	\$6.00	4(2)	No	Yes

2011	Q4	209	\$6.00	4(2)	No	Yes
2013	Q3	4,405	\$6.00	4(2)	No	Yes
2014	Q1	2,670	\$6.00	4(2)	No	Yes
2014	Q2	254	\$6.00	4(2)	No	Yes

## 8) OTHER INCOME AND EXPENSE

During the fiscal year ended June 30, 2013, the Company incurred a loss of \$1,296,667 comprised of the following:

On April 30, 2013, the Company wrote off the prepaid deposits against the office building located at 8361 East Gelding Drive, Scottsdale, Arizona at a cost of \$1,200,000 and all furniture, fixtures and equipment in the office building with a net cost of \$96,667 after accumulated depreciation. The Company abandoned the building and equipment because of its inability to raise the capital necessary to pay delinquent real estate taxes and a mortgage expense.

During the fiscal year ended June 30, 2014, the Company realized a gain of \$712,212 from a settlement with a prior president described as follows:

On February 17, 2014, the Company and Henri D. Atamian agreed to settle all liabilities and return any and all property interests held by the Company as well as any accrued past wages, the cancellation of Mr. Atamian's back wages and expenses of \$212,187 and any and all other claims against the Company in exchange for Mr. Atamian being allowed to retain 57,500 shares of Class H Convertible Preferred Stock and 1,000,000 Class I Convertible Preferred Stock issued to him pursuant to a Lease-Purchase - Stock Purchase Agreement (the "LPA") entered into by the parties during 2010. Pursuant to this settlement agreement, Mr. Atamian returned of 25,000 shares of Class H Stock to the Company at a cost of \$500,025 and 10,000 shares of Class Y Stock valued at \$10,000.